



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

ANNOUNCEMENT REGARDING THE UNLOCKING OF VALUE FOR SHAREHOLDERS OF TRANSACTION CAPITAL, COMPRISING:

- THE FIRM INTENTION TO UNBUNDLE WEBUYCARS AND ITS SEPARATE LISTING ON THE MAIN BOARD OF THE JSE;
- THE WEBUYCARS SHARE ISSUE OF R760 MILLION;
- THE PRIVATE PLACEMENT OF WBC SHARES OF R500 MILLION; AND
- A PROPOSED PRE-LISTING CAPITAL RAISE OF UP TO R750 MILLION BY WEBUYCARS; AND

WITHDRAWAL OF THE CAUTIONARY ANNOUNCEMENT

Unless defined in the body of this Announcement, capitalised terms used in this Announcement (including the heading) 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 cautionary announcement released by Transaction Capital on SENS on Tuesday, 30 January 2024, advising Shareholders that the Board had in principle resolved to pursue the Unbundling of Transaction Capital's shareholding in WeBuyCars, together with its separate listing on the Main Board of the JSE.
- 1.2 Shareholders are advised that, following further evaluation by the Board, the Board has resolved to proceed with the Unbundling and Listing. Shareholders are advised to consider the Unbundling Conditions to which the Unbundling is subject.
- 1.3 In addition, WeBuyCars, Transaction Capital and I VDW Holdings have considered various capital raising initiatives including the WeBuyCars Share Issue, the Private Placement of WBC Shares and a proposed Pre-Listing Capital Raise, as set out in this Announcement. The WeBuyCars Share Issue and the proposed Pre-Listing Capital Raise initiatives will enable WeBuyCars to make distributions to its shareholders, including Transaction Capital, to facilitate value realisation. The Private Placement of WBC Shares will also unlock value for Transaction Capital through the proceeds received from the sale.
- 1.4 The WeBuyCars Share Issue and the Private Placement of WBC Shares have been pursued with the respective parties at an early stage to provide certainty to all relevant stakeholders of the Group, including Shareholders and funders, that sufficient capital will be raised and placed to underpin the Listing process.
- 1.5 The proceeds from the various capital raising initiatives will be utilised by Transaction Capital for the purposes set out in this Announcement including the settlement of debt at holding company level.

- 1.6 The realisation of value by IVDW Holdings, alongside the Unbundling and Listing, will cancel the contingent Put Option Liability of the Group.

2. RATIONALE FOR THE UNBUNDLING, WEBUYCARS SHARE ISSUE, PRIVATE PLACEMENT OF WBC SHARES AND PRE-LISTING CAPITAL RAISE

- 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 on the Group, Transaction Capital has focused on unlocking shareholder value from its existing portfolio of companies.
- 2.2 It is noteworthy that as part of the value unlock initiatives, Transaction Capital aims to achieve the following at a holding company level:
- 2.2.1 significantly reduce debt and thereby remove the cross-default triggers currently in place, and
- 2.2.2 cancel the contingent Put Option Liability of the Group on the basis set out in paragraph 4.3 below.
- 2.3 WeBuyCars is uniquely positioned in South Africa's second-hand vehicle market and has great potential for growth. In FY 2023, the company met its key performance metrics, including an increase in sales volume and an increase in market share. Although earnings were down in the first half of the year, there was a strong recovery in the second half, and this positive momentum has continued into the 2024 financial year despite market challenges. If the Unbundling is implemented, Shareholders will have direct access to a market-leading asset. WeBuyCars stands out from other players in the local motor industry because of its proprietary artificial intelligence, data and analytics capabilities, which optimise the vehicle buying and 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.
- 2.4 For the reasons set out above, and having regard to, *inter alia*, the report of the Independent Expert and the recommendations of the Independent Board, the Board believes that the Unbundling, the WeBuyCars Share Issue, the Private Placement of WBC Shares and the proposed Pre-Listing Capital Raise are in the best interests of Shareholders, enabling an unlock of shareholder value. Furthermore, the aforesaid steps will allow for the settlement of debt at the holding company level, as detailed further in this Announcement.

3. SALIENT TERMS AND MECHANICS OF THE UNBUNDLING

Implementation

- 3.1 In terms of the Unbundling, subject to the fulfilment (or, where permissible, waiver) of the Unbundling Conditions, Transaction Capital will unbundle the WBC Distribution Shares to Shareholders, by way of a *pro rata* distribution *in specie* in terms of section 46 of the Companies Act and in accordance with section 46 of the Income Tax Act, and the WBC Shares will be contemporaneously listed on the Main Board of the JSE.
- 3.2 The Unbundling will result in Shareholders holding a direct interest in a JSE-listed WeBuyCars, rather than holding an indirect interest in an unlisted WeBuyCars through Transaction Capital.

