



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: 378900AA31160C6B8195

CAUTIONARY ANNOUNCEMENT REGARDING THE PROPOSED UNBUNDLING OF WEBUYCARS AND ITS SEPARATE LISTING ON THE JSE

Unless defined in the body of this Announcement, capitalised terms shall have the meaning ascribed to them in the Definitions section at the end of this Announcement.

1. INTRODUCTION

- 1.1 Shareholders are referred to the announcement released by Transaction Capital on SENS on Tuesday, 5 December 2023, advising Shareholders that Transaction Capital, together with the WeBuyCars founders, is exploring the merits of unbundling Transaction Capital's shareholding in WeBuyCars, together with its separate listing on the Main Board of the JSE.
- 1.2 Shareholders are hereby advised that the Board has in principle resolved to pursue the Unbundling, on the basis set out in this Announcement. The construct of the Unbundling is yet to be finalised. If approved by the Board, the Unbundling will be implemented, subject to the fulfilment (or where permissible, waiver) of the unbundling conditions which are standard for transactions of this nature. The Unbundling would be implemented by way of a *pro rata* distribution *in specie* of the WBC Shares held by Transaction Capital on the relevant distribution date, in terms of section 46 of the Companies Act and in accordance with section 46 of the Income Tax Act. The WBC Shares will be simultaneously listed on the Main Board of the JSE.
- 1.3 WeBuyCars is unlisted as at the date of this Announcement. It is intended that all of the WBC Shares will be listed on the Main Board of the JSE simultaneously with the Unbundling. Accordingly, in terms of paragraph 5.85 of the JSE Listings Requirements the Unbundling will not require the approval of Shareholders. As the Unbundling is deemed to be the disposal of the greater part of the assets or undertaking of Transaction Capital in terms of section 112 of the Companies Act, it will require the approval of Shareholders by way of a special resolution, in compliance with the provisions of section 115(3)(a) of the Companies Act.
- 1.4 The purpose of this Announcement is to inform Shareholders of the Unbundling under consideration by the Board and to advise Shareholders to exercise caution when dealing in the Company's securities until a further announcement is released by Transaction Capital in this regard.

2. RATIONALE FOR THE UNBUNDLING

- 2.1 Transaction Capital owns majority stakes in three underlying businesses: Mobalyz (SA Taxi and Gomo), WeBuyCars and Nutun. Given SA Taxi's disappointing performance in 2023 and the negative impact this had on the broader Transaction Capital group, Transaction Capital has undertaken to focus on unlocking shareholder value from its existing portfolio of companies.
- 2.2 Transaction Capital aims to achieve the following at holding company level:
 - 2.2.1 significantly reduce the level of debt,

- 2.2.2 remove the cross-default triggers which are currently in place,
 - 2.2.3 eliminate the WeBuyCars put option liability and,
 - 2.2.4 settle the SANTACO equity cure of R285 million in the event that payment is called upon,
which aligns with the objectives of the Unbundling, if approved.
- 2.3 WeBuyCars is uniquely positioned in South Africa's large and extremely relevant second-hand vehicle market, giving it substantial growth potential. In the 2023 financial year ("FY2023"), WeBuyCars delivered on key performance metrics including increased volumes and growth in market share. Although earnings were down in the first half of FY2023, the business saw a strong recovery in the second half. This positive momentum has continued into 2024, notwithstanding the adverse market conditions. The Unbundling, if implemented, will afford Shareholders the opportunity to have direct access to a market leading asset. WeBuyCars is differentiated from any other players in the local second-hand vehicle market by, *inter alia*, its proprietary artificial intelligence ("AI"), data and analytics capabilities which optimise the vehicle and buying selling process and a prominent national footprint with 15 vehicle supermarkets augmented by 74 buying pods. The listing of WeBuyCars, if implemented, will be founder led together with their experienced and longstanding management team.

3. INDEPENDENT COMMITTEE AND INDEPENDENT EXPERT

- 3.1 Transaction Capital has constituted an Independent Committee for purposes of evaluating the Unbundling. The Independent Committee will be converted to an independent board for purposes of the Companies Act and the Companies Regulations if the Board decides to proceed with the Unbundling.
- 3.2 The Independent Committee has in the interim appointed an Independent Expert in order to, *inter alia*, prepare a fair and reasonable opinion for Shareholders in respect of the potential Unbundling. The Independent Expert's fair and reasonable opinion, as well as the independent board's recommendation to Shareholders in relation to the Unbundling, will be set out in an appropriate announcement and/or Circular as required in terms of the Companies Act and the Companies Regulations, at the relevant time, if the Unbundling is approved by the Board.

