



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 Company" or "the Group")



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

OPENING OF ACCELERATED BOOKBUILD AND PRE-CLOSE OPERATIONAL UPDATE FOR THE YEAR ENDING 30 SEPTEMBER 2022

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1. INTRODUCTION

Transaction Capital is pleased to announce its intention to conduct a non pre-emptive cash placing of approximately R1 billion through the issue of new ordinary shares in the authorised but unissued share capital of the Company (the "Placing Shares") to certain institutional investors (the "Placing"). The Placing Shares will be issued by the Company under and in accordance with its existing general authority to issue shares for cash, granted by shareholders at the annual general meeting of the Company held on 10 March 2022. The Company reserves the right to increase the size of the Placing, subject to demand, pricing and said general authority to issue shares for cash.

The Placing is being conducted through an accelerated bookbuild process (the "Bookbuild"), which will be launched immediately following this announcement. Goldman Sachs International and Investec Bank Limited (the "Managers") are acting as joint bookrunners in respect of the Placing.

2. PRE-CLOSE OPERATIONAL UPDATE

Transaction Capital is pleased to provide the below operational update to our investors and analysts in advance of our closed period for the year ending 30 September 2022. Shareholders are advised that the information contained in this announcement is the responsibility of the directors and has not been reviewed or reported on by Transaction Capital's external auditors.

Transaction Capital's strong performance in the 2022 financial year ("FY2022") has been driven by high earnings growth from Transaction Capital Risk Services ("TCRS") and WeBuyCars, as set out in more detail in the divisional highlights below. We anticipate core headline earnings per share from continuing operations¹ ("HEPS") for the full year to exceed the 2021 financial year ("FY2021") HEPS at a rate in line with the Group's historic annual HEPS growth rates.

¹ Core headline earnings from continuing operations is a non-IFRS measure which excludes once-off gains/losses, costs and adjustments associated with acquisitions and disposals of investments.

WeBuyCars

WeBuyCars is now Transaction Capital's largest business, generating almost 50% of headline earnings attributable to the Group. Growth in WeBuyCars' FY2022 earnings remains in line with expectations, as guided at the time of release of our half year ended 31 March 2022 ("HY2022") results.

WeBuyCars continues to outperform against several key performance metrics, including total revenue, finance and insurance ("F&I") penetration, as well as units bought and sold. We expect future earnings from WeBuyCars to continue to grow at high rates over the medium-term, given its strategic positioning as a provider of innovative mobility products in a favourable market. Its strategy to grow its e-commerce offering, expand geographically and enhance unit economics through higher penetration of F&I products continues to drive business growth.

SA Taxi

The combination of competencies within the Group allows us to build a meaningful used vehicle mobility platform: WeBuyCars provides low-cost distribution at scale and the ability to value and liquidate collateral efficiently reducing loss given default, while SA Taxi possesses the skills and systems to underwrite, fund, collect, repossess and design F&I products. GoMo was launched in HY2022, pursuant to Transaction Capital's strategic intent to leverage off WeBuyCars' and SA Taxi's platform value, to build a scalable used vehicle F&I business.

GoMo aims to disrupt and capture market share in an under-penetrated used vehicle F&I sector. Since its launch, GoMo has received a positive market response, with the number of loan applications being significantly higher than anticipated. This product is thus strategically better positioned within SA Taxi, although it will continue to drive vehicle sales growth and F&I penetration within WeBuyCars. This broadens SA Taxi's addressable market, provides better risk allocation optionality, and diversifies revenues.

The unprecedented floods in Kwa-Zulu Natal in April 2022 temporarily disrupted public transport services and severely damaged Toyota's manufacturing plant, resulting in its closure from mid-April 2022 to August 2022. Although the production of Toyota minibus taxis has now recommenced, supply of new taxis will remain significantly constrained until at least the end of FY2022, impacting SA Taxi's ability to originate new loans and grow its gross loans and advances portfolio.

Although commuter activity is increasing as economic activity in South Africa recovers post the Covid-19 pandemic, it remains lower than pre-pandemic levels and is not expected to return to these levels in the short-term. This, together with high fuel prices, has placed the minibus taxi industry's profitability under strain, exerting pressure on taxi operators' ability to afford their finance instalments and insurance premiums. The fare increase passed in July 2022 should partly offset this financial pressure. In this context, SA Taxi's fully refurbished Quality Renewed Taxis provide an affordable yet reliable alternative to buying a new vehicle.

