

Transaction Capital Limited  
(Incorporated in the Republic of South Africa)  
Registration number: 2002/031730/06  
JSE share code: TCP  
ISIN: ZAE000167391  
("Transaction Capital" or "the group")

TransCapital Investments Limited  
(Incorporated in the Republic of South Africa)  
Registration number: 2016/130129/06  
Bond company code: TCII  
LEI: 378900AA31160C6B8195

## UNAUDITED INTERIM RESULTS AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 MARCH 2022

### HIGHLIGHTS

Core headline earnings from continuing operations attributable to the group up 38%  
HY2022: R603 million  
HY2021: R437 million

Core headline earnings per share from continuing operations attributable to the group up 28%  
HY2022: 83.7 cents  
HY2021: 65.5 cents

Core headline return on average equity  
HY2022: 14.0%  
HY2021: 14.0%

Core headline return on average assets  
HY2022: 4.5%  
HY2021: 4.0%

Interim dividend per share up 74%  
HY2022: 33 cents  
HY2021: 19 cents

- Transaction Capital delivered a strong operational performance in HY2022 with earnings growing at rates higher than pre-pandemic levels
- HY2022 performance supports our view that Transaction Capital can maintain a sustainable growth trajectory of superior high-quality earnings
- Returns are expected to increase as the acquisition of WeBuyCars delivers accretive earnings growth
- Interim dividend at 2.5 times cover, in line with dividend policy
- Transaction Capital remains well capitalised, with adequate access to liquidity to execute on organic growth initiatives and respond to opportunities

### PERFORMANCE OVERVIEW

In the first six months of the 2022 financial year, Transaction Capital extended its track record of high-quality organic earnings growth. Core headline earnings from continuing operations attributable to the group increased 38% to R603 million, and core headline earnings per share from continuing operations attributable to the group grew by 28% to 83.7 cents.

Basic earnings per share from continuing operations attributable to the group increased 2% to 65.7 cents (HY2021: 64.3 cents) and headline earnings per share from continuing operations attributable to the group increased to 65.7 cents (HY2021: 65.2 cents).

While South Africa has entered a post-lockdown period, the economic recovery that the country started to experience in 2021 may be subdued in 2022, driven by frequent power outages, high unemployment, rising fuel and energy prices, inflationary pressures and global economic shocks. These factors continue to drive sluggish growth across most sectors, resulting in reduced commuter activity. Although commuter volumes are increasing as economic activity in South Africa recovers, in the short-term it is not expected to reach pre-pandemic levels. Despite these challenges, SA Taxi's operational, credit and financial performance remains on track. WeBuyCars and TCRS continue to perform above our expectations with earnings growing at rates higher than historic levels.

## DIVIDEND DECLARATION

In line with the stated dividend policy of 2 to 2.5 times, the board has resolved to declare an interim gross cash dividend of 33 cents per share (HY2021: 19 cents per share) for the six months ended 31 March 2022, to those members on the record date appearing below. The dividend is declared out of income reserves. A dividend withholding tax of 20% will be applicable to the dividend for all shareholders that are not exempt from the dividend withholding tax, resulting in a net dividend of 26.4 cents per share.

The salient features applicable to the dividend are as follows:

Issued shares as at declaration date	721 110 391
Declaration date	Wednesday 18 May 2022
Last day to trade cum dividend	Tuesday 7 June 2022
Ex-dividend	Wednesday 8 June 2022
Record date	Friday 10 June 2022
Payment date	Monday 13 June 2022

Tax reference number: 9466/298/15/6

Share certificates may not be dematerialised or rematerialized between Wednesday 8 June 2022 and Friday 10 June 2022, both dates inclusive.

The cash dividend will be electronically transferred to the bank accounts of all certificated shareholders, where this facility is available, on Monday 13 June 2022. Where electronic fund transfer is not available or desired, cheques dated Monday 13 June 2022 will be posted on that date. Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday 13 June 2022.

## PROSPECTS

As the COVID-19 pandemic continues to redefine the global operating context, our business models continue to gain relevance, providing future growth potential. A robust performance in the six months ended 31 March 2022 (HY2022) supports our view that Transaction Capital can maintain a sustainable growth trajectory of superior high-quality earnings. Based on our current assessment of operating conditions and growth prospects, we expect organic earnings and dividend growth over the medium-term to sustainably exceed pre-pandemic growth rates. A steady recovery from SA Taxi, high earnings growth from TCRS at rates exceeding prior years, and the exceptional growth prospect of WeBuyCars, in which the group now owns 74.2%, will accelerate and support this expectation.