Distribution Ratio

- 3.3 The Unbundling will be implemented based on the Distribution Ratio of not less than 0.30241 WBC Shares for every 1 Transaction Capital Share held on the Unbundling record date.
- 3.4 It is anticipated that as a result of the capital raising initiatives, Transaction Capital's shareholding in WeBuyCars will reduce prior to Listing. Accordingly, although Transaction Capital currently holds 74.9% of

the issued share capital of WeBuyCars, it is anticipated that Transaction Capital's holding in WeBuyCars will reduce to between approximately 57.5% to 67.5% prior to Unbundling and Listing. The current shareholding of I VDW Holdings in WeBuyCars will also be reduced from 25.1% to not less than approximately 10% of the issued share capital of WeBuyCars prior to Unbundling and Listing, allowing new investors, who support the value growth story of WeBuyCars, to invest in WeBuyCars in the listed environment.

- 3.5 Accordingly, the Distribution Ratio may increase to above the minimum Distribution Ratio depending on Transaction Capital's shareholding in WeBuyCars immediately prior to the Unbundling record date.

Anticipated Value Unlock

- 3.6 The Transaction Capital 30-day volume weighted average traded share price ("**30-Day VWAP**") up to and including Tuesday, 30 January 2024, being the final trading day preceding the publication of the cautionary announcement in respect of the Unbundling by Transaction Capital on SENS, amounted to R7.52 ("**Transaction Capital VWAP Price**"). Compared to the "most likely" sum-of-the-parts ("**SOTP**") value of approximately R11.86 per Transaction Capital Share based on the valuation of the Independent Expert, the Transaction Capital VWAP Price represented a discount of approximately R4.34, or 36.60%, per Transaction Capital Share.
- 3.7 The Unbundling could theoretically unlock value for Shareholders given that the Unbundling will result in Shareholders holding the WBC Distribution Shares directly, which will assist in eliminating the current discount applied to the WBC Distribution Shares included in the SOTP value of Transaction Capital.

Classification

- 3.8 As all of the WBC Shares will be listed on the Main Board of the JSE on the implementation of the Unbundling, in terms of paragraph 5.85 of the JSE Listings Requirements the Unbundling will not require the approval of Shareholders in terms of the JSE Listings Requirements. However, given that the Unbundling constitutes the disposal of the greater part of the assets or undertaking of Transaction Capital in terms of section 112 of the Companies Act, it requires the approval of the TRP and the approval of Shareholders by way of a special resolution, in terms of the provisions of section 115 of the Companies Act.

Independent Board and Independent Expert's Report

- 3.9 Transaction Capital has constituted the Independent Board for purposes of the Unbundling. The Independent Board, comprised of independent non-executive Directors of Transaction Capital, has appointed BDO Corporate Finance Proprietary Limited as independent expert ("**Independent Expert**") to prepare a report on the Unbundling.
- 3.10 The Independent Expert has determined that the Unbundling is fair and reasonable to Shareholders, for the reasons and on the basis set out in the Independent Expert's Report, a copy of which will be annexed to the Circular.
- 3.11 The Independent Board, taking into account the Independent Expert's Report in relation to the Unbundling, has considered the terms and conditions of the Unbundling, and the members of the Independent Board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Shareholders. Accordingly, they recommend that Shareholders vote in favour of the resolution to be proposed at the General Meeting relating to the approval of the Unbundling.
- 3.12 Shareholders are referred to the Circular, which contains additional detail regarding the views of the Independent Board.

Unbundling Conditions

Subject to the provisions of paragraph 3.14, the Unbundling is subject to the fulfilment of the following suspensive conditions (“**Unbundling Conditions**”), namely that –

- 3.13 by no later than Thursday, 28 March 2024:
 - 3.13.1 the requisite majority of Shareholders pass the Unbundling Resolution approving the Unbundling, in term of section 112 of the Companies Act (read with section 115 of the Companies Act);
 - 3.13.2 to the extent required in terms of section 115(2)(a) of the Companies Act, the court approves the implementation of the Unbundling Resolution;
 - 3.13.3 if any person who voted against the Unbundling Resolution, applies to court for a review of the Unbundling Resolution in terms of section 115(3)(b) of the Companies Act, either:
 - 3.13.3.1 leave to apply to court for any such review is refused; or
 - 3.13.3.2 if leave is so granted, the court refuses to set aside the Unbundling Resolution;
 - 3.13.4 no Shareholders deliver a written notice objecting to the Unbundling Resolution on or before the time the Unbundling Resolution is to be voted on, as contemplated in section 164(3) of the Companies Act, or, if such an objection notice has been duly delivered, Transaction Capital has waived the fulfilment of this condition on or before the date set out in paragraph 3.13 above (read with the provisions of paragraph 3.14 below);
 - 3.13.5 the JSE approves the Listing of all of the WBC Shares on the Main Board of the JSE;
 - 3.13.6 the Financial Surveillance Department approves the Unbundling on terms and conditions acceptable to Transaction Capital;
 - 3.13.7 to the extent applicable, all consents, waivers and approvals are obtained from any third party for the Unbundling and the Listing, including, *inter alia*, from any other regulatory authority, third party funders of the Group and the shareholders of WeBuyCars;
 - 3.13.8 within 10 (ten) business days following the General Meeting, Disqualified Shareholders do not hold more than 15% in aggregate of Transaction Capital Shares in issue;
 - 3.13.9 the internal restructure described in the Circular becomes unconditional and is implemented in accordance with its terms;
 - 3.13.10 the implementation of the WeBuyCars Share Issue in accordance with the terms of the Subscription Agreement; and
 - 3.13.11 Transaction Capital realising value of between approximately R900 million and R1.25 billion, by way of:
 - (i) the Private Placement of WBC Shares; (ii); the proceeds realised from the WeBuyCars Share Issue;
 - (iii) proceeds realised from a bookbuild by WeBuyCars; and/or (iv) other capital raising initiatives.
- 3.14 The Unbundling Conditions in:
 - 3.14.1 paragraphs 3.13.4, 3.13.8, 3.13.10 and 3.13.11 have been inserted for the benefit of Transaction Capital, which will be entitled, in its sole discretion, to waive fulfilment of such suspensive condition, in whole or in part;
 - 3.14.2 the remainder of the Unbundling Conditions cannot be waived.

