

ENVIRONMENT & MARKET CONTEXT | SOUTH AFRICA

DEFENSIVELY POSITIONED IN A CHALLENGING CONSUMER CREDIT ENVIRONMENT

MACRO- & SOCIO-ECONOMIC ENVIRONMENT PLACING PRESSURE ON CONSUMERS | COVID-19 WILL ADVERSELY IMPACT CONSUMER CREDIT SECTOR FURTHER

~**39** million

ADULTS¹

27 million

CREDIT ACTIVE CONSUMERS IN SA²



10.6 million

(~39%) NON-PERFORMING CREDIT CONSUMERS²

▼ FROM 42% IN DEC 2019

ELEVATED LEVELS OF UNEMPLOYMENT

- **32.5%** (Q4 2020³) Highest in **12 years**
- **61.3%** of youth unemployment in Q4 2020⁹
▲ from 59% in Q4 2019

2.93 million

▲ DISCOURAGED WORK-SEEKERS³
(Q4 2019: 2.85 million)

RECOVERY OF CREDIT ACTIVITY & PERFORMANCE

▲ CREDIT EXTENSION¹¹

- Gross loans & advances grew marginally by 2.4%
- Retail advances grew by 2.9%

HOUSEHOLD DEBT TO INCOME⁴ AT 77.1%

(▲ from 72.8% in HY20)

COST OF SERVICING DEBT AT 8.5% in 2020

(▼ from 9.4% in 2019)

Overdue debt balances continue to increase⁷

R33 BILLION INCREASE IN OVERDUE BALANCES IN 2020, WITH 38% OF LOANS NOT IN GOOD STANDING IN Q4 2020

UNSECURED LENDING

- >13m loans
- **23%** ▲ in value y-o-y

MORTGAGE LENDING

- **R12bn** in overdue balances | Doubled in 2020
- **18%** ▲ in Q4 2020
- 1 in 10 mortgages overdue

Monthly household income deteriorating compared to 2017¹²

Monthly earnings	<R8 000	R8 000 - R22 000	>R22 000
JUNE 2020	~ 73% adults ▲	~ 19% adults ▼	~ 8% adults ▼
JUNE 2017	~ 56% adults	~ 28% adults	~ 16% adults

~**34%** OF HOUSEHOLDS EXPECTED TO EXIT MIDDLE

CLASS INTO VULNERABLE GROUP DUE TO COVID-19⁸

Employee earnings growth in the formal sector has been below inflation over the past year¹⁰

~**3.2** MILLION PEOPLE IMPACTED

INFLATION BENIGN⁵

▼ to **2.9%** (Feb 19: 4.6%)

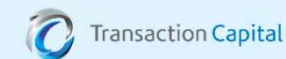
INTEREST RATES ▼ | AVERAGE REPO RATE⁶ **3.5%** (HY20: 6.3%)

Last decreased in July 2020 from 3.8% | 5 decade low

ALTHOUGH CONSUMER SECTOR REMAINS UNDER STRAIN, CREDIT ACTIVITY IS BEGINNING TO RECOVER WITH CONSUMERS BENEFITTING FROM LOWER CREDIT COSTS DRIVEN BY A DECLINE IN INTEREST RATES