Due to the extended impact of the above, FY2022 headline earnings attributable to the Group from SA Taxi will remain below FY2021 earnings, as guided at the time of release of our HY2022 results. Headline earnings attributable to the Group from SA Taxi comprise approximately 25% of Transaction Capital's earnings, making it our smallest division.

As the minibus taxi industry recovers slowly from the unprecedented events of the past few years, our strategic focus in the second half of FY2022 has been on optimising our core business lines. As we grow our GoMo offering, SA Taxi will seek to recalibrate its minibus taxi business by being more selective in the taxi operators and vehicle variants supported. This prudent approach will contribute to preserving credit quality, as SA Taxi targets higher quality and more experienced minibus taxi operators.

Transaction Capital Risk Services (TCRS)

Growth in FY2022 headline earnings attributable to the Group is in line with expectations, as guided at the time of release of our HY2022 results.

TCRS posted a robust performance in HY2022, accelerating its historic earnings growth trajectory. We expect this higher growth rate to continue over the medium-term. Leveraging its South African low-cost infrastructure and technology, TCRS now delivers an augmented suite of digital customer services in South Africa, Australia and the United Kingdom, generating high quality earnings. These customer services are diversified across geographies, sectors and clients, which lowers concentration risk and underpins positive performance and returns in different market conditions. Earnings growth is further supported by accelerated acquisition of NPL portfolios, strong collection revenues, and the recalibration of our cost structure. All of these initiatives have resulted in increased productivity off a lower fixed infrastructure base.

Prospects

Our divisions have compelling organic growth initiatives in place or under development, and continue to demonstrate their resilience and relevance to their stakeholders. Transaction Capital has opportunities to accelerate earnings growth in the short-term through its increased shareholding in WeBuyCars (refer to section 3 below), and TCRS's ability to leverage its homegrown competencies and ZAR-denominated resources to generate foreign revenues. As the recovery in minibus taxi sector progresses, the repositioning of SA Taxi as a mobility platform leverages its competencies, broadens its total addressable market, provides better risk allocation optionality and diversifies its revenue, providing a compelling medium term growth opportunity.

Based on our current assessment of operating conditions and growth prospects, we expect Transaction Capital's organic earnings growth over the medium-term to be at least in line with historic growth rates.

3. RATIONALE AND USE OF PROCEEDS

Transaction Capital's divisions are deliberately positioned in their markets to benefit from structural socio-economic realities, enabling them to deliver good commercial returns and meaningful social impact in variable economic conditions. These divisions have continued to refine their competitive value propositions, diversify their revenues and expand their total addressable markets.

Through WeBuyCars and SA Taxi, Transaction Capital enables the mobility of private and public commuters in South Africa. These businesses are strategically positioned to evolve 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 highly efficient South African technology platform, analytics competencies and call centre intellectual property.

In August 2021, Transaction Capital increased its interest in WeBuyCars from 49.9% to 74.9%, after having purchased a minority stake in the prior year. Transaction Capital is now considering various mechanisms with the founders of WeBuyCars to deliver on our strategic intent to increase our shareholding in WeBuyCars by

a further 15% through the accelerated implementation of the current put and call arrangement (the details of which are set out in the announcement released on the Stock Exchange News Service (“SENS”) of the JSE Limited (“JSE”) on 22 September 2021).

We envisage that any mechanism ultimately pursued would be accretive and a low risk deployment of capital, as WeBuyCars is well known to Transaction Capital as a high-quality growth business. Further, given that WeBuyCars has been a Transaction Capital group company for 23 months, there are no integration or cultural risks.

To the extent that the accelerated acquisition contemplated above is implemented, we would anticipate the founders of WeBuyCars, namely Faan and Dirk van der Walt, to defer their put options for the remaining 10%, to be exercisable to a maximum of 5% in each of the 2027 and 2028 financial years, but no later than the 2030 financial year. Transaction Capital will forego its call option on this remaining 10% shareholding. A portion of the capital raised in the Placing may be used to finance this potential acquisition.