- 3.15 Transaction Capital may in its sole and absolute discretion and at any time and subject to the approval of the JSE and TRP (if applicable), extend the date for fulfilment of the Unbundling Conditions or, to the extent legally permissible, waive, wholly or in part, any of the Unbundling Conditions.

Fractional Entitlements

- 3.16 Where a Shareholder's entitlement to the WBC Distribution Shares in terms of the Unbundling, calculated in accordance with the Distribution Ratio, gives rise to a fraction of a WBC Distribution Share, such fraction will be rounded down to the nearest whole number, resulting in allocations of whole WBC Distribution Shares and a cash payment for the fraction to Shareholders. The fractional entitlements will be delivered in aggregate to each CSDP and they will be responsible for the payment of the cash fractional payment to Shareholders, which will be funded through the disposal of the fractional entitlements on the market. In accordance with the JSE Listings Requirements, the weighted average traded price, or an approximate price in the absence of trading, for a WBC Distribution Share on the last day to trade, plus one Business Day less 10% will be used to calculate the cash value in respect of the respective fractions of WBC Distribution Shares to be paid to the applicable Shareholders. The cash value applicable to fractions of WBC Distributions Shares will be announced on SENS in accordance with the salient dates and time to be included in the Circular. Certificated Shareholders whose bank account details are not held by the Transfer Secretaries, are requested to provide such details to the Transfer Secretaries to enable payment of the cash amount due for the aforementioned fraction of a WBC Distribution Share. Should no details be on record, the funds will be held by the Company in trust until such time as the details have been provided and the cash fraction will thereafter be paid to the Shareholder upon its request without interest, provided that (in accordance with the provisions of Transaction Capital's MOI) such funds shall be held by the Company in trust until lawfully claimed by such Shareholder, or until the Shareholder's claim to such funds has prescribed in terms of the applicable laws of prescription.

Concert Parties

- 3.17 Transaction Capital is not acting in concert with any other party in relation to the Unbundling.

Tax Considerations

- 3.18 It is expected that the distribution of Transaction Capital's WBC Shares in terms of the Unbundling should qualify as an "unbundling transaction" for purposes of section 46(1) of the Income Tax Act and should, accordingly, be disregarded for tax purposes in South Africa for Transaction Capital and for its Shareholders except to the extent of any distributions made to a Disqualified Shareholder. The tax consequences for Foreign Shareholders should be confirmed by such Foreign Shareholders with advisors in the relevant foreign jurisdictions.
- 3.19 Consequently, the receipt of the WBC Distribution Shares by Shareholders should qualify for tax relief in South Africa and, the resulting dividend will, save in regard to the Shares held by Disqualified Shareholders, be disregarded for dividends tax purposes.
- 3.20 As the fractional entitlements will constitute fractions of shares actually unbundled and then sold on the Shareholder's behalf, the difference between the sale proceeds and the base cost of the fractions (such base cost being determined in terms of section 46 of the Income Tax Act) will be taken into account for the purpose of determining any taxable income of the Shareholder.
- 3.21 The further tax consequences relating to the Unbundling will be set out in an annexure to the Circular.

Foreign Shareholders

- 3.22 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.

- 3.23 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.
- 3.24 Foreign Shareholders should refer to and take into account the disclaimers set out at the end of this Announcement and to be contained in the Circular in relation to those jurisdictions.

Exchange Control

- 3.25 Transaction Capital has applied for the requisite exchange control approval from the Financial Surveillance Department for the Unbundling.
- 3.26 Shareholders who are not resident in, or whose registered addresses are outside the Common Monetary Area (being the countries comprising South Africa, the Republic of Namibia and the Kingdoms of Eswatini and Lesotho), will need to comply with the Exchange Control Regulations to be summarized in the Circular.
- 3.27 If Shareholders are in any doubt as to what action to take, they should consult their professional advisors.