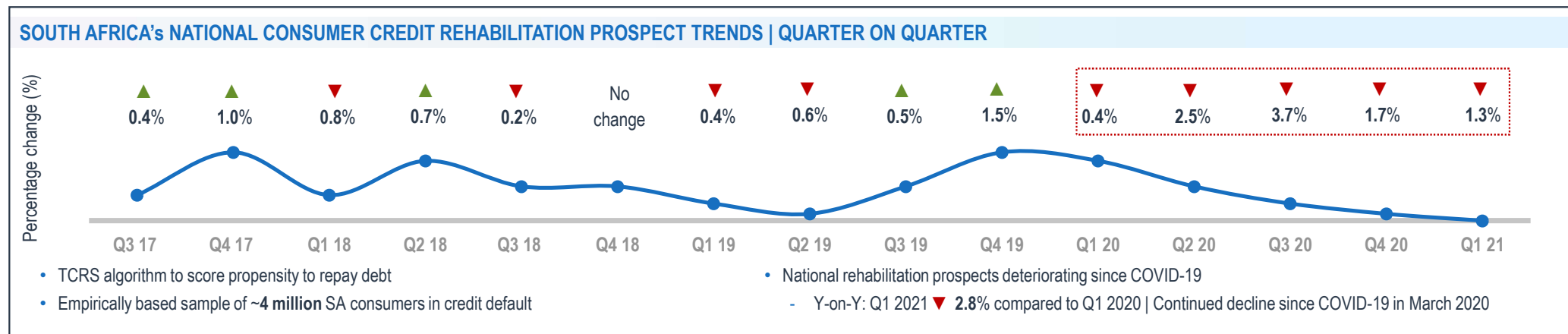
Sources: 1. Stats SA, adults aged 15 to 64 | 2. NCR data at Dec 2020 | 3. Stats SA: Quarterly Labour Force Survey Q4 2020: ▲ from 30.8% (Q4 2019) | 4. SARB: December 2020 vs 2019 | 5. Stats SA: Rate of inflation reported February 2021 | 6. SARB: Average Repo rate for the half year ending 31 March 2021 & 2020 | 7. XDS Credit Stress Report: Q4 2020 | 8. UNDP - COVID 19 socioeconomic impact | 9. Youth unemployment: Trading economics | 10. Stats SA: Quarterly employment stats | 11. BA900: Feb 2021 | 12. UCT Liberty Institute of strategic marketing: Impact of COVID on household income

TCRS'S BUSINESS MODEL GAINS RELEVANCE IN COVID-19 ENVIRONMENT



TRANSACTION CAPITAL'S CONSUMER CREDIT REHABILITATION INDEX (CCRI)

CONSUMER'S PROPENSITY TO REPAY DEBT DETERIORATING WITH WEAK ECONOMIC CONDITIONS EXACERBATED BY COVID-19



Economic impact of COVID-19 on consumers | Impairs consumers ability to service debt

- ▲ Unemployment & discouraged work-seekers, with growing overdue debt balances
- ▲ Increased reliance on debt due to pressure on disposable income
- ▼ Cost of servicing credit

Economic impact of COVID-19 on TCRS's clients

- Recovery in value of credit extension from financial institutions
- Larger NPL Portfolios
(BA 900 returns February 2021 | Provisions Y-on-Y ▲ ~35.8%; Credit extension ▲ only ~2.4%)
- Balance sheets & operations under pressure
- ▲ appetite to sell NPL Portfolios
- Clients seek to shift from fixed to variable cost structures, via outsourced collection services

Credit rehabilitation is crucial in growing an inclusive & efficient credit economy

- TCRS facilitates effective functioning of consumer credit markets
- Rehabilitates indebted consumers
- Support clients' ability to extend credit by freeing up their operational & balance sheet capacity

TCRS strongly positioned to accelerate the acquisition of NPL Portfolios & win agency collection mandates

- ~20 years experience in acquiring & collecting NPL Portfolios
- Ability to adjust pricing methodology to the prevailing environment, to achieve targeted returns & collection multiples
- Omni-channel & data analytics to continue contacting & transacting with consumers
- Implemented highly effective WFH capabilities
 - >1 200 agents working from home | ▲ efficiency & productivity due to flexible working hours

ENVIRONMENT & MARKET CONTEXT | AUSTRALIA

AUSTRALIAN CONSUMER CREDIT ENVIRONMENT

AUSTRALIAN CONSUMER EMPLOYED BUT HIGHLY LEVERAGED

- 5.6% unemployment | ▼ to pre-pandemic levels (April 2021)
- Historically low interest rates & higher property prices drive credit extension
- Persistently high levels of household debt to disposable income at ~210%
- Economy forecast to grow strongly post COVID-19 at 4.5%
- Government support programs completed end of March 2021
- Effect of Royal Commission into Banking:
 - › ▼ Sale of NPL Portfolios restricted
 - › ▲ Compliance costs

