



# Contents

results presentation	pg <b>01</b>
AUDITED RESULTS	pg <b>36</b>
GROUP DATA SHEET	pg <b>79</b>
FORMULAE AND DEFINITIONS	pg <b>94</b>

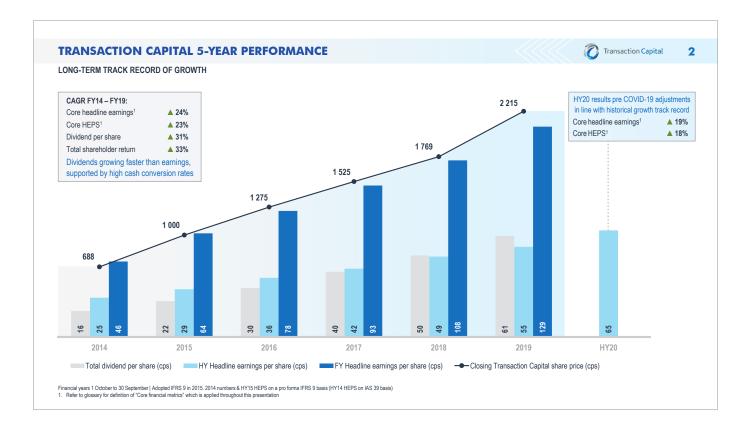


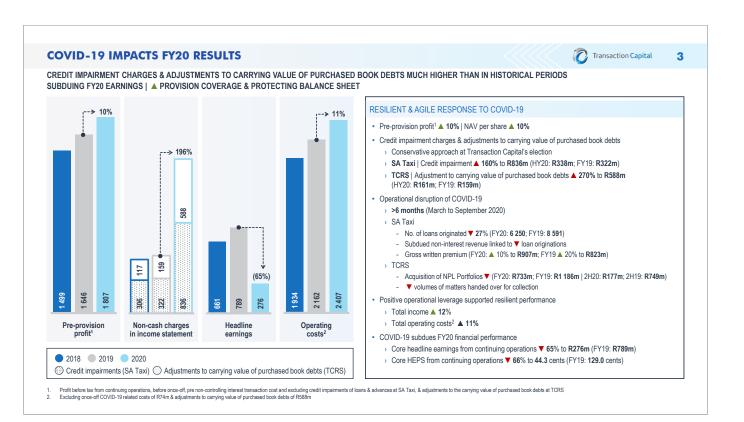


### TRANSACTION CAPITAL











NOTES			

### TRANSACTION CAPITAL STRATEGIC HIGHLIGHTS



5

TRANSACTION CAPITAL'S RESILIENCE & AGILE RESPONSE TO COVID-19 ENABLED SIGNIFICANT STRATEGIC PROGRESS IN 2020

### ESTABLISHED & RELEVANT BUSINESS MODELS

- · SA Taxi & TCRS business models established over ~20 years
  - > With proven track-records
- Demonstrated their resilience to COVID-19
  - > Decisive recovery | Operational, financial & strategic flexibility allowed quick alignment of operating models, financial structures & growth plans
  - Activity in many instances nearing pre-lockdown levels
- Business models gain in relevance in post COVID-19 environment
  - > SA Taxi | As an essential service, minibus taxis operated during national lockdown. whilst other modes of public transport have faltered
  - > TCRS | COVID-19 ▲ indebtedness & impairs consumers' ability to service debt, creating larger NPL Portfolios to manage or acquire
  - > WeBuyCars | As disposable income is under strain & new vehicle prices ▲ , consumers opt for used vehicles driving growth in used vehicle market
- TC well placed to build on long-term track record of growth for FY21 & beyond
  - › Applying FY19 as base

### RESILIENCE OF CAPITAL STRATEGY WAS TESTED & PROVEN IN FY20

- Well capitalised & liquid balance sheet, underpinned by a conservative equity capital strategy
  - Equity base bolstered by ~R900m
    - R560m of new equity raised via accelerated bookbuild in June 2020
  - R329m new equity issued to fund part of WeBuyCars investment
  - R6.4bn of capital | 24.8% tier | capital adequacy
  - > Divisional balance sheets conservatively capitalised
- Robust access to liquidity to fund organic growth (even as recessionary conditions intensify)
  - > Strong support from debt capital markets
    - >R4.0bn of new debt facilities raised since April 2020
  - ~R1bn of approved undrawn facilities at holding company level for strategic growth initiatives
  - > Undrawn facilities at divisional level covering funding requirements into FY22
    - Loan origination in SA Taxi
    - Acquisition of NPL Portfolios in TCRS
- · No final dividend declared | Preserving financial flexibility & liquidity
- · Conservative approach to impact of COVID-19 on future cashflows, protecting balance sheet
- · Liquidity & financial flexibility enabling Transaction Capital to invest in WeBuyCars
  - Undeployed capital held prior to COVID-19
  - > New equity raised
  - > Debt facilities arranged at holding company level
  - > Positioning Transaction Capital for growth

### TRANSACTION CAPITAL STRATEGIC HIGHLIGHTS



### VALUE ACCRETIVE ACQUISITION OF 49.9% OF WeBuyCars INVESTING INTO TRANSACTION CAPITAL'S THIRD ADJACENT MARKET VERTICAL

- · South Africa's trusted trader of used vehicles through its vertically integrated, data & technology-led e-commerce & physical infrastructure
- · Quality standalone business
  - > Well established, ~20 year growth track record
  - > Delivering predictable earnings with high cash conversion rates
  - > Entrepreneurial & owner managed
- Uniquely positioned in South Africa's large & resilient used vehicle market
- > Favourable structural market conditions
- > Constrained consumers' opting to trade down from new to used vehicles
- · Robust organic growth prospects
- > Refer to slide 21
- · Options to increase stake up to 74.9%
- · Investment effective 11 September 2020
  - > FY20: R19m included in group's headline earnings

### ENHANCED ENVIRONMENTAL, SOCIAL & ECONOMIC (ESE) FRAMEWORK



- Transaction Capital

6

### · Measurable ESE reporting

- Objective view of corporate impact
- > Informs strategy & sustainability
- · Shared value model delivering commercial returns & social benefits

### FURTHER AUGMENTED SKILLS & INDEPENDENCE OF THE BOARD

- Enhanced board of directors
- > 5 executive directors
- > 9 non-executive directors | 8 independent
- > Refer to slide 43

### STRATEGIC LONG-TERM SHAREHOLDER INTRODUCED

- · Royal Bafokeng Holdings (RBH) intention to invest R500m into the group
- > Secondary purchase in market | November 2020 (12m shares at R21 per share | 1.8% in TC)
- Expect ▲ to ~3.7% of TC
- Specific authority to issue 12.4m shares to RBH
- > Subject to shareholder approval | Circular & notice of general meeting to be distributed

### TC GLOBAL FINANCE | INTERNATIONAL DISTRESSED DEBT & SPECIALISED CREDIT MARKET

- . €8.7m invested to date
- · Strategy remains valid & will be pursued
- · Maintain cautious & selective approach

- Portfolio diversified by asset class, asset originator & geographic region
- · In partnership with specialist credit managers &/or originators
- · Revenue in hard currency

7

### **SA TAXI STRATEGIC HIGHLIGHTS**

Transaction Capital

WELL PLACED TO RESUME LONG-TERM TRACK RECORD OF GROWTH

### RESILIENT PERFORMANCE | PRE-PROVISION PROFIT ▲ 11%

- Quick alignment of operating models, financial structures & growth plans
- Positive operational leverage | Cost-to-income ratio ▼ to 43.2% (FY19: 44.2%)
- Headline earnings attributable to the group  $\mbox{\bf R181m}$

### CONSERVATIVELY CAPITALISED WITH UNFETTERED ACCESS TO LIQUIDITY

- R2.7bn of equity | Capital adequacy ratio of 20.9%
- Undrawn facilities covering funding requirements for loan origination into FY22

### CONSERVATIVE APPROACH TO ANTICIPATED IMPACT OF COVID-19 PROTECTING BALANCE SHEET

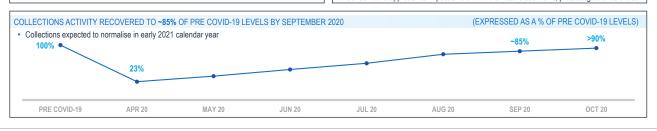
- Impairment of loans & advances ▲ 160% to R836m (HY20: R338m; FY19: R322m)
- Provision coverage ▲ to 6.7% (HY20: 5.4%; FY19: 4.8%)
- Absolute value of cash collected not expected to decrease
- > Useful life of asset > average loan term at 71 months
- Vertically integrated business model limits loss in event of default | Recover >75% of loan value

### DELIVERING VALUE FOR THE MINIBUS TAXI INDUSTRY

- ~R400m formal payment relief to clients
  - > April 2020 | Relief programme for loan repayment & insurance premiums
  - May & June 2020 | Specific payment relief to ~3 000 qualifying clients
- Minibus taxi industry & commuter support
  - > ~R9m contributed towards health & safety