TRP Exemption

- 3.28 Transaction Capital is exempt from complying with Regulation 111(4) and 5 of the Companies Regulations in respect of the payment of cash entitlements in respect of any fractional entitlements of Shareholders pursuant to the Unbundling.

4. PRE-UNBUNDLING STEPS

- 4.1 Transaction Capital will realise value of approximately R885 million pursuant to proceeds to be received from: (i) WeBuyCars by way of various cash and other distributions received following capital raising initiatives and corporate actions being implemented by WeBuyCars; and (ii) sale proceeds to be realised by Transaction Capital from the Private Placement of WBC Shares. Transaction Capital may also raise additional cash to ultimately end up with value realisation of approximately between R900 million and R1.25 billion (in aggregate) prior to the Unbundling and Listing for the settlement of debt and other obligations. The further details will be set out in the Circular.
- 4.2 As noted above, the aforesaid capital raising initiatives, will result in a net reduction of the current shareholders' shareholding in WeBuyCars prior to the Unbundling and Listing, in the case of Transaction Capital to approximately between 57.5% to 67.5%, and in the case of I VDW Holdings to not less than approximately 10%.
- 4.3 The existing put and call arrangements will be cancelled upon the Listing and Unbundling being implemented and following I VDW Holdings realising value from its shareholding in WeBuyCars pursuant to the capital raising initiatives described above.
- 4.4 Transaction Capital will utilise the net proceeds from the aforementioned capital raising initiatives, in addition to available cash resources to:
- 4.4.1 voluntarily redeem the preference shares issued by TCMH to Zephyr Finance of approximately R489 million. Zephyr Finance will in turn voluntarily redeem the preference shares which it has issued to two external funders;
- 4.4.2 pay down the revolving credit facility totalling approximately R1.11 billion; and

- 4.4.3 place Transaction Capital in a stronger liquidity position by replenishing its cash outlay envisaged in paragraph 7.4.

5. WEBUYCARS SHARE ISSUE

Overview

- 5.1 As part of the pre-Unbundling steps, Transaction Capital, Coronation, TCMH, IVDW Holdings and WeBuyCars have concluded the Subscription Agreement in terms of which, *inter alia*, Coronation, subject to the fulfilment of certain suspensive conditions, will subscribe for the Subscription Shares at the Subscription Price, subject to the further terms and conditions set out in the Subscription Agreement. Please refer to the Circular for further details in this regard.

Description Of The Assets

- 5.2 As mentioned above, the WeBuyCars Share Issue will involve the issue of ordinary shares in the issued share capital of WeBuyCars, which will have the effect of diluting the Group's shareholding in WeBuyCars to 72.2% (following the issue of additional WBC Shares pursuant to a scrip dividend to be declared by WeBuyCars).

Rationale for the WeBuyCars Share Issue

- 5.3 Transaction Capital and other stakeholders required certainty on the process in the event that the Independent Board agreed to proceed with the process for the Listing and Unbundling. Accordingly, Coronation has invested at an early stage to provide such certainty for the raising and the Listing process and the value realisation required pursuant thereto. Coronation believes in the future of WeBuyCars and is therefore desirous of this further investment.

Conditions Precedent

- 5.4 The WeBuyCars Share Issue is subject to the fulfilment of the following suspensive conditions ("**Conditions Precedent**"):
- 5.4.1 the requisite majority of Shareholders approve entering into and implementation of the WeBuyCars Share Issue, as may be required in accordance with the provisions of section 10 of the JSE Listings Requirements;
- 5.4.2 the board of directors of WeBuyCars ("**WBC Board**") passes resolutions in terms of section 46 of the Companies Act in terms of which the WBC Board authorises WeBuyCars to –
- 5.4.2.1 distribute a dividend in an amount of R750 million to the shareholders of WeBuyCars, pro rata and in proportion to their shareholding interests in WeBuyCars ("**Pro Rata Entitlement**");
- 5.4.2.2 distribute a cash dividend of between R170 million to R190 million to the shareholders of WeBuyCars in proportion to their respective Pro Rata Entitlements (this being a dividend declared in the ordinary course of business of WeBuyCars); and
- 5.4.2.3 distribute a scrip dividend of R2 300 796 813 incorporating an election on the part of the shareholders of WeBuyCars, to receive either capitalisation shares or cash, to the shareholders of WeBuyCars in proportion to their respective Pro Rata Entitlements;
- 5.4.3 the WBC Board and the shareholders of WeBuyCars (in their capacity as shareholders of WeBuyCars) passing all resolutions in terms of section 48, as read with section 46 of the Companies Act, as may be required to implement the Repurchase Unwind (as such term is defined in paragraph 5.12);