AUSTRALIAN DEBT COLLECTION ENVIRONMENT

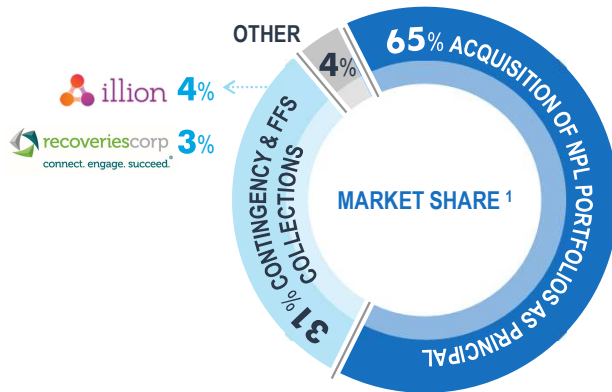
CONSUMERS

- Predominantly employed, but some risk post completion of government support programs
- Positive response to non-voice & digital channels | High levels of right party contact

MARKET PARTICIPANTS

- ▼ Access to funding for acquisition of NPL portfolios
- ▲ Regulatory compliance & focus on treating customers fairly
- ▼ Sale of NPL portfolios
- ▲ Shift towards FFS

AUSTRALIAN COLLECTIONS MARKET | FRAGMENTED MARKET COMPRISING ~550 MARKET PARTICIPANTS | EARLY-STAGE MARKET CONSOLIDATION



FY20 MARKET SHARE OF NPL'S ACQUIRED



PRICE PAID FOR NPL PORTFOLIOS ACQUIRED PER YEAR

	FY20	FY19
Credit Corp	▲ ~A\$246m	~A\$229m
Collection House	▼ ~A\$25m	~A\$133m
Pioneer Credit Limited	▼ ~A\$60m	~A\$77m
Panthera	▼ ~A\$44m	~A\$58m
Recoveries Corp (TCRS)	▼ A\$7m	A\$12m
Other smaller players in fragmented market	▼ ~A\$126m	~A\$150m
Total NPL portfolios Australia²	▼ ~A\$510m	~A\$650m
Vs. South Africa	▼ ~R1.1bn	~R1.5bn

~75% of sales done on a forward flow basis

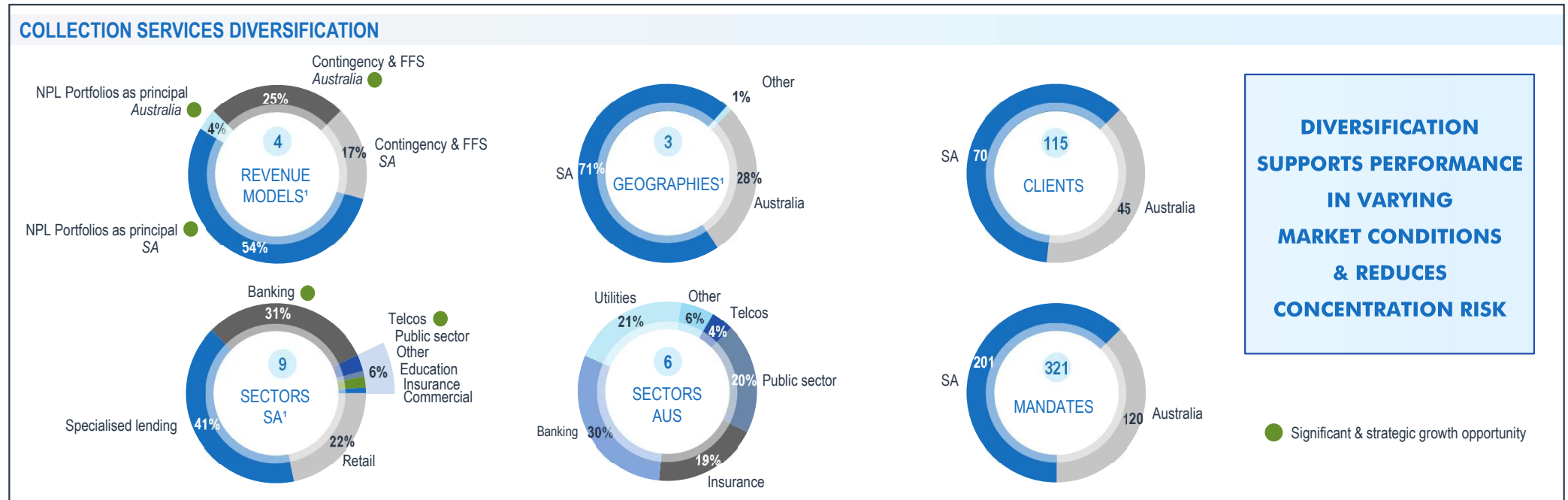
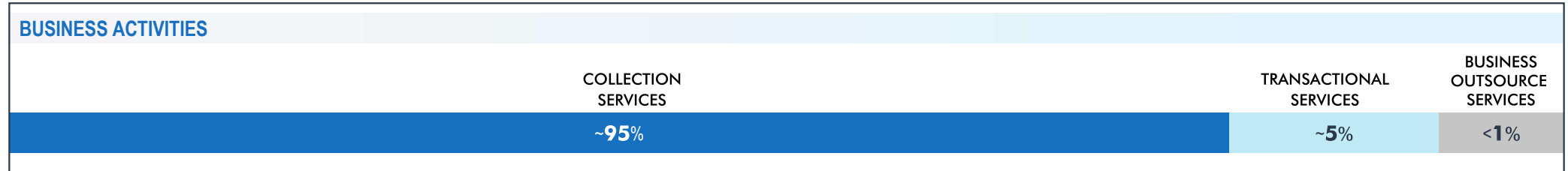
TC's estimates per analysis of reported results by companies mentioned above