In addition, a portion of the capital raised in the Placing may be used to provide the equity required to establish and grow SA Taxi’s new GoMo business, and support SA Taxi’s evolution from a focused minibus taxi business into a mobility platform, whilst the minibus taxi sector recovers.

The balance of the capital raised may be used to enhance the Group’s financial flexibility and strategic agility to respond to opportunities arising from market dynamics. These opportunities may include investments identified at a holding company level or through the divisions of the Group, in line with the positioning of SA Taxi and WeBuyCars as a mobility platform and TCRS as a global services business.

4. THE PLACING

The Placing is offered to qualifying investors (with the criteria set out in the Important Information section below) and will not be offered to the public in any jurisdiction. The Placing is not an offer to the public as contemplated under the South African Companies Act, No.71 of 2008, as amended (the “South African Companies Act”), having regard to the provisions of section 96(1)(a) and 96(1)(b) of the South African Companies Act.

The Placing Shares will be issued by the Company under and in accordance with its existing general authority to issue shares for cash, granted by shareholders at the annual general meeting of the Company held on 10 March 2022.

The price per ordinary share at which the Placing Shares will be placed (the “Placing Price”) will be decided at the close of the Bookbuild. The timing of the closing of the Bookbuild, the Placing Price and allocations are at the discretion of the Company and the Managers, subject to compliance with section 5.52(d) of the Listings Requirements of the JSE. The Placing Price will be announced as soon as practicable on SENS after the close of the Bookbuild.

Pursuant to the terms of the placement agreement entered into between the Company and the Managers, the Company has agreed to customary lock-up arrangements for a period of 90 days from the closing date of the Placing. The Placing Shares, when issued, will be credited as fully paid and will rank pari passu in all respects with the existing ordinary shares in the share capital of the Company, including the right to receive all dividends and other distributions declared, made or paid after the date of issue of the Placing Shares.

Subject to the approval by the JSE, listing and trading of the Placing Shares on the JSE is expected to commence at 09h00 on 14 September 2022 (or such time and/or date as may be agreed between the Company and the Managers). Investors will receive Placing Shares listed and trading on the JSE.

Hyde Park

8 September 2022

Joint Bookrunners
Goldman Sachs International
Investec Bank Limited

South African Legal Counsel to the Company
ENSAfrica

Foreign Legal Counsel to the Company
Bryan Cave Leighton Paisner LLP

Transaction Capital Limited
Nomonde Xulu - Investor Relations – nomondex@transactioncapital.co.za

JSE Sponsor and Equity Markets Broker
Investec Bank Limited

Debt Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

IMPORTANT INFORMATION

The Placing will only be made by way of separate private placements to: (i) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act; (ii) selected persons, acting as principal, acquiring Placing Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act ("Qualifying Investors") and (iii) persons who are considered "public shareholders" as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements ("Listings Requirements") and not to "related parties" (as such term is defined in the Listings Requirements).

This announcement is only being made available to such Qualifying Investors. Accordingly: (i) the Placing is not an "offer to the public" as contemplated in the South African Companies Act; (ii) this announcement does not, nor does it intend to, constitute a "registered prospectus" or an "advertisement", as contemplated by the South African Companies Act; and (iii) no prospectus has been filed with the South African Companies and Intellectual Property Commission ("CIPC") in respect of the Placing. As a result, this announcement does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC, or any other South African authority.

Any forwarding, distribution, reproduction, or disclosure of any information contained in this announcement in whole or in part is unauthorised. Failure to comply with these restrictions may constitute a violation of the

United States Securities Act of 1933, as amended (the "Securities Act"), or the applicable laws of other jurisdictions. Subject to certain exceptions, the securities referred to in this announcement may not be offered or sold in the United States, Australia, Canada, Japan or certain other jurisdictions or for the account or benefit of any national resident or citizen of certain jurisdictions.

This announcement does not constitute or form part of an offer or solicitation of an offer to purchase or subscribe for securities in the United States or any other jurisdiction. No public offering of securities is being made in the United States. The securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered or sold, directly or indirectly, in the United States, absent registration or an exemption from, or transaction not subject to, the registration requirements of the Securities Act. Any offering of the Placing Shares to be made (i) in the United States will be made only to a limited number of "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A under the Securities Act ("Rule 144A") and, (ii) outside the United States in offshore transactions within the meaning of, and in reliance on, Regulation S under the Securities Act ("Regulation S"). QIBs purchasing shares will be required to execute an investor letter in a form provided to it and deliver the same to a Manager or one of its affiliates and to the Company in connection with its investment.