- 5.4.4 each of the parties to the shareholders agreement of WBC conclude a written agreement in terms of which they each irrevocably and unconditionally waive any requirement for Coronation to accede to the shareholders agreement between WBC and its current shareholders;
- 5.4.5 the pre-listing statement of WeBuyCars is approved by the shareholders of WeBuyCars in writing and is published on SENS, which will include appropriate reporting accountant reports on the historical financial information of WeBuyCars;
- 5.4.6 TCMH provides written notice to WeBuyCars that it elects to have its Pro Rata Entitlement of the dividend referred to in paragraph 5.4.2.3 settled in both cash and capitalisation shares on the following basis:
 - 5.4.6.1 R182 500 000 in cash; and
 - 5.4.6.2 R1 540 796 813 in WBC Shares;
- 5.4.7 TCMH unbundling the WeBuyCars shares to Transaction Capital;
- 5.4.8 WeBuyCars delivers to Coronation and the shareholders of WeBuyCars a legal opinion on whether implementation of the Unbundling and/or the Listing will require any consent from the counterparties to and/or trigger a default in relation to the contracts identified in the Subscription Agreement and that any such default can be cured by obtaining the prior consent of the relevant counterparties; and
- 5.4.9 no Material Adverse Change has occurred during the period commencing on the signature date of the Subscription Agreement and ending 3 (three) business days immediately preceding the fulfilment date of the last of the above Conditions Precedent.
- 5.5 For purposes of the Subscription Agreement, “**Material Adverse Change**” means an adverse effect, fact or circumstance which has arisen or occurred or might reasonably be expected to arise or occur in the future and which is materially negative with regard to the business, condition, assets, liabilities, operations, financial performance, income and prospects of WeBuyCars, and/or which will or could reasonably be expected to materially reduce the actual or potential value of WeBuyCars, which is not and is not caused by:
 - 5.5.1 the entering into or implementation of the Subscription Agreement itself;
 - 5.5.2 changes in interest rates, exchange rates or securities or commodity prices or in economic, financial, market or political conditions generally;
 - 5.5.3 changes in conditions generally affecting the industry in which WeBuyCars operates;
 - 5.5.4 any act or omission by Coronation; and
 - 5.5.5 any act or omission of WeBuyCars at the request or with the consent of Coronation or as required or permitted to be done under the terms of the Subscription Agreement.
- 5.6 For the purposes of the Material Adverse Change, to be material, the adverse effect or impact must have or be likely to have or have had a direct impact on, or must be reasonably likely adversely to directly affect, the WBC EBITDA for the financial year ending 30 September 2024 by more than 20% compared to the WBC EBITDA for the Company's financial year ended 30 September 2023. The “**WBC EBITDA**” refers to the consolidated earnings of the WeBuyCars group for any 12 (twelve) month period (covering any financial year) before interest, tax, depreciation and amortisation and specifically excluding costs directly or indirectly attributable to the WBC Share Issue, the Sale Agreement, the Listing, the matters contemplated in the capital raising initiatives, the unbundling by TCMH to Transaction Capital, the Unbundling and/or the impact of the derecognition of the call option derivative asset as determined in accordance with IFRS.

- 5.7 The Conditions Precedent must be fulfilled by not later than 26 March 2024, which date may be extended in accordance with the provisions of the Subscription Agreement.

Consideration and Implementation

- 5.8 The Subscription Price will be payable by Coronation on the second business day following the date on which the last of the Conditions Precedent are fulfilled or waived (to the extent legally permissible) ("**Closing Date**"). The Subscription Price will be paid by Coronation into an escrow account, to be held in escrow and will be released from the escrow account to WeBuyCars upon the fulfilment of the Unbundling Conditions ("**Finalisation Date**").
- 5.9 On the Closing Date, the Subscription Shares will be issued by WeBuyCars in terms of section 40(5) of the Companies Act and held in terms of a trust arrangement. Accordingly, on the Closing Date, Coronation will be the beneficial owner of the Subscription Shares, but the legal ownership of the Subscription Shares will be in the name of the section 40(5) trust.
- 5.10 The Subscription Price will be released from the escrow account to WeBuyCars on the 4th business day after the Finalisation Date ("**Payment Date**"). The Subscription Shares will be released from the section 40(5) trust on the Payment Date, on which date Coronation will become the legal and beneficial owner of the Subscription Shares.
- 5.11 In the unlikely event that: (i) the fulfilment (or waiver, if permissible) of the Conditions Precedent does not occur by 28 March 2024 (or such later date as may have been extended in accordance with the provisions of the Subscription Agreement); or (ii) any of the Unbundling Conditions fail to be fulfilled at any time prior to 28 March 2024; or (iii) become incapable of fulfilment at any time prior to 28 March 2024 (or such later date as may have been extended in accordance with the provisions of the Subscription Agreement), (each, a "**Failure Event**"), then the Subscription Agreement shall be terminated and shall be void ab initio as if it had not been entered into and the parties shall restore each other to the position they were in before the Subscription Agreement was entered into. The effect will be that the Subscription Shares are cancelled and returned to the authorised but unissued share capital of WeBuyCars and the Subscription Price refunded to Coronation.

