



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")



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

EXTENSION OF THE PERIODS RELATING TO THE EXISTING CALL AND PUT OPTIONS CONTAINED IN THE WBC HOLDINGS PROPRIETARY LIMITED SHAREHOLDERS AGREEMENT CONCLUDED ON 21 SEPTEMBER 2021

1. INTRODUCTION

Transaction Capital owns 99% of the shares in Transaction Capital Motor Holdco Proprietary Limited ("TCMH"), which in turn owns 74.9% of the shares in WBC Holdings Proprietary Limited ("WBC Holdco"). Shareholders are advised that Transaction Capital has reached in principle agreement ("Amendment Agreement") with TCMH, IVDW Holdings Proprietary Limited ("IVDW") (being a company which is ultimately controlled by the family trusts of the founding shareholders of WeBuyCars (the "WBC Founders")) and the WBC Founders, to vary certain of the terms of the existing put and call arrangements contained in the shareholders agreement concluded on 21 September 2021 ("Shareholders Agreement").

For background to the existing put and call arrangements shareholders are referred to the:

- SENS announcement dated 22 September 2021, wherein Transaction Capital notified its shareholders that:
 - o it had concluded the Shareholders Agreement with WBC Holdco, IVDW and the WBC Founders to regulate the relationship between TCMH and IVDW as shareholders of WBC Holdco; and
 - o the Shareholders Agreement granted various put options in favour of IVDW and call options in favour of WBC Holdco (collectively, the "Existing Put and Call Option Arrangements") which, if exercised and implemented, would result in WBC Holdco and/or TCMH acquiring, in various increments and at various intervals, the balance of the shares in WBC Holdco from IVDW.
- SENS announcement dated 8 September 2022, wherein Transaction Capital noted that:
 - o it was considering various mechanisms with the WBC Founders to increase Transaction Capital's shareholding in WBC Holdco by a further 15% through an accelerated implementation of the Existing Put and Call Option Arrangements ("Accelerated Acquisition");
 - o to the extent that the Accelerated Acquisition would be implemented, the WBC Founders would defer their existing put option for the remaining 10% of the shares in WBC Holdco, to be exercisable to a maximum of 5% in each of the 2027 and 2028 financial years of Transaction Capital, but no later than the 2030 financial year; and
 - o Transaction Capital would forego its call option on this remaining 10% shareholding.
- SENS announcement dated 20 March 2023, wherein Transaction Capital released a further market update and trading statement, noting that:
 - o the proposed terms of the Accelerated Acquisition made provision for 30% of the purchase consideration be settled with an issuance of Transaction Capital shares to IVDW, and that considering the reduction in the Transaction Capital share price, the board opted to not pursue

the Accelerated Transaction. As such, shareholders were advised that, in agreement with the WBC Founders, the Accelerated Acquisition would not be concluded as previously communicated to shareholders; and

- the acquisition of the additional 15% stake in WBC Holdco would be effected in accordance with the Existing Put and Call Option Arrangements.

2. EXTENSION OF THE PERIODS RELATING TO THE EXISTING CALL AND PUT OPTIONS

In terms of the Amendment Agreement, the three put and call options comprising the Existing Put and Call Arrangement (described in SENS announcement dated 22 September 2021) will be amended to reflect six put and four call options which may be exercised over an extended period of time during November 2023 (put and call for 5%), November 2024 (put and call for 5%), November 2025 (put and call for 5%), March 2027 (put for up to 5%), March 2028 (put for up to 5.1%) and March 2029 (put and call for any remaining equity) ("**Amended Put and Call Options**"). The Amended Put and Call Options will have the same ultimate effect as the Existing Put and Call Option Arrangement in that they will result in TCMH owning all of the shares in WBC Holdco if all of the Amended Put and Call Options are exercised and implemented.

The purchase price for the relevant shares in WBC Holdco, which are the subject matter of the Amended Put and Call Options, is calculated using substantially the same methodology as that contained in the Existing Put and Call Option Arrangements, the terms of which were disclosed in the SENS announcement dated 22 September 2021. There is no change to the limited PE ratio range of 9 to 10.5 times. However, the 30-day volume weighted average share price, headline earnings per share and profit after tax in respect of the first three Amended Put and Call Options are now calculated based on a two-year average, using the prior and current year of exercise, and not only in the year of exercise as was the case in the Existing Put and Call Option Arrangements.

As per the Existing Put and Call Option Arrangement, the purchase price payable will be settled, at the sole election of TCMH or WBC Holdco, either 100% in cash or 70% in cash and 30% by way of delivering Transaction Capital shares.

The Amended Put and Call Options will result in a reduction of the put option liability as recorded in the group's financial statements.

3. RATIONALE FOR EXTENSION OF EXISTING CALL AND PUT OPTIONS

In the absence of amending the Existing Put and Call Option Arrangements, IVDW will be entitled to exercise its first put option following 30 September 2023, with payment to follow shortly thereafter. Management believes that the Amended Put and Call Options are beneficial in that they split the individual exercise amounts for which Transaction Capital is liable into smaller tranches to be settled over an extended period, facilitating better and longer planning by the Company for liquidity. This also provides additional time for Transaction Capital's share price to recover, making it more likely for 30% of the purchase consideration in relation to the Amended Put and Call Options to be settled via the issuance of Transaction Capital shares.

The Amended Put and Call also restores Transaction Capital's call option on the last 10% of the shares in WBC Holdco, and adjusts the pricing formula slightly to spread the calculation metrics more fairly over two financial years for some of the options exercised, instead of one year.

In addition, the terms of the Amended Put and Call Options result in the WBC Founders remaining invested in WBC Holdco for a longer period than that contemplated in the Existing Put and Call Option Arrangements, facilitating the growth of WeBuyCars through greater alignment between Transaction Capital and the WBC Founders. This extended period also facilitates the growth of Gomo (refer to SENS announcement dated 19 June 2023), which is a joint collaboration between WeBuyCars and Mobalyz, maximising the WBC Founders' expertise in establishing Gomo throughout the WeBuyCars network.

This additional investment in WeBuyCars is a low-risk deployment of capital, as WeBuyCars is well known to Transaction Capital as a high-quality growth business. WeBuyCars is well placed in the South African economy with structural elements supporting the business model. Further, given that WeBuyCars has been a Transaction Capital group company since September 2020, there are no integration risks.

A detailed update on WeBuyCars' trading performance and prospects can be found in Transaction Capital's interim results announcement for the six months ending 31 March 2023, released on SENS on 10 May 2023.

Rosebank
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