### WELL PLACED TO RESUME LONG-TERM TRACK RECORD OF GROWTH

- Business model will gain in relevance in post COVID-19 environment
- Minibus taxi indispensable to South Africa's economic activity
- Track record & vertically integrated business model positions SA Taxi well to serve clients
- > Momentum in sale & finance of pre-owned vehicles | Refurbishment capacity A
- · Strategic initiatives remain valid as market conditions settle
- Conservative approach to impact of COVID-19 on future cashflows, protecting balance sheet



# **NOTES**

### **TCRS STRATEGIC HIGHLIGHTS**

Transaction Capital

8

WELL PLACED TO RESUME LONG-TERM TRACK RECORD OF GROWTH

### RESILIENT PERFORMANCE | PRE-PROVISION PROFIT ▲ 12%

- · Quick alignment of operating models, financial structures & growth plans
  - > FY20 collections revenue ▲ 14%
- Collection services in South Africa & Australia proved resilient in weak economic conditions
- · Strong performance from Recoveries Corporation in Australia
  - > Earnings growth in line with pre COVID-19 expectations
- > ~R100m revenue from collection on NPL Portfolios acquired
- Headline earnings attributable to the group R55m

### REALIGNMENT OF TCRS

- Transaction Capital Transactional Services (TCTS) established
  - > Creation of single scaled Transactional Services platform
  - > Integration of TCPS, Fihrst & Accsys
- . Disposal of Principa concluded | Non-core division & sub-scale
- TCBS portfolio accounted for as discontinued operation with assets available for sale

### CONSERVATIVE APPROACH TO ANTICIPATED IMPACT OF COVID-19 PROTECTING BALANCE SHEET

- · Future collections to recover slowly & over longer period of time
- Estimated remaining collections (ERC) expected ▼ 4% over medium term
- Adjustment to carrying value of purchased book debts ▲ 270% to R588m (HY20: R161m; FY19: R159m)
- · Ensures future yields align with past performance & protects balance sheet

### WELL PLACED TO RESUME LONG-TERM TRACK RECORD OF GROWTH

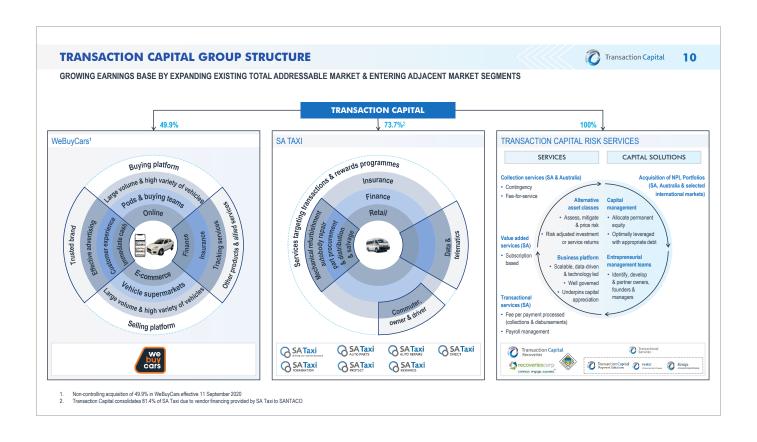
- Business model will gain in relevance in post COVID-19 environment
- > Effective functioning of consumer credit sector critical to economic recovery
- COVID-19 ▲ indebtedness & impairs consumers' ability to service debt, creating larger NPL Portfolios to manage or acquire ("Debt Cliff")
- TCRS well positioned to win new mandates & acquire NPL Portfolios
- > Capital flexibility
- › Highly effective WFH capabilities
- > Proactively restructured staff complement & infrastructure to accommodate COVID-19
- > FY21 cost savings ~R90m
- · Strategic initiatives remain valid as market conditions settle





# **GROUP STRUCTURE**

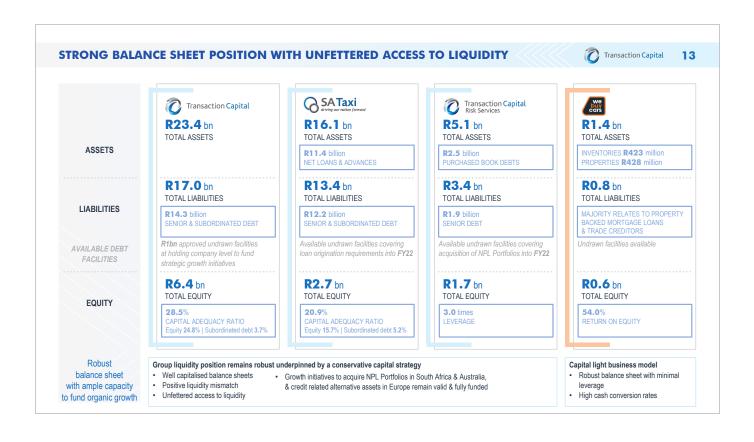
RESULTS FOR THE YEAR 2020 ENDED 30 SEPTEMBER