Resolutive Condition

- 5.12 If the Listing and/or the Unbundling fails to be implemented within 90 days after the Finalisation Date, then, Coronation shall sell to WeBuyCars, which shall repurchase, all of the Subscription Shares, for an amount equal to the Subscription Price, on the terms and conditions set out in the Subscription Agreement ("**Repurchase Unwind**"). The implementation of the Repurchase Unwind will be subject to suspensive conditions customary for a transaction of this nature including, to the extent applicable, Transaction Capital obtaining all applicable regulatory approvals as may be required in terms of the JSE Listings Requirements and the Companies Act to implement the Repurchase Unwind.

Financial Information

- 5.13 The net asset value attributable to the Subscription Shares as at 30 September 2023, being the date of the last audited annual financial statements of Transaction Capital, was R358 million (post adjustment of any effects of the WeBuyCars call option).
- 5.14 The audited profits after tax attributable to the Subscription Shares was R74 million (post adjustment of any effects of the WeBuyCars call option), based on the audited annual financial statements of Transaction Capital for the year ending 30 September 2023, which were prepared in terms of IFRS.

Warranties and other Significant Terms of the Subscription Agreement

- 5.15 The Subscription Agreement contains warranties by WeBuyCars shareholders in favour of Coronation which are standard for a transaction of this nature, which warranties are in turn subject to limitation of liability

and other terms which are standard for a transaction of this nature. Please refer to the Circular for further details in this regard.

Related Party Considerations

- 5.16 Coronation is a material shareholder of Transaction Capital and is a related party as defined in section 10.1(b)(i) of the JSE Listings Requirements. In terms of the JSE Listings Requirements, the issue of shares by a subsidiary of a listed issuer is deemed to be a disposal by that issuer. Given that WeBuyCars is a subsidiary of Transaction Capital, held as to 74.9%, the WeBuyCars Share Issue constitutes a related party transaction in terms of the JSE Listings Requirements.
- 5.17 In terms of Section 10.7 of the JSE Listings Requirements the Company is required to provide the JSE with written confirmation from an independent professional expert confirming whether the terms and conditions of the Subscription Agreement are fair insofar as the Shareholders are concerned.
- 5.18 For the period commencing on the date of Listing and ending 18 (eighteen) months thereafter, I VDW Holdings has agreed that its shareholding in WeBuyCars shall not be less than 10% (ten percent) of the issued ordinary no par value shares of WeBuyCars ("**Prescribed Minimum Shareholding**"), save in instances where WeBuyCars issues additional authorised ordinary no par value shares in WeBuyCars which, following the implementation thereof, results in I VDW Holdings shareholding falling below the Prescribed Minimum Shareholding during the aforementioned 18 (eighteen) month period.

Independent Fairness Opinion

- 5.19 In compliance with paragraph 10.7(b) of the Requirements, the Independent Expert was appointed by the Company as the independent professional expert and has furnished the Board with its fairness opinion confirming that the terms of the Subscription is fair insofar as the Shareholders are concerned.
- 5.20 A copy of the fairness opinion shall be attached to the Circular.

6. PRIVATE PLACEMENT OF WBC SHARES

- 6.1 The Purchasers, Transaction Capital, IVDW Holdings and WeBuyCars have concluded the Sale Agreement, in terms whereof, *inter alia*, the Purchasers will, subject to the fulfilment (or waiver where legally permissible) of certain suspensive conditions, acquire the Sale Shares from Transaction Capital and IVDW Holdings for the aggregate Sale Price of R500 million, on the further terms and conditions set out therein. Transaction Capital will realise approximately R140 million in terms of the Sale Agreement for the disposal of 2.09% of the issued shares of WeBuyCars. I VDW Holdings will realise approximately R360 million for the disposal of 5.32% of the issued shares of WeBuyCars. The aforesaid percentages are as at the date following the scrip dividend referred to above and the WeBuyCars Share Issue, but prior to the proposed Pre-Listing Capital Raise).
- 6.2 The further terms and conditions of the Sale Agreement are set out in the Circular and are included herein on a voluntary basis.

7. BUSINESS AND PROSPECTS OF TRANSACTION CAPITAL

- 7.1 Transaction Capital will continue to be an active investor in its holdings in Nutun and SA Taxi, providing oversight and lending its expertise where required to support management in achieving its strategic goals. While SA Taxi requires a reset to reposition it for growth, Nutun remains a strong leader in its market and will continue to execute against its growth objectives. Further details regarding each of Nutun and SA Taxi will be included in the Circular.
- 7.2 Transaction Capital will utilise the net proceeds of the dividends received and any other value realised of between R900 million and R1.25 billion, in addition to available cash resources to settle debt and other obligations on the basis set out in this Announcement.

