



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

WEBUYCARS UNBUNDLING: APPORTIONMENT OF TAX COST FOR SOUTH AFRICAN INCOME TAX PURPOSES AND CASH PAYMENT IN RESPECT OF FRACTIONAL ENTITLEMENTS

1. INTRODUCTION

- 1.1 Shareholders are referred to the various announcements released by Transaction Capital on the JSE's Stock Exchange News Service ("**SENS**") and the circular distributed to Shareholders on Friday, 16 February 2024 ("**Circular**"), 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 pre-listing capital raise of up to R750 million.
- 1.2 All capitalised terms used but not defined in this announcement shall bear the meanings ascribed to them in the Circular.
- 1.3 The disclaimers set out in the Circular and the various announcements released by Transaction Capital on SENS apply equally to this announcement.
- 1.4 The purpose of this announcement is to notify Shareholders of:
 - 1.4.1 the closing prices at which the WBC Shares traded on the last day to trade to participate in the Unbundling ("**LDT**") plus one Business Day, being Thursday, 11 April 2024 ("**Closing Share Price on LDT+1**"), as well as the apportionment ratios calculated with reference thereto ("**Apportionment Ratios**") that Shareholders need to apply for South African tax purposes to allocate the base cost of their existing Transaction Capital shareholding to: i) the Transaction Capital Shares following the Unbundling; and ii) each of the WBC Shares being distributed to Shareholders; and
 - 1.4.2 the amounts which will be used to determine the cash payment in respect of fractional entitlements which may be due to Shareholders pursuant to the Unbundling ("**Fractional Entitlements**").
- 1.5 The summary of the tax consequences of the Unbundling as set out below represents general comments and does not constitute a complete analysis of the tax consequences to Shareholders

pursuant to the Unbundling or the payment of Fractional Entitlements. It is not intended to be, nor should it be interpreted to be, legal or tax advice. Neither Transaction Capital, WeBuyCars nor its advisors, directors or employees can be held responsible for the tax consequences of the Unbundling. Shareholders are advised to consult their own professional tax advisors in this regard. The tax consequences of the Unbundling may also be different for non-resident Shareholders based on their country of residence. This includes the calculation of the costs of the Transaction Capital Shares and the WBC Distribution Shares for tax purposes going forward. The Circular contains further information about the tax consequences of the Unbundling.

2. APPORTIONMENT TAX PRINCIPLES

- 2.1 The Unbundling constitutes an unbundling transaction for South African tax purposes as set out in section 46 of the Income Tax Act.
- 2.2 The Unbundling distribution is a dividend as defined in the Income Tax Act and is not a return of contributed tax capital as contemplated in the said act.
- 2.3 Even though the methodology to determine the cost for tax purposes of the shares is the same, the tax consequences differ depending on whether the Transaction Capital Shares are held on capital account or as trading stock.
- 2.4 Transaction Capital Shares held as trading stock:
 - 2.4.1 Should the Transaction Capital Shares be held as trading stock, both the Transaction Capital Shares and the WBC Distribution Shares will be held as trading stock going forward.
 - 2.4.2 Following the Unbundling, the combined expenditure of the Transaction Capital Shares and the WBC Distribution Shares will be the original expenditure of the Transaction Capital Shares in terms of section 11(a), section 22(1) or section 22(2) of the Income Tax Act.
- 2.5 Transaction Capital Shares held on capital account:
 - 2.5.1 Should the Transaction Capital Shares be held on capital account, both the Transaction Capital Shares and the WBC Distribution Shares will be held on capital account going forward.
 - 2.5.2 Following the Unbundling, the combined base cost of the Transaction Capital Shares and the WBC Distribution Shares will generally be the original expenditure of the Transaction Capital Shares in terms of paragraph 20 of the Eight Schedule to the Income Tax Act.
 - 2.5.3 Section 46(3)(a) of the Income Tax Act provides that the amount of the expenditure be allocated to each of the WBC Distribution Shares and the Transaction Capital Shares must be determined in accordance with the ratio that the closing market value of all the WBC Distribution Shares, as at LDT+1, bears to the sum of the closing market values of the Transaction Capital Shares and the WBC Distribution Shares on that day.

2.6 Accordingly, irrespective of whether the Transaction Capital Shares and the WBC Distribution Shares are held as trading stock or on capital account, and in accordance with the interpretation of the South African Revenue Service set out in its Binding General Ruling 29 (Issue 2), the portion of the expenditure (should the shares be held as trading stock) or the base cost (should the shares be held on capital account) should be determined by applying the ratio that the closing market value of the respective WBC Distribution Shares bears to the sum of the closing market values of the Transaction Capital Shares and that of the WBC Distribution Shares on the LDT+1, being Thursday, 11 April 2024 (i.e. the first trading day *ex entitlement* to participate in the Unbundling).