This announcement is for information purposes only and in member states of the European Economic Area (other than the United Kingdom) is directed only at persons who are qualified investors (as defined in article 2(1)(e) of EU directive 2003/71/EC and the relevant implementing rules and regulations adopted by each Member State). In the United Kingdom, this announcement is directed only at the following persons: investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); and high net worth entities, and other person to whom it may lawfully be communicated, falling within article 49(2)(a) to (d) of the Order.

The information contained in this announcement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, 2002 ("FAIS Act") and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Placing Shares or in relation to the business or future investments of the Company, is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this announcement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. The Company is not a financial services provider licensed as such under the FAIS Act.

In terms of the Exchange Control Regulations of South Africa, any share certificates that might be issued to non-resident shareholders will be endorsed 'Non-Resident'. Any new share certificates, dividend and residual cash payments based on emigrants' shares controlled in terms of said Exchange Control Regulations, will be forwarded to the Authorised Dealer controlling their remaining assets. The election by emigrants for the above purpose must be made through the Authorised Dealer controlling their remaining assets. Such share certificates will be endorsed 'Non-Resident'. Dividend and residual cash payments due to non-residents are freely transferable from South Africa. Nothing in this announcement should be viewed, or construed, as "advice", as that term is used in the South African Financial Markets Act, 2012, and/or FAIS Act by any of the Managers.

The Managers and their respective affiliates are acting solely for the Company and no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to their clients nor for providing advice in relation to the Placing and/or any other matter referred to in this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on the

Managers or their affiliates by their respective regulatory regimes, neither of the Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the information contained in this announcement or for any other statement made or purported to be made by or on behalf of such Manager or any of its respective affiliates in connection with the Company, the Placing Shares or the Placing. The Managers and each of their respective affiliates accordingly disclaim all and any responsibility and liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) in respect of any statements or other information contained in this announcement and no representation or warranty, express or implied, is made by the Managers or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information contained in this announcement.

The distribution of this announcement and the offering of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or the Managers that would permit an offering of such shares or possession or distribution of this announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by the Company and the Managers to inform themselves about, and to observe, such restrictions.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than the JSE.

Persons who are invited to and who choose to participate in the Placing by making an offer to take up Placing Shares, will be deemed to have read and understood this announcement in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements and undertakings, contained herein. Each such placee represents, warrants and acknowledges that it is a person eligible to subscribe for the Placing Shares in compliance with the restrictions set forth herein and applicable laws and regulations in its home jurisdiction and in the jurisdiction (if different) in which it is physically resident.

This announcement has been issued by and is the sole responsibility of Transaction Capital. No representation or warranty express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Managers or by any of their respective affiliates or their respective partners, directors, officers, employees or agents as to, or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

This announcement does not represent the announcement of a definitive agreement to proceed with the Placing and accordingly, there can be no certainty that the Placing will proceed. Transaction Capital reserves the right not to proceed with the Placing or to vary the terms of the Placing in anyway.

NOTWITHSTANDING ANYTHING IN THE FOREGOING, NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE BY ANY PERSON ANYWHERE AND THE COMPANY HAS NOT AUTHORISED OR CONSENTED TO ANY SUCH OFFERING IN RELATION TO THE PLACING SHARES.

FORWARD LOOKING INFORMATION

This announcement contains (or may contain) certain forward-looking statements with respect to certain of Transaction Capital's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. Transaction Capital cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ

materially from those contained in the forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances a number of which are beyond Transaction Capital's control. These forward-looking statements reflect Transaction Capital's judgement at the date of this announcement and are not intended to give any assurance as to future results. Except as required by the JSE, or applicable law, Transaction Capital expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. For further information on Transaction Capital, investors should review the Company's Annual Report hosted at www.transactioncapital.co.za

The information in this announcement is subject to change without notice and, except as required by applicable law, the Company and the Managers do not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in this announcement nor do they intend to do so.