Transaction Capital remains well capitalised, with adequate access to liquidity to execute on our divisions' organic growth initiatives and respond to opportunities arising from market dynamics. SA Taxi has adequate liquidity available in undrawn debt facilities to fund expected loan origination throughout FY2023, while TCRS's funding requirements for the acquisition of NPL portfolios in FY2023 are already secured. WeBuyCars has a strong balance sheet with low levels of debt, supported by the capital-light nature of its operations, and high cash conversion rates.

In HY2022 we have begun the strategic repositioning of our business models in line with their evolution over the years. Through its divisions, WeBuyCars and SA Taxi, Transaction Capital enables the mobility of private and public commuters in South Africa. We see these businesses evolving further into a mobility platform. TCRS's strategy is centred on our vision to create a range of digitally driven business services as a trusted partner to a global client base, leveraging off our South African technology platform, analytics competencies and call centre intellectual property (IP). This strategic repositioning of our divisions coincides with Transaction Capital's 10-year anniversary of listing on the JSE. It is an opportune time to reinforce the group's well-established business model which has underpinned our consistent growth and returns trajectory since 2012, while simultaneously redefining our future positioning as a progressive, entrepreneurial and innovative market leader through an evolution of the Transaction Capital brand.

We remain confident that the group can continue to generate strong commercial returns in the medium-term, while creating net positive, long-term value for all our stakeholders and broader society.

## DIVISIONAL PERFORMANCE

### WEBUYCARS

For the six months ended 31 March		2022	2021	Movement
Financial performance				
Core headline earnings	Rm	406	257	58%
Core headline earnings attributable to the group	Rm	251	113	122%
Operational performance				
Vehicles purchased	Number	60 046	43 410	38%
Vehicles sold	Number	58 520	41 550	41%
F&I products penetration on units sold	%	16.6	12.9	
Total e-commerce sales	%	29.5	32.9	
Total e-commerce sales	Number	17 281	13 663	26%
Business-to-business	%	82.4	95.0	
Business-to-consumer	%	17.6	5.0	
Vehicle parking bays	Number	7 205	4 738	52%

## Financial and operational performance

- Transaction Capital increased its effective shareholding in WeBuyCars in August 2021 to 74.2%, and as a result, the group will consolidate a greater component of WeBuyCars' earnings in FY2022.
- In HY2022 WeBuyCars has sustainably achieved its target of 10 000 vehicle sales per month. The increase in the number of vehicles traded has been driven in part by the expansion of WeBuyCars' physical footprint.
- WeBuyCars has increased investment in its e-commerce platform as well as brand marketing and online lead generation. These e-commerce capabilities will enable the optimisation of vehicle sales, improve stock turn efficiency and support its growth in the years ahead, as the demand for contactless services on credible digital platforms escalates.
- Pursuant to its strategic growth initiatives and to broaden its mobility offering to private consumers, WeBuyCars launched its vehicle finance product as a principal during HY2022. This unique offering is the first in a range of innovative mobility products aimed at evolving the used vehicle ownership model in South Africa, and will continue to drive WeBuyCars high earnings growth trajectory.

## Outlook

- We expect future earnings from WeBuyCars to continue to grow at similar rates over the medium-term, given its strategic positioning as a provider of mobility services in a favourable market.
- As majority shareholders, working alongside the founders and management team of WeBuyCars, we will seek to maximise growth potential through a continued focus on gaining market share through our physical and e-commerce platforms by driving a differentiated customer experience enhanced by data and technology advantages.
- WeBuyCars' recent expansion into Morocco is the first step in our international expansion aspirations. We will continue to explore further expansion opportunities in select markets.

## SA TAXI

For the six months ended 31 March		2022	2021	Movement
Financial performance				
Core headline earnings	Rm	220	228	(4%)
Core headline earnings attributable to the group	Rm	181	188	(4%)
Non-interest revenue	Rm	370	366	1%
Net interest income	Rm	851	752	13%
Net interest margin	%	11.6	11.8	
Core cost-to-income ratio	%	44.5	46.1	
Credit performance				
Gross loans and advances	Rm	15 555	13 154	18%
Stage 1	%	53.3	40.2	
Stage 2	%	25.5	40.0	
Stage 3	%	21.2	19.8	
Credit loss ratio	%	5.1	4.6	
Provision coverage	%	5.5	6.0	
Insurance performance				
Gross written premiums	Rm	567	497	14%
Claims ratio				
Comprehensive vehicle insurance claims	%	43.4	41.3	
Credit life claims	%	63.7	84.4	

## Financial and operational performance

### SA Taxi Finance, SA Taxi Auto Repairs and SA Taxi Auto Parts

- SA Taxi has steadily come through the impacts of COVID-19, demonstrating the resilience of our business and its industry.
- Almost all operating metrics have improved when compared to pre-pandemic levels. This, together with our recalibrated cost structure, has enabled SA Taxi to yield greater operating efficiencies.
- However, the slow recovery of some sectors, the spates of civil and taxi unrest in 2021 and the recent floods in KwaZulu-Natal have suppressed commuter activity. To counter this impact, as well as rising fuel prices, the industry is expected to increase fares in the near future.
- The impact of environmental pressures affecting commuter activity levels continues to impact our clients' ability to afford loan repayments, necessitating an elevated credit loss and provision coverage ratio.
- SA Taxi continues to grow gross loans and advances whilst preserving credit quality in the current environment. To this end, our focus remains on targeting better quality and experienced minibus taxi operators, resulting in lower loan approvals.