3. APPORTIONMENT RATIOS FOR TAX PURPOSES

3.1 The Apportionment Ratio is calculated as follows –

Company	Closing Share Price on LDT+1 R	Distribution Ratio (as announced on 3 April 2024)	Unbundling value ¹⁾ R	Apportionment Ratio ²⁾
Transaction Capital	3.61		3.61000	35.12933%
WeBuyCars	20.40	0.32678	6.66631	64.87067%
			10.27631	100.00000%

¹⁾ In the case of Transaction Capital, its Closing Share Price on LDT+1, and in the case of WeBuyCars, its respective Closing Share Price on LDT+1 multiplied by the relevant Distribution Ratio.

²⁾ Calculated as the unbundling value for WeBuyCars divided by the total unbundling value of R10.27631.

3.2 Shareholders are thus advised that the expenditure or base cost of a Transaction Capital Share must be apportioned in the ratio of 35.12933% to each Transaction Capital Share retained, 64.87067% to each WBC Distribution Share received.

3.3 Furthermore, Transaction Capital Limited hereby advises that, pursuant to capital losses as at the date hereof, there will be no tax payable by Transaction Capital in respect of the Unbundling insofar as it pertains to the distribution of WBC Distribution Shares to Transaction Capital Disqualified Shareholders in the aggregate. There will therefore be no additional amount to be added to the tax cost of the WBC Distribution Shares that were received by Transaction Capital shareholders as contemplated in section 46 of the Income Tax Act.

4. IMPLEMENTATION OF THE UNBUNDLING

4.1 Under the Unbundling, Shareholders will receive the WBC Distribution Shares in Dematerialised form only.

- 4.2 Accordingly, all Certificated Shareholders wishing to receive their WBC Distribution Shares must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the WBC Distribution Shares on their behalf.
- 4.3 Should a Certificated Shareholder not appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the WBC Distribution Shares on its behalf, such Shareholder will be issued by the Transfer Secretaries with a statement of allocation reflecting its WBC Distribution Shares. Such Shareholder can thereafter instruct the Transfer Secretaries to transfer its WBC Distribution Shares, represented by the statement of allocation, to its appointed CSDP or can instruct the Transfer Secretaries to issue such Shareholder, at its own risk, with a share certificate(s) at any time following the Unbundling.
- 4.4 If a Shareholder is in any doubt as to what action to take in respect of the Unbundling, such Shareholder should consult its Broker, CSDP, banker, attorney or other professional advisor.

5. FRACTIONAL ENTITLEMENTS

- 5.1 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 any WBC Distribution Shares, such fraction must be rounded down to the nearest whole number, resulting in allocations of whole WBC Distribution Shares and a cash payment in respect of the fraction to such Shareholder. The remaining fractions of WBC Distribution Shares will not be transferred to Shareholders but will rather be bundled together and will be sold on the market to fund the aforementioned cash payment. The Company will temporarily fund the Fractional Entitlement cash payment amount referred to above.
- 5.2 As detailed the Circular and in accordance with the JSE Listings Requirements, Fractional Entitlement payments to Shareholders will be calculated based on the volume weighted average traded price of the respective WBC Distribution Shares on the LDT+1, being Thursday, 11 April 2024 ("**VWAP on LDT+1**"), less 10% to cover costs, as detailed below –

VWAP on LDT+1	Amount that will be used to determine the cash payment for the Fractional Entitlements (i.e. VWAP on LDT+1 less 10%)
2028.65238 cents	1825.78714 cents

- 5.3 Cash payment of the Fractional Entitlements will be made on Tuesday, 16 April 2024 to the CSDP or Broker accounts of Dematerialised Shareholders or to the bank accounts of Certificated Shareholders.
- 5.4 Certificated Shareholders whose bank account details are not held by the Transfer Secretaries, were requested in the Circular to provide such details to the Transfer Secretaries to enable payment of the cash amount due. Should no details be on record, the funds will be held by the Company in trust in terms of the provisions of the MOI of Transaction Capital until such time as the details have been

provided, whereafter the cash entitlement will be paid to the Shareholder upon its request without interest, subject to the applicable laws of prescription.

- 5.5 Shareholders are informed that, as far as the tax implications of the cash payment of the Fractional Entitlements is concerned, the receipt of the cash payment by Shareholders will typically be subject to capital gains tax for Shareholders holding Transaction Capital Shares as capital assets or to income tax for Shareholders holding Transaction Capital Shares as trading stock, as the case may be.

6. RESPONSIBILITY STATEMENT

The Board (including the Independent Board) individually and collectively accepts full responsibility for the accuracy of the information contained in this announcement. In addition, the Board (including the Independent 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 or which would make any statement false or misleading, and that all reasonable enquiries to ascertain such information have been made and the announcement contains all information required by law and the JSE Listings Requirements.

Sandton
12 April 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