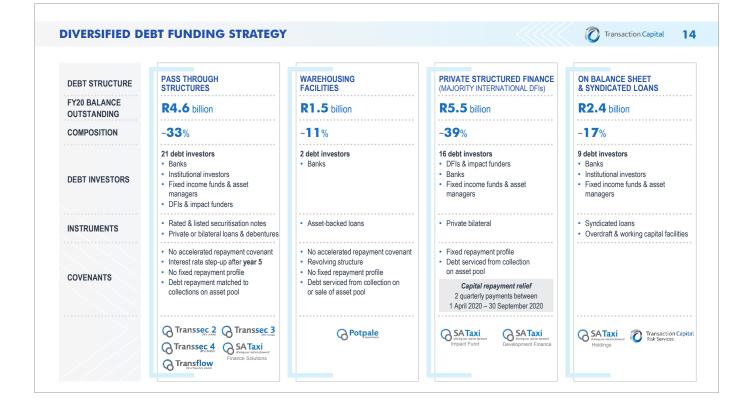
NOTES			

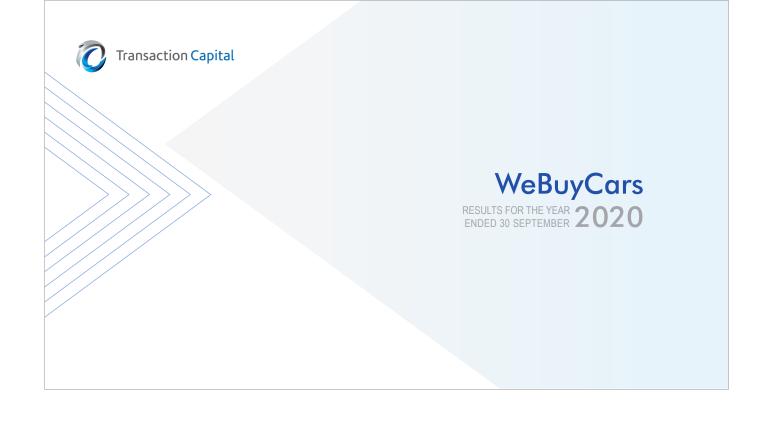


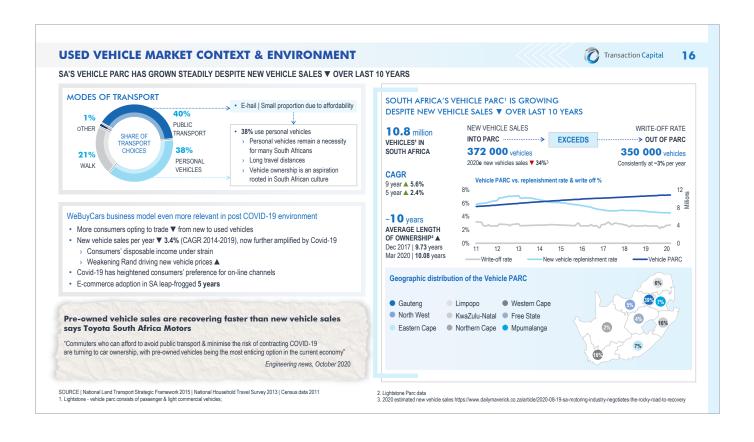




NOTES	

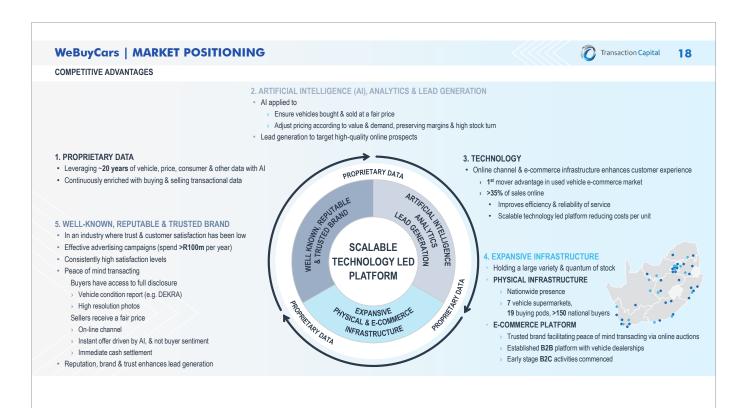


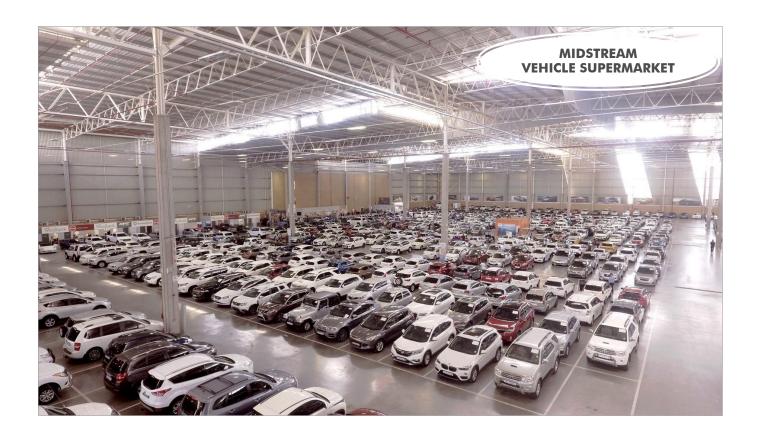




NOTES			

### **USED VEHICLE MARKET CONTEXT & ENVIRONMENT** Transaction Capital 17 USED VEHICLE MARKET IS RESILIENT. DEFENSIVE & GROWING DESPITE SOUTH AFRICA'S ECONOMIC CLIMATE STRONG RECOVERY IN USED VEHICLE SALES | ALREADY AT PRE COVID-19 LEVELS VEHICLE SALES IN SOUTH AFRICA AGE OF USED VEHICLES SOLD SHIFT FROM NEW TO USED VEHICLES Q3 2020 > 60% of financed vehicles sold older than 2 years New vehicle prices rise ~500 000 New vehicle sales ▼ driven by highlighting pressure on disposable income sharply above inflation NEW VEHICLES | 46% FINANCED<sup>1</sup> Economic environment despite sales slump How the car market has changed in SA Price ▲ | driven by exchange rates (~70% imported) since lockdown ended > Banks appetite for financing "The financial impact of the **2.4** times Used vehicle sales ▲ (demand driven) pandemic has resulted in USED-TO-NEW SALES RATIO ▲ The make-up of used vehicle sales shows that 36% of vehicles consumers either forgoing vehicle financed are under two years old, with demo models making up › New vehicle sales ▼ purchases or looking to buy down 6% of used financed deals. This indicates consumers are opting for older vehicles as pressure on disposable income increases. (TransUnion SA Vehicle Pricing Index) > More affordable option to a new vehicle ~1.2 million<sup>2</sup> from new to used vehicles' - COVID-19 stressed disposable income Moneyweb, July 30, 2020 USED VEHICLES | 32% FINANCED > Banks adding liquidity into used vehicle market as they BusinessTech. October 2020 seek growth **NEW VS. USED VEHICLE SALES** USED VEHICLE SALES BY AGE OF PARC (YEARS) 1 500 000 CAGR New vehicles 1 250 000 9 year ▲ 1.0% 5 year ▼ 3.4% 1 000 000 Used vehicles 750 000 9 year 🔺 3.8% 500 000 5 year **1.7%** 250 000 Used vehicle sales³ ■ New vehicle sales⁴ ■ New vehicle sales forecast Consumers financed per the NCR in 2019, excluding business-to-business | WeBuyCars ~20% to ~30% of sales to customers (excluding dealerships) are financed Estimate applying Transunion, E-natis (double counting eliminated) & Lightstone data Source: eNATIS 2019 Source: <a href="https://www.moneyweb.co.za/news-fast-news/new-car-sales-to-drop-to-17-year-low-on-pandemic/">https://www.moneyweb.co.za/news-fast-news/new-car-sales-to-drop-to-17-year-low-on-pandemic/</a>





NOIES		



### **WeBuyCars STRATEGIC GROWTH INITIATIVES**

Transaction Capital

21

WELL PLACED TO BUILD ON LONG-TERM TRACK RECORD OF GROWTH

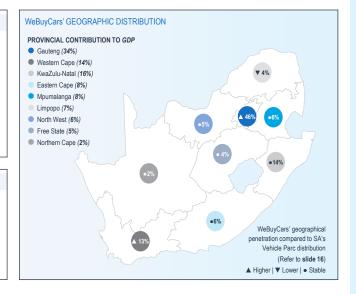
FAVOURABLE STRUCTURAL MARKET CONDITIONS | BUSINESS MODEL MORE RELEVANT IN POST COVID-19 ENVIRONMENT

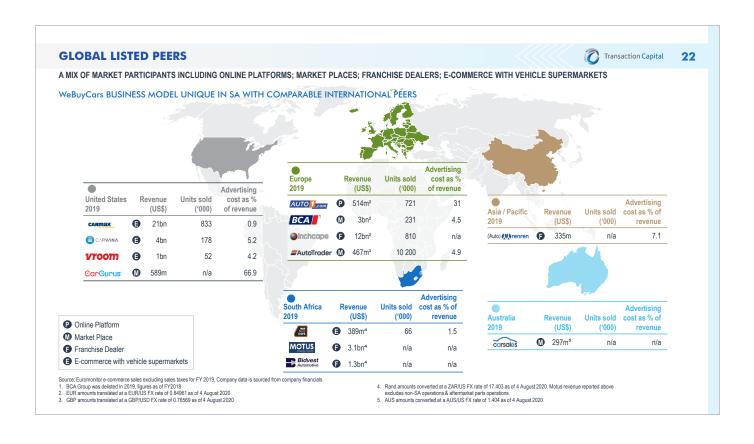
### MEDIUM-TERM TARGET TO ▲ VOLUME OF VEHICLES TRADED TO 10 000 PER MONTH

- Expansion of physical nationwide infrastructure to meet demand requirements
  - Additional vehicle supermarkets & buying pods in development
- E-commerce
  - > Harness data, technology & e-commerce potential
  - > Extend WeBuyCars e-commerce capability
    - Established B2B e-commerce activities including vehicle dealerships
       Expanding B2C e-commerce activities
- · Continued enhancement of brand awareness & trust
- COVID-19 | Opportunity to ▲ vehicle acquisition
  - → Bank repossessions as payment relief expires
     → Car rental companies forced to de-fleet

### ENHANCE UNIT ECONOMICS & MARGIN POTENTIAL

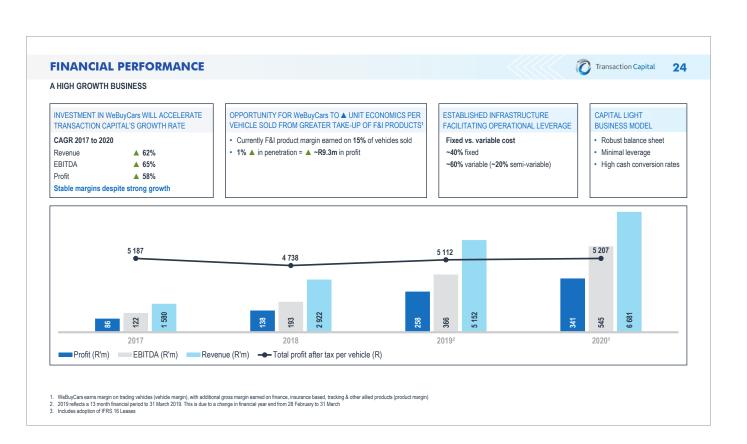
- Optimising vehicle acquisition & stock turn
- Increase unit economics per vehicle sold via ▲ take-up rate of F&I products (currently 15% of vehicles sold)
- Enhance existing arrangements with providers of F&I products
- Add relevant new allied products
- Offering finance to underserved segments as principal
- Offering insurance & allied products as principal