- 7.3 The note programme at TransCapital Investments Limited will remain in place following the Unbundling, for the time being.
- 7.4 Transaction Capital as guarantor for one of its subsidiaries is required to procure the payment of R285 million into a security account on 7 March 2024, as part of the obligations that the Group had assumed in order to support the acquisition by SANTACO of a 25% stake in SA Taxi during 2018 (as more fully described on the SENS published on 19 November 2018).

8. SALIENT DATES AND TIMES

The salient dates and times of the Unbundling and Listing will be announced on SENS when the Circular is distributed.

9. CIRCULAR

- 9.1 The information contained in this Announcement should be read in conjunction with the terms of, and subject to, the disclaimers contained in the Circular.
- 9.2 The Circular will contain full details of the WeBuyCars Share Issue, Unbundling and related matters and will incorporate a notice convening the General Meeting of Shareholders in order to consider and, if deemed fit, to pass, with or without modification, the resolutions set out therein.
- 9.3 A detailed timetable will be contained in the Circular and be announced on SENS, which will detail the last dates to trade, record dates and other dates relevant to the General Meeting and implementation of the Unbundling and Listing.
- 9.4 The implementation date of the Unbundling and Listing is anticipated to occur during early April 2024. Shareholders are advised that WeBuyCars has appointed PSG Capital Proprietary Limited as lead transaction advisor and transaction sponsor, and Pallidus Capital Proprietary Limited as joint transaction advisor and sponsor, in respect of the Listing.

10. RESPONSIBILITY STATEMENT

- 10.1 The Independent Board individually and collectively accepts full responsibility for the accuracy of the information contained in this Announcement. In addition, the Independent Board certifies that to the best of its knowledge and belief, the information contained in this Announcement is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein or which would make any statement false or misleading, and that all reasonable enquiries to ascertain such information have been made and this Announcement contains all information required by law and the JSE Listings Requirements.
- 10.2 The Board (excluding the members of the Independent Board) individually and collectively accepts full responsibility for the accuracy of the information contained in this Announcement. In addition, the Board (excluding the members of the Independent Board) certifies that to the best of its knowledge and belief, the information contained in this Announcement is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein or which would make any statement false or misleading, and that all reasonable enquiries to ascertain such information have been made and this Announcement contains all information required by law and the JSE Listings Requirements.

11. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are advised that, as a result of the publication of this Announcement, the Cautionary Announcement released on SENS on 30 January 2024 is hereby withdrawn.

Sandton
13 February 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

Escrow Agent
Cliffe Dekker Hofmeyr

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 announcement dated 13 February 2024;
- ii. **“Board”** means the board of directors of Transaction Capital from time to time;
- iii. **“Cautionary Announcement”** means the cautionary announcement published by the Company on 30 January 2024;
- iv. **“Circular”** means the circular to be posted to Shareholders following the release of this Announcement detailing, *inter alia*, the terms and mechanics of the Unbundling and the WeBuyCars Share Issue, as approved by the Board;
- v. **“Companies Act”** means the Companies Act, 2008 (Act No. 71 of 2008), as amended from time to time;
- vi. **“Companies Regulations”** means the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
- vii. **“Coronation”** means Coronation Asset Management Proprietary Limited (registration number 1993/002807/07), a private company duly incorporated in accordance with the laws of the South Africa, the beneficial owner of which are Coronation Fund Managers Limited (100%), acting in a representative capacity on behalf of its underlying client portfolios;
- viii. **“CSDP”** means a central securities depository participant registered in terms of the Financial Markets Act, 2012 (Act No. 19 of 2012), as amended from time to time, with whom a beneficial holder of shares holds a Dematerialised share;
- ix. **“Dematerialisation”** means the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of security holders maintained by a CSDP, and **“Dematerialised”** shall bear the corresponding meaning;

- x. **"Disqualified Shareholder"** means those Shareholders who hold at least 5% in Transaction Capital immediately prior to the Unbundling and which fall within one or more of the following categories of persons, as contemplated in section 46(7)(b) of the Income Tax Act:
- a person that is not a resident of South Africa;
 - the Government of South Africa in the national, provincial or local sphere;
 - a public benefit organisation that has been approved by SARS;
 - a recreational club as defined in section 30A of the Income Tax Act that has been approved by SARS;
 - a rehabilitation trust or company;
 - a pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund or any other fund defined in section 10(1)(d) of the Income Tax Act; and
 - certain institutions, bodies or boards that amongst others conduct scientific, technical and industrial research and are exempt in terms of sections 10(1)(cA) or (t) of the Income Tax Act;
- xi. **"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;
- xii. **"General Meeting"** means the general meeting of Shareholders to be convened, in order for Shareholders to consider and, if deemed fit, to pass, with or without modification, the Unbundling Resolution and the relevant resolution approving the WeBuyCars Share Issue;
- xiii. **"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;
- xiv. **"Group"** means the Company and its subsidiaries, as contemplated in the Companies Act;
- xv. **"IFRS"** means the International Financial Reporting Standards as adopted from time to time by the board of the International Accounting Standards Committee, or its successor body;
- xvi. **"Income Tax Act"** means the Income Tax Act, 1962 (Act No. 58 of 1962), as amended from time to time;
- xvii. **"Independent Board"** 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;
- xviii. **"Independent Expert"** means the independent expert appointed by the Independent Board as the independent expert in respect of the Unbundling and WeBuyCars Share Issue, for purposes of the Companies Act, the Companies Regulations and the JSE Listings Requirements;
- xix. **"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;