- Demand for new minibus taxis and QRTs vehicles is exceeding pre COVID-19 levels and remains far higher than supply. The increased refurbishment capacity in SA Taxi Auto Repairs will support higher QRT vehicle supply, and in turn, grow QRT loan origination. This strategy will partly absorb the disruption to the supply of new minibus taxis due to the flooding of Toyota's facility in KwaZulu-Natal

#### SA Taxi Protect

- With most of SA Taxi Finance's clients choosing to insure their vehicles through SA Taxi Protect, gross written premiums showed strong growth of 14% to R567 million.
- Premiums in the comprehensive vehicle insurance product remained stable and increased across special risk products in HY2022.
- Comprehensive vehicle insurance claims for HY2022 have largely normalized to pre-pandemic levels.
- As expected, COVID-19 is still driving higher credit life claims, although significantly lower than that experienced in FY2021.

#### Outlook

- Our strategic focus in the second half of FY2022 will be on optimising our core business lines. This will enhance SA Taxi's resilience and position it for growth.
- To broaden our addressable market, we will also continue to look for opportunities to develop new offerings that leverage off SA Taxi's market position as well as the broader mobility ecosystem.

#### TRANSACTION CAPITAL RISK SERVICES

For the six months ended 31 March		2022	2021	Movement
Financial performance				
Core headline earnings from continuing operations	Rm	165	131	26%
Core headline earnings from continuing operations attributable to the group	Rm	164	131	25%
Non-interest revenue	Rm	1 317	1 158	14%
Core cost-to-income ratio	%	81.8	83.5	
Purchased book debts				
Cost price of purchased book debts acquired	Rm	745	385	94%
Carrying value of purchased book debts	Rm	3 954	2 705	46%
Estimated remaining collections	Rm	6 876	5 883	17%

#### Financial and operational performance

- TCRS posted a robust performance, accelerating its historic earnings growth trajectory.
- Earnings growth is further supported by accelerated acquisition of non-performing (NPL) portfolios, strong collection revenues, and the recalibration of TCRS's cost structure, driving greater productivity off a lower fixed infrastructure base.

#### Collection Services

- In South Africa, the acquisition of NPL portfolios is exceeding pre-pandemic levels, with an investment of R675 million, up 91% from the investment level of R353 million in HY2021.
- In Australia, the trading conditions remain subdued, with few NPL portfolios being offered for sale, banks still showing greater leniency on outstanding credit and debt moratoriums continuing. In HY2022 TCRS invested R70 million in acquiring NPL portfolios in Australia.

#### Digital Customer Engagement Services

- Leveraging its low-cost infrastructure and technology, TCRS now delivers an augmented suite of digital customer engagement services in South Africa, Australia and the United Kingdom, which is starting to deliver high quality earnings.
- The digital customer management services sector is an exciting opportunity for TCRS to leverage our ZAR cost base, local technology platform and IP, as well as our deep experience in managing outcomes-based call centre operations to earn international revenue and create jobs locally.

#### Outlook

- The evolution of TCRS into a global digital services business leverages the competitive advantage that we have built over the last two decades and offers distinct avenues for growth.
- For the remainder of FY2022 our strategic focus will be to accelerate the acquisition of purchased book debts in South Africa and grow the digital customer management services business locally and internationally.

#### FOR FURTHER INFORMATION

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement, published on SENS and available for viewing at <https://senspdf.jse.co.za/documents/2022/JSE/ISSE/TCP/HY22SENS.pdf> and our website <https://www.transactioncapital.co.za/SENS>. The full announcement is also available at our registered office and the offices of our sponsor for inspection, at no charge, during office hours. Copies of the full announcement may be requested by contacting Lisa Lill on telephone +27 (0) 11 049 6700 or email: [Lisal@transactioncapital.co.za](mailto:Lisal@transactioncapital.co.za).

Hyde Park  
18 May 2022

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(\*Independent non-executive)

Company secretary:  
Lisa Lill

Auditors:  
Deloitte & Touche

JSE sponsor and equity markets broker:  
Investec Bank Limited

JSE Debt sponsor:  
Rand Merchant Bank (a division of FirstRand Bank Limited)

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