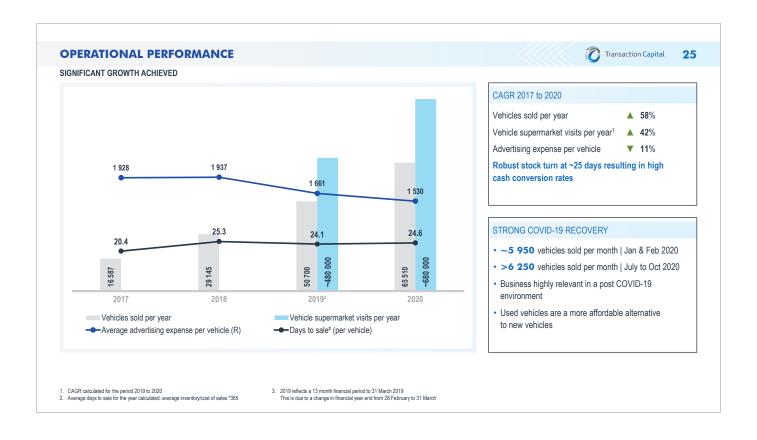




NOTES	







NOTES		



**SA TAXI** RESULTS FOR THE YEAR 2020 ENDED 30 SEPTEMBER 2020

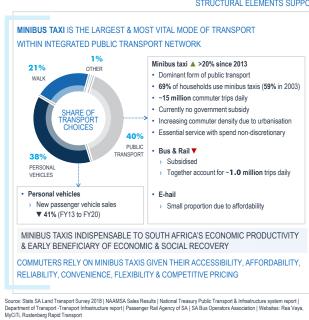
### **ENVIRONMENT & MARKET CONTEXT**

Transaction Capital

27

MINIBUS TAXI INDUSTRY IS DEFENSIVE & GROWING WITH RESILIENT OPERATORS

STRUCTURAL ELEMENTS SUPPORT MINIBUS TAXI INDUSTRY RESILIENCE



DEMAND FOR MINIBUS TAXIS > SUPPLY IN SOUTH AFRICA TOTAL DEMAND ~80 000 >250 000 ~170 000 FINANCED &/OR INSURED MINIBUS TAXIS UNENCUMBERED & AGED AVERAGE AGE >9 YEARS | AGEING FLEET REQUIRING REPLACEMENT & RECAPITALISATION TOTAL MONTHLY MARKET SUPPLY VS. SA TAXI'S MONTHLY DEMAND ~5 900 SA TAXI'S TOTAL APPLICATIONS ▲ (FY19: ~5 300) TOTAL MARKET SUPPLY¹ ▼ (FY19: >1 800) MAJOR PREMIUM BRAND MINIBUS TAXIS EFFECT ON SA TAXI SUPPLY & DEMAND PER MONTH · Strong demand for minibus taxis TOTAL MONTHLY MARKET SUPPLY 1 > In line with pre COVID-19 levels Conservatively tightened credit granting ~1 100 ~185 criteria in response to COVID-19 NEW1 (FY19: ~1 600) PRE-OWNED1 (FY19: ~215) > 2H20 approval rates ▼ Liquid market for SA Taxi's SA TAXI'S MONTHLY APPLICATIONS high-quality & affordable ~4 000 ~1 900 pre-owned refurbished vehicles NEW (FY19: ~3 750) PRE-OWNED (FY19: ~1 550) Resulting in higher recoveries as asset retains value due to ~25% ~35% demand > supply APPROVAL RATE (FY19: ~42%) TAKE-UP RATE (FY19: ~33%)

Total monthly market supply of minibus taxis comprises of ~950 Toyota vehicles with the rest made up of Nissan & Mercedes (excluding Chinese vehicles) | SA Taxi's best estimate based on monthly NAAMSA reports, internal data & Lightstone data

### **ENVIRONMENT FOR MINIBUS TAXI OPERATORS**

~R3 813 A

Transaction Capital

28

INDUSTRY IS DEFENSIVE & GROWING WITH RESILIENT OPERATORS DESPITE CHALLERING ECONOMIC ENVIRONMENT

CHALLENGING ENVIRONMENT FOR MINIBUS TAXI OPERATORS WITH LOWER COMMUTER MOBILITY & RESTRICTED OPERATIONS IMPACTING PROFITABILITY

### REPO RATE

**5.1**%

AVERAGE REPO RATE<sup>1</sup> FY19 | **6.7**%

3.5% REPO RATE<sup>2</sup> FY19 | **6.5**%

REPO RATE CURRENTLY AT FIVE DECADE LOW 3% ▼ IN 2020

### SA TAXI'S INTEREST RATES

22.4%

INSTALMENT7

AVERAGE INTEREST RATE AT ORIGINATION Since FY15 ▼ 1.5%

-R412 ▼ IMPACT ON MONTHLY Supports affordability of instalments, including existing loans on book

14.5% to 26.75%

RISK BASED PRICING INTEREST RATE RANGE

**▲~7**% AVERAGE FARE INCREASES

SUPPORTS OPERATORS' PROFITABILITY & ABILILTY TO AFFORD FINANCE & INSURANCE INSTALMENTS

### TAXI RECAPITALISATION PROGRAMME (TRP)

R124 000 🛦 36% IN APRIL 2019 MINIBUS TAXI SCRAPPING ALLOWANCE

MINIBUS TAXI FARE INCREASES IN 2020

TRP INITIATED BY **GOVERNMENT IN 2006** 

### VEHICLE PRICES

R477 000 TOYOTA HIACE (DIESEL) PRICE3 Since FY15 | ▲31%

**5.6**% **^** 

TOYOTA VEHICLE PRICES IN FY20

IMPACT ON MONTHLY INSTALMENT SINCE 20157

FURTHER 1.5% ▲ IN TOYOTA VEHICLE PRICE IN OCTOBER 2020

### FUEL PRICES INCLUDING FUEL LEVIES

**R14.84** per litre

R13.23 per litre PETROL PRICE⁴ ▼ 4% DIESEL PRICE⁴ ▼ 8%

FUEL PRICES CURRENTLY ▼ ~20% FROM ALL-TIME HIGH RECORDED IN NOVEMBER 2018

ADDITIONAL ~R0.80 per litre ▼ SINCE SEPTEMBER 2020 TO DATE

2 to 3 billion litres

USED BY TAXI INDUSTRY PER YEAR5

~R30 billion

FUEL SPEND BY TAXI INDUSTRY PER YEAR5

### MINIBUS TAXI INDUSTRY'S TAX CONTRIBUTION<sup>6</sup>

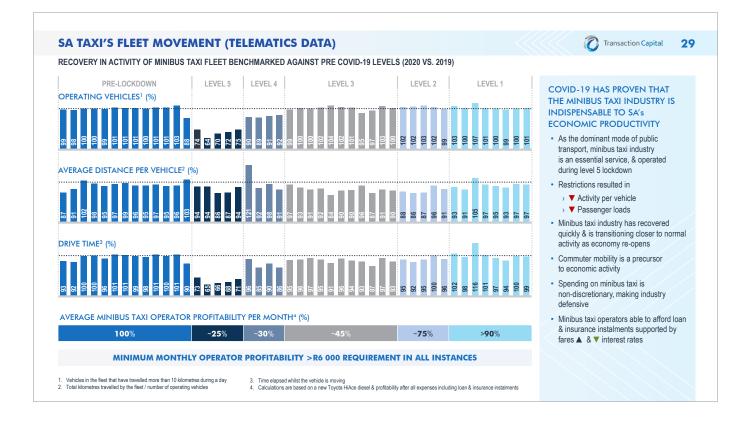
~R1 hillion VAT CONTRIBUTION ON VEHICLE SALES PER YEAR

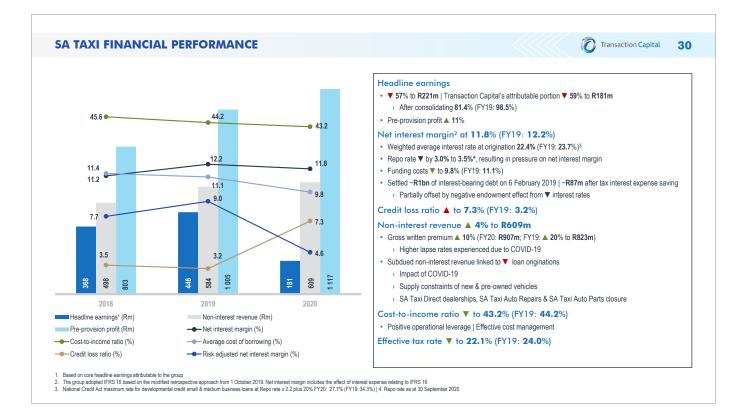
~R7 billion FUEL LEVIES PAID PER YEAR

~R4 billion ROAD ACCIDENT FUND CONTRIBUTION PER YEAR

1. Average Repo rate for year ending 30 September 2019 & 2020 | 2. Repo rate as at 30 September 2019 & 2020 | 3. Toyota recommended retail price, including VAT, as at 30 September 2020 | 4. www.energy.gov.za | 12-month rolling average fuel price (September 2019 to September 2020) | 5. 12-month rolling average petrol & diesel price (September 2020) to September 2020) | 6. SA Taxi's sitemal estimate | 7. Calculated only for new originations

NOIES		





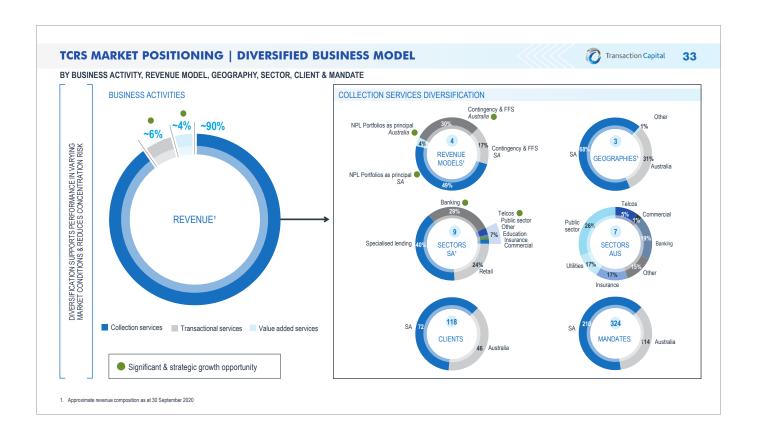
### Transaction Capital **SA TAXI CREDIT PERFORMANCE** 31 Gross loans & advances ▲14% to R12.2bn Momentum in sale & finance of pre-owned vehicles | Refurbishment capacity ▲ Market share of vehicle supply maintained Toyota vehicle prices ▲ 5.6% in FY20 | Further ▲ 1.5% in October 2020 Offset by number of loans originated ▼ 27% (FY20: 6 250; FY19: 8 591) → Toyota production ▼ due to industrial action in January 2020 & closure of plant during lockdown > SA Taxi Direct & other external dealerships closed due to COVID-19 Slowdown in rate of attrition | Restricted repossession & settlement activity due to COVID-19 17.5 NPL ratio at **32.3**% (FY19: **17.9**%) Number of loans originated ▼ 27% Collections ▼ due to COVID-19 disruptions 4.8 > ~23% in April 2020 & recovered to >90% by October 2020 Credit loss ratio ▲ to **7.3**% (FY19: **3.2**%) 3.5 Impairment of loans & advances ▲ 160% to R836m (HY20: R338m; FY19: R322m) • ~R400m formal loan repayment & insurance premium relief to clients 10 753 12 243 9 264 > Continued to age & provide for loan book as usual • Recovery on repossession remains >75% of settlement value 2018 2019 2020 > Cost of refurbishment¹ ▼ between ~4% to 6% Gross loans & advances (Rm) Number of loans on book > Improved quality & efficiencies in refurbishment centres --- Credit loss ratio (%) --- Provision coverage (%) › Cost efficient part procurement | ▲ penetration of SA Taxi Auto Parts into refurbishment centre Non-performing loan ratio (%) Provision coverage ▲ **6.7**% (HY20: **5.4**%; FY19: **4.8**%) 1. Reduction in the cost of refurbishment is dependent on the nature of the refurbishment or repair