4. SALIENT DATES

If the Board resolves to proceed with the Unbundling, the salient dates and times thereof will be announced on SENS when the Circular is distributed.

5. PROGRESS MADE AND NEXT STEPS

- 5.1 The Board has made significant progress with engaging with regulators and a limited number of stakeholders in respect of the Unbundling and Listing. Following the release of this Announcement, the Board will engage on a more formal basis with other key stakeholders in the operating context of the Group, prior to a final decision being taken by the Board.
- 5.2 If the Unbundling is to proceed, a further announcement will be published and following such announcement, a Circular, containing full details of the Unbundling and incorporating a notice convening the General Meeting.

6. RESPONSIBILITY STATEMENT

The Board individually and collectively accepts full responsibility for the accuracy of the information contained in this Announcement. In addition, the Board certifies that to the best of its knowledge and belief, the

information contained in this Announcement solely pertaining to the Company is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein, and that all reasonable enquiries to ascertain such information have been made.

7. CAUTIONARY ANNOUNCEMENT

If successfully concluded, the proposed Unbundling may have an effect on the price of Transaction Capital's shares. Accordingly, Shareholders and other stakeholders of the Group are advised to exercise caution when dealing in the Company's securities until a further announcement is made.

Sandton
30 January 2024

Transaction Advisor and Sponsor
PSG Capital

Legal Advisor as to South African law
ENSAfrica

Legal Advisor as to US and UK law
Goodwin

Tax Advisor
Werksmans Attorneys

Investor Relations
Nomonde Xulu – Email: nomondex@transactioncapital.co.za

DEFINITIONS

In this Announcement, unless the context indicates the contrary, the following expressions have the meanings given to them below:

- i. **"Announcement"** means this cautionary announcement dated 30 January 2024;
- ii. **"Board"** means the board of directors of Transaction Capital from time to time;
- iii. **"Circular"** means the circular expected to be posted to Shareholders detailing, *inter alia*, the terms and mechanics of the Unbundling, if the Board resolves to pursue the Unbundling;
- iv. **"Companies Act"** means the Companies Act, 2008 (Act No. 71 of 2008), as amended from time to time;
- v. **"Companies Regulations"** means the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
- vi. **"Foreign Shareholders"** means Shareholders that are registered in a jurisdiction outside of South Africa, or who are resident, domiciled or located in a jurisdiction other than South Africa;
- vii. **"General Meeting"** means the general meeting of Shareholders which will need to be convened in order for Shareholders to consider and, if deemed fit, to pass, with or without modification, the Unbundling Resolution;

- viii. **"Gomo"** means Gomo Vehicle Solutions Holdings Proprietary Limited (registration number 2021/868112/07), a private company incorporated under the laws of South Africa, a wholly-owned subsidiary of Transaction Capital;
- ix. **"Group"** means the Company and its subsidiaries, as contemplated in the Companies Act;
- x. **"Income Tax Act"** means the Income Tax Act, 1962 (Act No. 58 of 1962), as amended from time to time;
- xi. **"Independent Committee"** means those independent non-executive directors of Transaction Capital who have been appointed as the independent committee of the Company in respect of evaluating the Unbundling, for purpose of the Companies Act and the Companies Regulations, and comprising Albertinah Kekana, Christopher Seabrooke, Ian Kirk and Diane Radley;
- xii. **"Independent Expert"** means the independent expert appointed by the Independent Committee as the independent expert in respect of the Unbundling, for purposes of the Companies Act and the Companies Regulations;
- xiii. **"I VDW Holdings"** means I VDW Holdings Proprietary Limited (registration number 2020/649884/07), a private company incorporated in accordance with the laws of South Africa;
- xiv. **"JSE"** means JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa, and which is licensed as an exchange in terms of the Financial Markets Act;
- xv. **"JSE Listings Requirements"** means the Listings Requirements of the JSE;
- xvi. **"Listing"** means the simultaneous listing of the WBC Shares on the Main Board of the JSE;
- xvii. **"Nutun"** means Nutun Holdings Proprietary Limited (registration number 2016/399014/07), a private company incorporated under the laws of South Africa, a wholly-owned subsidiary of Transaction Capital;
- xviii. **"SA Taxi"** means SA Taxi Holdings Proprietary Limited (registration number 2004/001531/07), a private company incorporated under the laws of South Africa, being a subsidiary of Transaction Capital held as to 75%;
- xix. **"SENS"** means the Stock Exchange News Service of the JSE;
- xx. **"Shareholders"** means registered holders of Transaction Capital Shares;
- xxi. **"South Africa"** means the Republic of South Africa;
- xxii. **"Transaction Capital Shares"** means ordinary shares with no par value in the issued share capital of the Company;
- xxiii. **"TCMH"** means Transaction Capital Motor Holdco Proprietary Limited (registration number 2020/640476/07), a private company incorporated under the laws of South Africa, a wholly-owned subsidiary of Transaction Capital;
- xxiv. **"Unbundling Resolution"** means the special resolution required to be passed in terms of section 112 and section 115(2)(a) of the Companies Act in relation to the Unbundling;
- xxv. **"Unbundling"** means the proposed distribution in specie by Transaction Capital of the WBC Distribution Shares to its Shareholders *pro rata* to their respective shareholdings in Transaction Capital;