- xx. **"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, 2012 (Act No. 19 of 2012), as amended from time to time;
- xxi. **"JSE Listings Requirements"** means the Listings Requirements of the JSE;
- xxii. **"Listing"** means the listing of all of the WBC Shares on the Main Board of the JSE;
- xxiii. **"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;
- xxiv. **"Pre-Listing Capital Raise"** means a proposed pre-Listing bookbuild involving the issue of WBC Shares up to an aggregate amount of R750 million;
- xxv. **"Private Placement of WBC Shares"** means the anticipated sale of WBC Shares by the current shareholders of WeBuyCars in terms of the Sale Agreement, prior to the Listing, pursuant to which Transaction Capital will realise approximately R140 million the proceeds realised from the Sale of Shares;
- xxvi. **"Purchasers"** means Stockdale Street Investment Partnership V and Ellvest Proprietary Limited;
- xxvii. **"Put Option Liability"** refers to the put options in respect of WBC Shares, the terms and conditions of which were announced on SENS on 22 September 2021 and 7 September 2023;
- xxviii. **"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%;
- xxix. **"SENS"** means the Stock Exchange News Service of the JSE;
- xxx. **"Shareholders"** means registered holders of Transaction Capital Shares;
- xxxi. **"South Africa"** means the Republic of South Africa;
- xxxii. **"Sale Agreement"** means the written sale agreement concluded between the Purchasers, Transaction Capital, IVDW Holdings and WeBuyCars, in terms whereof, *inter alia*, the Purchasers will, subject to the fulfilment (or waiver where legally permissible) of certain suspensive conditions, acquire the Sale Shares for the Sale Price, on the further terms and conditions set out therein;
- xxxiii. **"Sale Price"** means the aggregate price payable for the Sale Shares in terms of the Sale Agreement, being R500 million, of which Transaction Capital will realise approximately R140 million;
- xxxiv. **"Sale Shares"** means 232 828 ordinary shares in the issued share capital of WeBuyCars, constituting 7.41% percent of the issued share capital of WeBuyCars on the closing date of the Agreement (which will be subdivided prior to Listing) taking into account the issue of WBC Shares in terms of the scrip dividend referred to paragraph 5.4.2.3 and the WeBuyCars Share Issue, but prior to the issue of WBC Shares in terms of the proposed Pre-Listing Capital Raise;
- xxxv. **"Sale of Shares"** means the sale of an aggregate amount of 282 828 ordinary no par value shares in the issued share capital of WeBuyCars (which will be subdivided prior to Listing) to the Purchasers in terms of the Sale Agreement;

- xxxvi. **“Subscription Agreement”** means the written subscription agreement concluded between Transaction Capital, Coronation, TCMH, IVDW Holdings Proprietary Limited and WeBuyCars, in terms of which, *inter alia*, Coronation, subject to the fulfilment of certain suspensive conditions, subscribes for the Subscription Shares for the Subscription Price, subject to the further terms and conditions set out therein;
- xxxvii. **“Subscription Price”** means a subscription price of R760 000 000 payable by Coronation for the Subscription Shares in terms of the Subscription Agreement;
- xxxviii. **“Subscription Shares”** means the 353 898 ordinary no par value shares in WeBuyCars (which will be subdivided prior to Listing) to be issued to Coronation in terms of the Subscription Agreement as at the date of signature of the Subscription Agreement, constituting approximately 11.3% of the issued share capital of WeBuyCars (taking into account the issue of WBC Shares in terms of the scrip dividend referred to paragraph 5.4.2.3);
- xxxix. **“Transaction Capital Shares”** means ordinary shares with no par value in the issued share capital of the Company;
- xl. **“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;
- xli. **“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;
- xlii. **“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;
- xliii. **“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 WeBuyCars is held by I VDW Holdings;
- xliv. **“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;
- xlv. **“WeBuyCars Share Issue”** means the issue of the Subscription Shares, on the further terms and conditions set out in the Subscription Agreement;
- xlvi. **“WBC Shares”** means ordinary no par value shares in the authorised share capital of WeBuyCars from time to time; and
- xlvii. **“Zephyr Finance”** means Zephyr Finance (RF) Proprietary Limited (registration number 2022/494658/07), a private company incorporated under the laws of South Africa.

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.