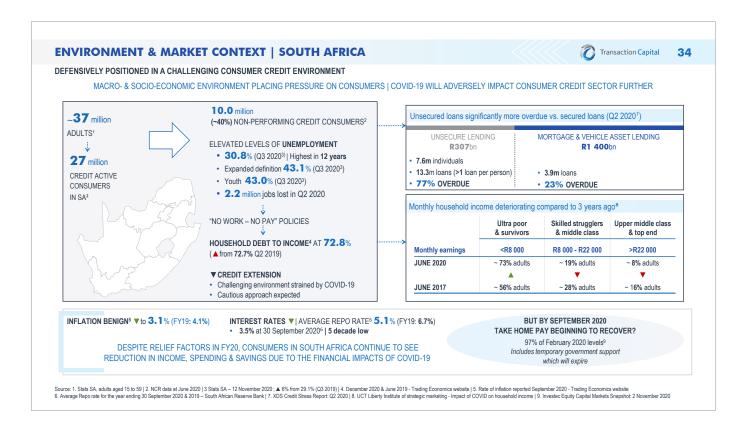
NOTES			



# TRANSACTION CAPITAL RISK SERVICES

RESULTS FOR THE YEAR 2020 ENDED 30 SEPTEMBER





NOTES		

### TCRS'S BUSINESS MODEL GAINS RELEVANCE IN A POST COVID-19 ENVIRONMENT Transaction Capital 35 TRANSACTION CAPITAL'S CONSUMER CREDIT REHABILITATION INDEX (CCRI) CONSUMER'S PROPENSITY TO REPAY DEBT DETERIORATING WITH WEAK ECONOMIC CONDITIONS EXACERBATED BY COVID-19 SOUTH AFRICA'S NATIONAL REHABILITATION PROSPECT TRENDS | QUARTER ON QUARTER No 0.5% 0.7% 1.5% 0.4% 1.0% 0.8% 0.2% 0.4% 0.4% 2.5% 3.7% Percentage change change Q3 17 Q3 18 Q4 18 Q1 19 Q2 19 Q3 19 Q4 19 Q2 20 Q3 20 · TCRS algorithm to score propensity to repay debt · National rehabilitation prospects deteriorating . Empirically based sample of ~4 million SA consumers in credit default Q3 2020 ▼ 3.4% compared to Q3 2019 | Largest decline since the CCRI's inception in June 2017 TCRS'S BUSINESS MODEL GAINS RELEVANCE IN A POST COVID-19 ENVIRONMENT Economic impact of COVID-19 on consumers Credit rehabilitation is crucial in growing an inclusive & efficient credit economy . TCRS is committed to supporting the healthy functioning of credit markets by continuing to restructure & recover ▲ Indebtedness | Pressure on disposable income & impairs consumers' ability to service their debt NPL portfolios on behalf of our clients Economic impact of COVID-19 on TCRS's clients TCRS strongly positioned to accelerate the acquisition of NPL Portfolios & win agency collection mandates Larger NPL Portfolios (BA 900 returns September 2020 | Provisions YTD ▲ ~37%; Credit extension ▲ only ~2%) • ~20 years experience in acquiring NPL Portfolios Ability to adjust pricing methodology to the prevailing environment, to achieve targeted returns & collection multiples · Balance sheets & operations under pressure Omni-channel & data analytics to continue contacting & transacting with consumers ▲ appetite to sell NPL Portfolios · Work from home capabilities established successfully · Clients seek to shift from fixed to variable cost structures, via outsourced collection services >1 300 agents working from home | ▲ efficiency & productivity





Transaction Capital

36

### AUSTRALIAN CONSUMER CREDIT ENVIRONMENT

## AUSTRALIAN CONSUMER EMPLOYED BUT HIGHLY LEVERAGED

- 6.9% unemployment (September 2020), ▲ unemployment an emerging risk
- Persistently high levels of household debt to disposable income at ~190%
- Monthly debt servicing costs >50% (excluding home loans)
- · Economy entered into its first recession in almost 30 years
- ➤ Economic activity exacerbated by COVID-19
- · Government support programs terminating
- · Effect of Royal Commission into Banking: → Sale of NPL Portfolios & ▼ Credit extension

### Significant support from government support programs MARKET PARTICIPANTS

Access to funding

CONSUMERS

A Regulatory compliance

AUSTRALIAN DEBT COLLECTION ENVIRONMENT

- Predominantly employed, with risk of  ${\color{red} \blacktriangle}$  unemployment

· Respond well to non-voice & digital channels & high levels of right party contact

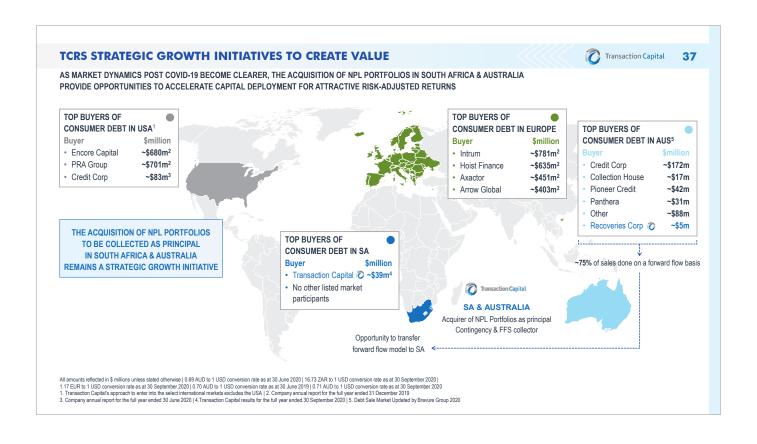
- ▼ Sale of NPL portfolios
- · Shift towards FFS

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



PRICE PAID FOR NPL PORTFOLIOS ACQUIR	RED PER YEAR		
	FY20	FY19	
Credit Corp	▲ ~A\$246m	~A\$229m	
Collection House	▼ ~A\$25m	~A\$133m	~ <b>75</b> %
Pioneer Credit Limited	▼ ~A\$60m	~A\$77m	of sales
Panthera	▼ ~A\$44m	~A\$58m	done on a
Recoveries Corp (TCRS)	▼ A\$7m	A\$12m	forward flow
Other smaller players in fragmented market	▼ ~A\$126m	~A\$150m	basis
Total NPL portfolios Australia <sup>2</sup>	▼ ~A\$510m	~A\$650m	J
Vs. South Africa	▼ ~R1.1bn	~R1.5bn	

Transaction Capital estimates per analysis of reported results by companies mentioned above
1. IBIS World report Debt collection in Australia 2020, market share based on revenue | 2. Debt Sale Market Update by Bravure Group 2020, based on price paid for NPL Portfolios



NOTES	

### TCRS STRATEGIC GROWTH INITIATIVES TO CREATE VALUE

Transaction Capital

38

AS MARKET DYNAMICS POST COVID-19 BECOME CLEARER. THE ACQUISITION OF NPL PORTFOLIOS IN SOUTH AFRICA & AUSTRALIA PROVIDE OPPORTUNITIES TO ACCELERATE CAPITAL DEPLOYMENT FOR ATTRACTIVE RISK-ADJUSTED RETURNS

TCRS's FUNDING REQUIREMENTS FOR THE ACQUISITION OF NPL PORTFOLIOS IN SOUTH AFRICA & AUSTRALIA INTO FY22 SECURED

### ACQUISITION OF NPL PORTFOLIOS IN EUROPE

- · Strategy remains valid & will be pursued
- European collections market significantly > than SA's
- · Small position in large market provides meaningful opportunity
- · Maintain cautious & selective approach
- Portfolio to be diversified by asset originator, collection platform, geographic region
  - Invest directly on a bilateral basis
  - > Co-investment in partnership with specialist credit managers
- Revenue in hard currency