- xxvi. **"WeBuyCars"** means WBC Holdings Proprietary Limited (registration number 2020/632225/07), a private company incorporated under the laws of South Africa, which will be converted to a public company and will change its name to We Buy Cars Holdings Limited, being a subsidiary of TCMH and an indirect subsidiary of Transaction Capital held as to 74.9%. The remaining 25.1% of the issued shares of WBC are held by I VDW Holdings;
- xxvii. **"WBC Distribution Shares"** means all the WBC Shares held by Transaction Capital as at the distribution date, which will be distributed by Transaction Capital to Shareholders in terms of the Unbundling, and which will be contemporaneously listed on the main board of the JSE pursuant to the Listing; and
- xxviii. **"WBC Shares"** means all of the ordinary no par value shares in the issued share capital of WeBuyCars from time to time.

Disclaimers

The release, publication or distribution of this Announcement in jurisdictions other than South Africa may be restricted by law. The distribution of the WBC Distribution Shares to Foreign Shareholders in terms of the Unbundling may be affected by the laws of the relevant Foreign Shareholders' jurisdictions. In this regard, Foreign Shareholders are referred to the further details set out below.

Foreign Shareholders: General

No action has been taken by Transaction Capital to obtain any approval, authorisation or exemption to permit the distribution of the WBC Distribution Shares or the possession or distribution of this Announcement (or any other publicity material relating to the WBC Distribution Shares) in any jurisdictions other than South Africa.

The Unbundling is being conducted under the procedural requirements and disclosure standards of South Africa which may be different from those applicable in other jurisdictions. The legal implications of the Unbundling on persons resident or located in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction. Such persons should consult their professional advisors and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such persons participating in the Unbundling to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.

Foreign Shareholders should refer to and take into account the disclaimers set out in this Announcement and to be contained in the Circular in relation to those jurisdictions.

Foreign Shareholders should nevertheless consult their own professional advisors and satisfy themselves as to the applicable legal requirements in their jurisdictions.

Notice to Foreign Shareholders located in the United States

This Announcement is not an offer of securities for sale in the United States of America ("US"). The WBC Distribution Shares and the Transaction Capital Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the **"US Securities Act"**), or with any regulatory authority of any state or other jurisdiction in the US and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the US at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the US.

The WBC Distribution Shares and the Transaction Capital Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the US. The Company does not intend to take any action

to facilitate a market in the WBC Distribution Shares and the Transaction Capital Shares in the US. Consequently, it is unlikely that an active trading market in the US will develop for the WBC Distribution Shares and the Transaction Capital Shares.

The WBC Distribution Shares and the Transaction Capital Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other regulatory authority in the US, nor have any of the foregoing authorities passed comment on, or endorsed the merit of, the Unbundling or the accuracy or the adequacy of this Announcement or the information contained herein. Any representation to the contrary is a criminal offence in the US.

Notice to Foreign Shareholders located in the European Economic Area ("EEA") and the United Kingdom ("UK")

This Announcement is not a prospectus, for the purposes of the Prospectus Regulation (EU) 2017/1129 or Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 as amended, on the basis that the WBC Distribution Shares and the Transaction Capital Shares are not being admitted to trading on a regulated market situated or operating within the EEA or the UK, nor is there an offer to the public in respect of the WBC Distribution Shares and the Transaction Capital Shares in any member state of the EEA or in the UK. Accordingly, any person making or intending to make any offer for the WBC Distribution Shares and the Transaction Capital Shares should only do so in circumstances in which no obligation arises for Transaction Capital or the issuers of the Unbundled Shares to produce a prospectus for such offer. The Company has not authorised the making of any offer for the WBC Distribution Shares and the Transaction Capital Shares through any financial intermediary.