1. IBIS World report Debt collection in Australia 2020, market share based on revenue

TCRS MARKET POSITIONING | DIVERSIFIED BUSINESS MODEL



BY BUSINESS ACTIVITY, REVENUE MODEL, GEOGRAPHY, SECTOR, CLIENT & MANDATE



1. Approximate revenue composition as at 31 March 2021

TCRS MARKET POSITIONING

COMPETITIVE ADVANTAGES

TCRS's PROPRIETARY DATA

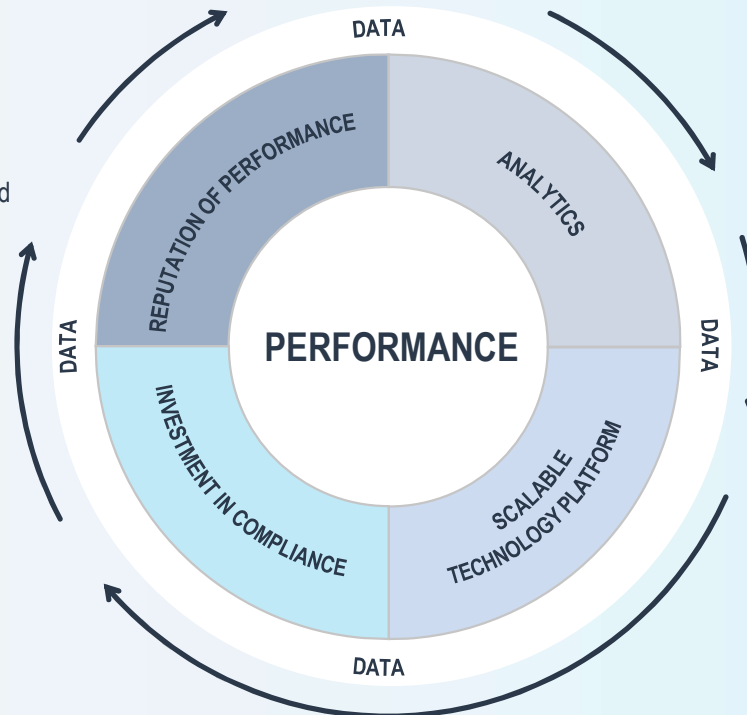
- Database of SA's distressed consumers
- Continuously enriched (with collection & ContactAbility results)

REPUTATION OF PERFORMANCE

- Only local listed industry participant
- Diverse range of local & international stakeholders
- Ranked as best or 2nd best in **86%** of mandates in SA¹
- Management & business information providing customised value add insights to clients, allowing TCRS to win more mandates

INVESTMENT IN COMPLIANCE

- Fair treatment of our clients' customers
- Compliant with legislation
- Active membership across various professional bodies
- Benchmarking against international best practice



ANALYTICS

- Predictive & layered voice analytics to determine:
 - › Propensity to pay
 - › Right time to call
 - › Right day to pay
 - › Dynamic matter prioritisation
 - › Optimised campaign
 - › Veracity of Promise to Pay