### ACQUISITION OF NPL PORTFOLIOS IN AUSTRALIA · Australia collections market significantly > than SA's

- > Mainly comprises unsecured consumer loan & credit portfolios (TCRS > 20 years experience in SA)
- Small position in large market provides meaningful opportunity
- · Further investment underpinned by:
  - > Growing Australian database
  - > Deployment of technologies proven in SA into Aus business
- > TCRS's analytics & pricing expertise

cquirer of NPL Portfolios as principal Contingency & FFS collector





### ACQUISITION OF NPL PORTFOLIOS IN SOUTH AFRICA

Underdeveloped & growing sector | TCRS leading the expansion of this market

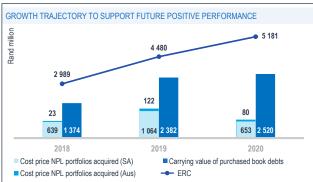
- New sellers | TCRS educating clients regarding best practice for sale of
- Expanding asset classes I NPL Portfolios sold pre write-off, collected via legal process, sold on bilateral or recurring contractual basis

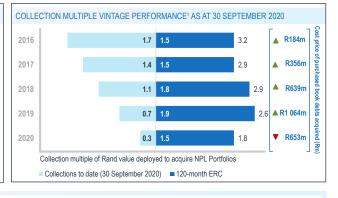
### TCRS STRATEGIC GROWTH INITIATIVES TO CREATE VALUE

Transaction Capital

39

ACQUISITION OF NPL PORTFOLIOS AS PRINCIPAL IN SOUTH AFRICA & AUSTRALIA





- Investment into SA NPI Portfolios ▼ to R653m (FY19: R1 064m)
- Investment into Australia NPL Portfolios ▼ to R80m (FY19: R122m)
- · NPL Portfolios owned have a face value of R26.2bn
- Carrying value of purchased book debts ▲ 6% to R2.5bn
- Revenue from principal collections ▲ 23%
  - > ~R100m revenue from collections on NPL Portfolios in Australia

- ERC ▲ 16% to R5.2bn supporting strong annuity cash flows & predictable growth in future
  - > Average life of ERC ~4.2 years
- > Future collections recovering more slowly & over a longer period
- > ERC expected to be ~4% ▼ over the medium term
- › Adjustment to carrying value of purchased book debts ▲ 270% to R588m (HY20: R161m; FY19: R159m)
- > Ensure future yields remain aligned with those achieved in the past & to protect balance sheet

TCRS HAS ABILITY TO ADJUST PRICING METHODOLOGY TO PREVAILING ENVIRONMENT

THIS ENSURES FUTURE NPL PORTFOLIOS ARE PRICED TO ACHIEVE TARGETED RETURNS & COLLECTION MULTIPLES

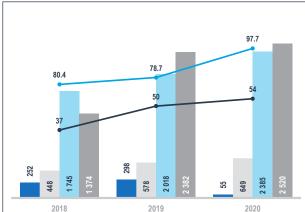
1. Includes only South African portfolios & excludes contracts where TCRS does not have title of the underlying claim

### TCRS FINANCIAL PERFORMANCE



Transaction Capital

40



- Headline earnings¹ (Rm)
- Pre-provision profit (Rm)
- Non-interest revenue (Rm)
- Carrying value of purchased book debts (Rm)
- --- Cost-to-income ratio<sup>1</sup> (%)
- --- Principal/contingency & FFS collections revenue split (%)

- Pre-provision profit from continuing operations ▲ 12% to R649m
- Far higher adjustment to carrying value of purchased book debts R588m (FY19: R159m; HY20: R161m)
  - > Conservative approach dealing with anticipated impact of COVID-19 on future cashflows
  - > Non-cash adjustment
  - > Future collections expected to recover more slowly & over a longer period
  - > Estimated remaining collections ▼ ~4% over medium term
- Headline earnings¹ ▼ 82% to R55m
- Total income 
   16% to R2 227m

### Non-interest revenue ▲18% to R2.4bn

- Organic revenue from collection services ▲ 14% | Despite difficult consumer environment & COVID-19
- SA collections revenue ▲ 9%
- Australia collections revenue ▲ 26%
  - $\,\,$  Strong performance with earnings growth in line with pre COVID-19 expectations
  - > ~R100m revenue from collections on NPL Portfolios acquired

Core operating costs ▲ 13% (▲ 10% like-for-like excluding acquisition of Fihrst)

- Implemented highly effective WFH capabilities ( >1 300 call centre agents)
  - > Transitioning to combination of WFH & on-site collection activity
- · Proactively restructured staff complement & infrastructure
- Improved productivity levels supported by flexibility
  - > Yielding ~R90m cost savings into FY21
- Once-off COVID-19 related expenditure of R58m

### Balance sheet is robust

- Continued strong free cash flow generation
- R5.1bn of assets; R1.9bn of senior debt underpinned by R1.7bn of equity

1.	Based on	core he	adline e	earnings from	continuing	operations	attributable	to	the	gro
----	----------	---------	----------	---------------	------------	------------	--------------	----	-----	-----

NOTES		



# SHAREHOLDING, DIVIDEND & BOARD OF DIRECTORS

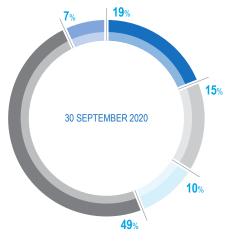
RESULTS FOR THE YEAR 2020 ENDED 30 SEPTEMBER

### **SHAREHOLDING, DIVIDEND & BOARD OF DIRECTORS**



Transaction Capital

42



- Directors of Transaction Capital & its subsidiaries
- Public Investment Corporation
- Old Mutual Investment Group
- Remaining institutional shareholders
- Retail investors

### RBH introduced as strategic long-term shareholder in November 2020

- · Intention to invest R500m
- Secondary market purchase of 1.8% in November 2020 (12m shares at R21 per share)
- Specific authority to issue 12.4m shares to RBH subject to shareholder approval
  - > Further bolstering equity base by ~R250m

### Equity base bolstered by ~R900 million

- R560m of new equity raised via accelerated bookbuild in June 2020
- R329m new share capital issued to fund part of WeBuyCars investment

### Enhanced liquidity & daily trade

- Free float ▲ to 81% (FY19: 68%)
- Average daily number of shares traded  $\blacktriangle$  129% to 1.3m (FY19: 0.6m)
- Average daily value traded R24.7m ( ▲ 14%) which is \$1.5m ▲ 91% (FY19: R21.6m | \$0.8m)

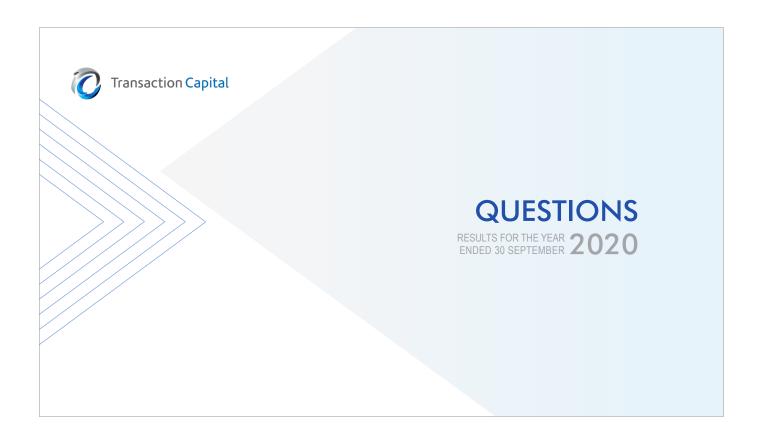
### Foreign institutional ownership ▲ to 24% (FY19: 18%)

### Enhanced board of directors

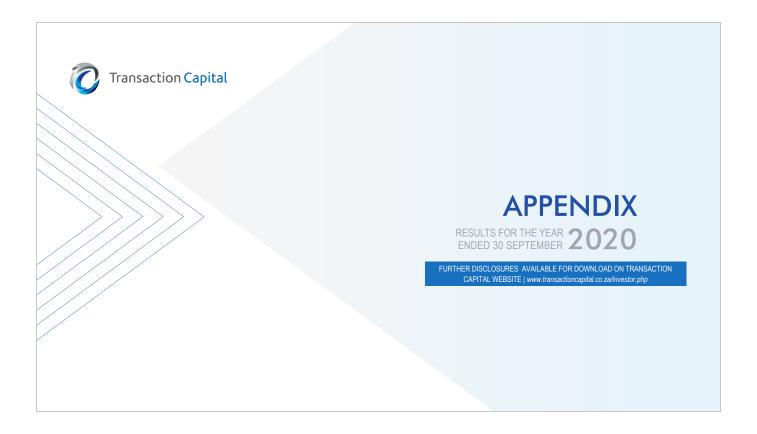
- Enhanced Board with legal, insurance & financial services skills & experience
- 5 executive directors | 9 non-executive directors (8 independent)
  - > Ian Kirk & Dr Suresh Kana appointed 1 November 2020 as independent non-executive directors
  - Dr Suresh Kana appointed as Lead Independent Director effective 1 November 2020
     Sharon Wapnick appointed 12 March 2020 as independent non-executive director

### No final dividend declared

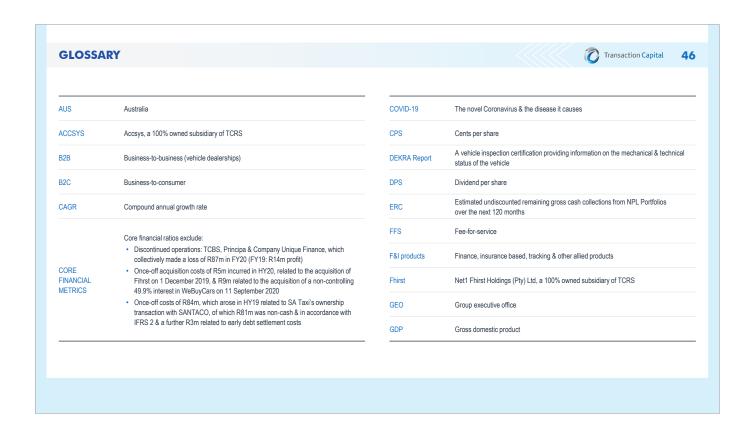
- Conservative approach | Preserving financial flexibility & liquidity
- Resume dividend payments in line with dividend policy when growth prospects achieved



NOTES		







NOTES	

### **GLOSSARY** Transaction Capital 47 HEPS Headline earnings per share TC Transaction Capital JIBAR The Johannesburg Interbank Average Rate TCBS Transaction Capital Business Solutions, a 100% owned subsidiary of TCRS NPL Portfolio Non-performing consumer loan portfolios acquired by TCRS to be collected as principal TCRS Transaction Capital Risk Services NTA National Taxi Alliance TCTS Transaction Capital Transactional Services Open market Minibus taxi operator not previously an SA Taxi client taxi operator TRP Taxi Recapitalisation programme PRINCIPA Principa Decisions, previously a 100% owned subsidiary of TCRS Margin earned on trading (buying & selling) vehicles Vehicle margin Product margin Additional gross margin earned on value-added products & allied services including finance, insurance, tracking & other revenue Vehicle supermarket WeBuyCars vehicle warehouse & showroom Recoveries Corp Recoveries Corporation, an Australian 100% owned subsidiary of TCRS WFH Work from home REPO RATE Rate at which the South African Reserve Bank lends money to banks 2H19 Second half of the 2019 financial year SA South Africa South African National Taxi Council 2H20 Second half of the 2020 financial year SANTACO

### DISCLAIMER



48

This presentation may contain certain "forward-looking statements" regarding beliefs or expectations of the TC Group, its directors & other members of its senior management about the TC Group's financial condition, results of operations, cash flow, strategy & business & the transactions described in this presentation. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, & underlying assumptions & other statements, which are other than statements of historical facts. The words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "project", "will", "may", "should" & similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. Such forward-looking statements are not guarantees of future performance. Rather, they are based on current views & assumptions & involve known & unknown risks, uncertainties & other factors, many of which are outside the control of the TC Group & are difficult to predict, that may cause the actual results, performance, achievements or developments of the TC Group or the industries in which it operates to differ materially from any future results, performance, achievements or developments expressed by or implied from the forward-looking statements. Each member of the TC Group expressly disclaims any obligation or undertaking to provide or disseminate any updates or revisions to any forward-looking statements contained in this announcement.

NOTES	





# Contents

COMMENTARY	pg 38
SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	pg <b>53</b>
SUMMARISED CONSOLIDATED INCOME STATEMENT	pg <b>54</b>
SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	pg <b>55</b>
SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	pg <b>56</b>
SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	pg <b>57</b>
NOTES TO THE AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS	pg <b>58</b>

# COMMENTARY

# **HIGHLIGHTS**

CORE PRE-PROVISION PROFIT<sup>1,2</sup>



Transaction Capital





FY19: R1 646 million

SATaxi
driving our nation forward

R1 117 million



FY19: R1 005 million



Transaction Capital Risk Services

R649 million



FY19: R578 million

NET ASSET VALUE PER SHARE

879.5 cents

10%

FY19: 799.1 cents

VALUE ACCRETIVE ACQUISITION OF **49.9% OF WE BUY CARS PTY LTD (WeBuyCars)** FOR **R1.86 BILLION**, AN INVESTMENT INTO TRANSACTION CAPITAL'S THIRD ADJACENT MARKET VERTICAL

GROUP WELL PLACED TO RETURN TO LONG-TERM TRACK
RECORD OF GROWTH FROM FY21 (APPLYING FY19 AS BASE)

# ROBUST BALANCE SHEET WITH AMPLE CAPACITY TO FUND ORGANIC GROWTH

#### **TOTAL EQUITY ISSUED R889 MILLION**

R560 million raised via accelerated bookbuild in June 2020

R329 million of new equity issued in September 2020 to part fund the investment in **WeBuyCars** 

**Royal Bafokeng Holdings (RBH)** introduced as a strategic shareholder in November 2020

#### **DEBT FACILITIES**

R1 billion of undrawn approved facilities at holding company for strategic growth initiatives including accelerated capital deployment opportunities for Transaction Capital Risk Services (TCRS) and TC Global Finance

Undrawn debt facilities to fund expected loan origination at SA Taxi and the acquisition of non-performing consumer loan portfolios acquired by TCRS as principal (NPL Portfolios) into FY22

#### **BUSINESS MODELS MORE RELEVANT IN POST COVID-193 ENVIRONMENT**

**SA Taxi** | As an essential service, minibus taxis operated during national lockdown, while other modes of public transport faltered and are yet to resume full operations

TCRS | COVID-19 is driving up indebtedness and impairing consumers' ability to service debt, resulting in larger NPL Portfolios to manage or acquire

**WeBuyCars** | With disposable income under strain and new vehicle prices increasing, consumers are opting for used vehicles, driving growth in this market segment

#### PRE COVID-19 TRACK RECORD OF GROWTH AND FINANCIAL OUTPERFORMANCE MAINTAINED

#### CAGR FY14 TO FY19

**HEADLINE EARNINGS** 

**HEADLINE EARNINGS** PER SHARE



INCREASED PROVISION COVERAGE AND CONSERVATIVE APPROACH APPLIED TO THE ANTICIPATED IMPACT OF COVID-19 ON FUTURE CASHFLOWS, PROTECTING THE BALANCE SHEET



PROVISION COVERAGE

HY20: 5.4% FY19: 4.8%

CREDIT IMPAIRMENTS (BEFORE TAX)

HY20: R338 million FY19: R322 million



ADJUSTMENTS TO THE CARRYING VALUE OF PURCHASED BOOK DEBTS (BEFORE TAX)

HY20: R161 million FY19: R159 million

FAR HIGHER CREDIT IMPAIRMENTS AND NON-CASH ADJUSTMENTS TO THE CARRYING VALUE OF PURCHASED BOOK DEBTS AT 30 SEPTEMBER 2020 COMPARED TO HISTORICAL PERIODS SUBDUES FY20 RESULTS BUT OPERATIONS PROVE RESILIENT

CORE HEADLINE EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE GROUP<sup>2,4</sup>

CORE HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS<sup>2,4</sup>

3 cents



- 1. Profit before tax from continuing operations of R369 million (FY19: R1 061 million), before once-off, pre-NCI transaction costs of R14 million (FY19: R104 million) and excluding credit impairments of loans and advances at SA Taxi of R836 million (FY19: R322 million), and adjustments to the carrying value of purchased book debts at TCRS of R588 million (FY19: R159 million).
- 2. As a measure of maintainable performance, Transaction Capital has presented non-IFRS measures referred to as core financial ratios, as these are used by management as key metrics in the business. These may be referenced to headline earnings from continuing operations of R262 million (FY19: R705 million)
  - A. Once-off acquisition costs of R5 million incurred in the first half of the 2020 financial year, relating to the acquisition of Net1 Fihrst Holdings (Fihrst) on 1 December 2019, and R9 million relating to the acquisition of a non-controlling 49.9% interest in We Buy Cars (Pty) Ltd (WeBuyCars) on 11 September 2020.
     b. Once-off costs of R84 million, which arose in the first half of the 2019 financial year relating to SA Taxi's ownership transaction with the South African National
  - Taxi Council (SANTACO), of which R81 million was non-cash and in accordance with IFRS 2 and a further R3 million related to early debt settlement costs.
- 3. The novel Coronavirus and the disease it causes (COVID-19), and the associated socioeconomic impact.
- Discontinued operations: Transaction Capital Business Solutions, Principa Decisions and Company Unique Finance, which collectively made a loss of R87 million in FY20 (FY19: R14 million profit).

NOTE: The group adopted IFRS 16 – Leases based on the modified retrospective approach from 1 October 2019, with no restatement of comparative information as permitted under the specific transitional provisions in the standard. The cumulative effect arising from the initial adoption of IFRS 16 is presented as an adjustment to the opening balance of retained earnings at 1 October 2019.

#### Introduction

Transaction Capital is an investor in and operator of alternative assets in credit-related and other specialised market verticals. Our strong decentralised divisional management teams manage our assets in well-governed, agile and efficient operational platforms. With a near 20-year track record for high-quality earnings growth and attractive risk-adjusted returns, the group achieved compound annual growth in core headline earnings per share of 23% for the five years to 30 September 2019. Prior to the effects of COVID-19, the group was on track to deliver earnings growth in line with this past performance.

Like most businesses across the world, COVID-19 subdued the group's performance for FY20, interrupting our long-term growth trend. However, SA Taxi and TCRS demonstrated resilience in their agile responses to the volatile dynamics accompanying the pandemic. Their operational, financial and strategic flexibility allowed them to quickly align their operating models, financial structures and growth plans to prevailing economic realities and emerging opportunities. Operational activity in many instances is now nearing pre COVID-19 lockdown levels. The group's swift responses to the impacts of the pandemic underpinned a decisive recovery in our divisions and enabled significant strategic progress in the year.