SCALABLE TECHNOLOGY PLATFORM

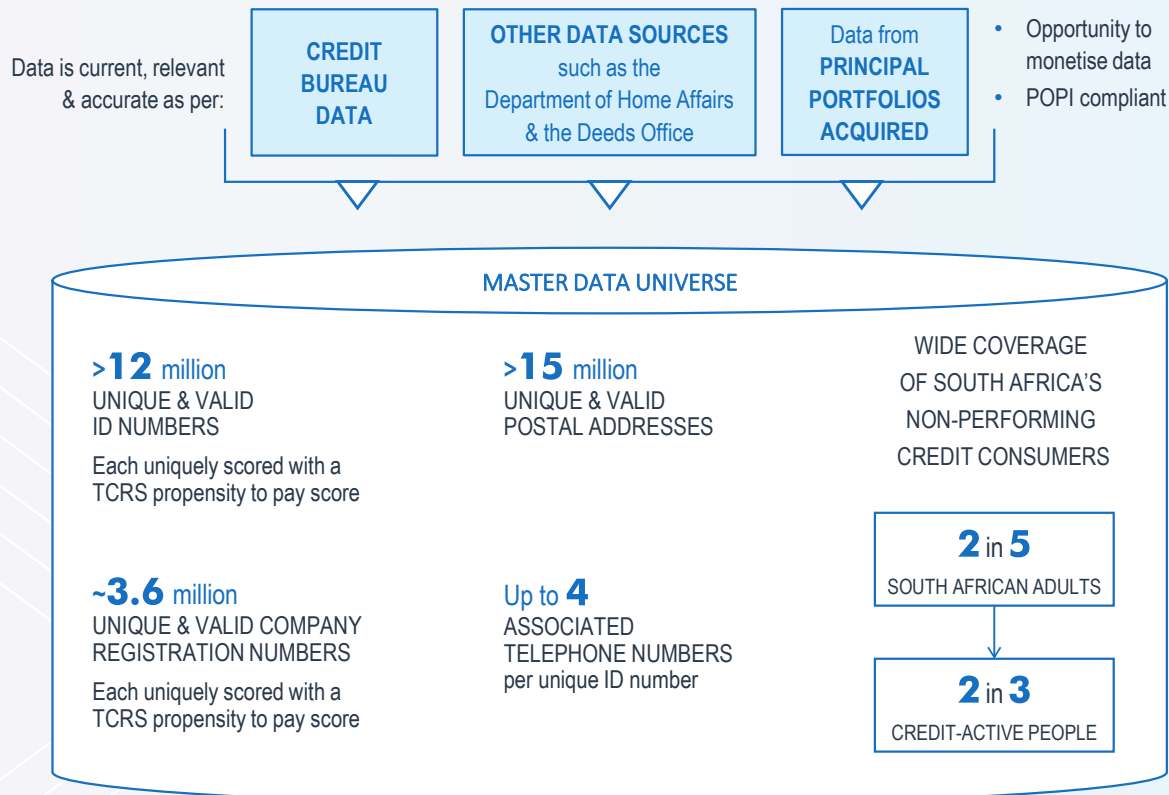
- Dialer enhances scale of ContactAbility
 - › Enabled over any omni-channel | >1 200 WFH
 - Implemented highly effective WFH capabilities
 - No compromise to data security or access to technology
 - ▲ efficiency & productivity per agent due to more flexible working hours with ▼ resources utilised
 - ▼ infrastructure costs & cost of collection
 - Strong value proposition to staff
 - › ~37 million outbound calls per month (HY20: ~44 000)
 - › ~6.3 million voice interactions per month (HY20: ~7.5 million)
 - › ~584 000 payments received per month (HY20: ~660 000)

1. In South Africa TCRS ranks 1st or 2nd in 86% of our ranked mandates. In Australia Recoveries Corp is ranked 1st or 2nd by clients in 70% of or ranked mandates

TCRS MARKET POSITIONING

COMPETITIVE ADVANTAGES

MASTER DATA UNIVERSE (MDU) - ENRICHED DATA ON EACH INDIVIDUAL



Enriching the data creates an exponential effect on efficiency in contactability, which in turn translates into propensity to pay

The Master Data Universe ("MDU") & its applications are constantly evolving & enhanced with new technologies