The prudence of our capital management strategy, and the resilience of the group's capital structure, was tested and proven. The group's good standing with investors allowed us to issue nearly R900 million of new equity on a pre-emptive basis to facilitate a transformational and value accretive acquisition of 49.9% of WeBuyCars. It also enabled us to secure ample debt facilities to fund our strategic organic growth initiatives. At a time when most other businesses were focused on managing risk at the expense of growth, we were able to acquire a non-controlling 49.9% interest in WeBuyCars, to enter our third adjacent market vertical (see our SENS announcement of 8 September 2020).

We are pleased to announce RBH's intention to invest R500 million into the group as a long-term strategic shareholder. 12 million Transaction Capital shares, representing approximately 1.8%, were acquired via a secondary purchase in the market on 20 November 2020. RBH is expected to increase its stake by subscribing for a further 12.4 million shares in January 2021, subject to shareholder approval. A circular to shareholders and notice of general meeting in this regard will be distributed in due course.

We also made good progress in deepening the social relevance of our divisions, introducing measurable environmental, social and economic (ESE) frameworks in SA Taxi and TCRS. These will provide stakeholders with an objective view of the group's consolidated impacts and inform our long-term strategies in this regard. We also augmented the skills and independence of our board, to complement the insight and oversight required as we move forward in this uncertain economic environment.

# **Prospects**

The business models of SA Taxi, TCRS and WeBuyCars have gained relevance in the COVID-19 environment, underpinned by the defensive characteristics of their market sectors. With support from the group executive office, SA Taxi and TCRS will continue to refine their strategic positioning and competitive value propositions, diversify their revenues and expand their total addressable markets.

Our current assessment of operating conditions and growth prospects sees the group resuming its strong organic growth trend in the coming year, with FY21 exceeding FY19 levels in line with pre COVID-19 growth rates. Should this expectation materialise, we anticipate being in a position to resume dividend payments within our stated dividend policy of 2 to 2.5 times cover.

It is important to note that we expect some COVID-19 disruption during the first few months of FY21 (October 2020 to January 2021), with financial and operational performance normalising thereafter.

With uneven signs of recovery and the pandemic resurging in key economies, further shocks to the global economy are possible. The recovery of South Africa's fragile economy is in any event likely to lag that of the global economy, with gross domestic product (GDP) only expected to reach 2019 levels by 2024. Although SA Taxi, TCRS and WeBuyCars are well placed to return to their long-term track records for growth, further sharp downturns in socioeconomic conditions in South Africa remain the primary downside risk to our expectations for growth and returns in the years ahead.

### Performance overview

#### FINANCIAL AND OPERATIONAL PERFORMANCE

Prior to the effects of COVID-19, the group was on track to deliver earnings growth in line with past performance and guidance given at the time of our AGM in March 2020. Despite the operational disruption of COVID-19, with most of our business operations restricted and in certain instances fully closed for more than two months, the group's core pre-provision profit from continuing operations grew 10%. Positive operational leverage supported this resilient performance.

We have adopted a conservative approach in accounting for the impact of COVID-19, which has given rise to far higher non-cash credit impairments at SA Taxi and adjustments to the carrying value of TCRS's purchased book debts compared to historical periods. Importantly, the adjustments are non-cash and relate to assets held at 30 September 2020 and not the origination of future assets. In SA Taxi, the credit impairment charge against loans and advances for FY20 increased 160% to R836 million, compared to R322 million in FY19. In TCRS, the adjustment to the carrying value of purchased book debts was R588 million in FY20, 270% higher than the R159 million adjustment in FY19.

As noted, these charges saw our financial performance deviate from our historical earnings growth trend. The group's core headline earnings from continuing operations fell 65% to R276 million, and core headline earnings per share from continuing operations decreased 66% to 44.3 cents.

SA Taxi performed to expectation until mid-March, although disrupted vehicle supply due to industrial action at the Toyota plant early in calendar 2020 constrained vehicle sales, and the originations of loans and insurance policies. Despite this, the division was on track to grow its earnings in line with prior years. However, with SA Taxi Direct, other external dealerships, SA Taxi Auto Repairs and SA Taxi Auto Parts closed during the national lockdown from 27 March 2020, no loan originations, refurbishments and parts sales were possible during April 2020. These activities resumed in May 2020 at limited levels due to COVID-19 disruptions. Further strain on the supply of minibus taxi vehicles to the market came from the closure of the Toyota plant during the same period.

SA Taxi introduced a relief programme for clients in good standing to defer repayment of loan instalments and insurance premiums during April 2020. Further specific payment relief was provided to approximately 3 000 qualifying clients (mainly operators of long-distance routes most impacted by the national lockdown) for May and June 2020. Payment relief provided to clients totalled approximately R400 million.

The minibus taxi industry has recovered quickly as lockdown restrictions have been eased, with SA Taxi expected to return to near-normal levels of activity during the first quarter of FY21. Should future payment patterns be in line with our expectation, the credit impairment provision will be utilised, which will support the return of SA Taxi's credit metrics to pre COVID-19 levels over the medium term.

SA Taxi's core headline earnings decreased 57% to R221 million, with Transaction Capital's attributable portion 59% lower at R181 million.

TCRS's continuing operations performed better than expected for the period given the effects of the pandemic, with collections services in South Africa and Australia proving resilient to the weak economic conditions prior to and exacerbated by COVID-19. TCRS's core operating costs grew 13% (excluding adjustments to the carrying value of purchased book debts of R588 million and once-off COVID-19 related expenditure of R57 million) as it implemented work-from-home capabilities and proactively restructured its staff complement and infrastructure in anticipation of the medium-term effects of COVID-19. TCRS has effectively transitioned to a combination of work-from-home and on-site activity in both South Africa and Australia, which has improved productivity levels. These measures will yield significant benefit into FY21.

TCRS's core headline earnings from continuing operations of R55 million was 82% lower than the prior year.

The deployment of nearly R900 million of our cash resources to invest in WeBuyCars has been immediately value accretive, converting interest income on undeployed capital into operating earnings. WeBuyCars' headline earnings attributable to the group (from 11 September 2020) was R19 million, which includes operational income of R10 million. We are excited about the growth potential of WeBuyCars, which has recovered well from the impact of COVID-19 and is expected to lift the group's growth trajectory above historical trends.

# Balance sheet and liquidity

Stakeholders will be aware of the actions taken to enhance the group's financial flexibility and strategic agility. Most recently, we raised R560 million of new capital via an accelerated bookbuild (see our SENS announcement of 17 June 2020), and issued R329 million of new share capital to partly fund our investment in WeBuyCars (see our SENS announcement of 8 September 2020). These two share issues bolstered our equity base by almost R900 million.

Our conservative capital management strategy, tested and validated during FY20, has ensured a robust group balance sheet. The undeployed capital held prior to COVID-19, together with the equity raised and debt facilities secured at holding company level despite the pandemic, provided the liquidity and financial flexibility to enter an attractive market vertical with strong growth prospects. The group's undrawn debt facilities, alongside those available at SA Taxi and TCRS, provide ample capacity and liquidity to fund the organic growth initiatives underway in our divisions. The group's capital structure, and the long-term nature of our assets, provide sufficient financial flexibility and headroom should recessionary conditions intensify.

**SA Taxi** is adequately capitalised, with a Tier I capital adequacy ratio of 15.7% and R2.7 billion of equity. Its access to liquidity remains unfettered with more than R4.0 billion of new debt facilities concluded since 1 April 2020. Ample liquidity is available in undrawn debt facilities to fund loan origination into FY22.

**TCRS's** balance sheet is robust, with R5.1 billion of assets and R1.9 billion of senior debt underpinned by R1.7 billion of equity at 30 September 2020. As market dynamics become clearer, the acquisition of NPL Portfolios in South Africa, Australia and Europe may provide opportunities to accelerate capital deployment for attractive risk-adjusted returns. The division's funding requirements for the acquisition of NPL Portfolios in South Africa and Australia into FY22 are already secured, and new debt facilities at holding company level will support our ability to invest further in our TC Global Finance strategy.

**WeBuyCars** has a strong balance sheet with low levels of debt, supported by the capital-light nature of its operations resulting in high cash conversion rates.

After the investment in WeBuyCars, the group's balance sheet remains well capitalised with unrestricted access to liquidity to fund our growth aspirations.

# Trading environment

#### **SOUTH AFRICA**

It is clear that the economic ramifications of COVID-19 (including the strict lockdown and downgrades of sovereign credit ratings) will result in a deeper recession than after the global financial crisis in 2008/2009. Initial expectations were that GDP would retract by as much as 6% in 2020. The unprecedented pressure on the domestic economy now has banks, analysts and government warning that GDP could retreat as much as 10%, the largest contraction in nearly 90 years.

The country's official unemployment rate rose to 30.8% (September 2020), compared to 29.1% a year earlier. This is South Africa's highest unemployment rate in 12 years and reflects the socioeconomic impact of COVID-19, with more than 2.2 million jobs lost in the second quarter of 2020 alone. This will intensify the pressure on already indebted consumers (with household debt to income of 72.8% reported at 31 December 2019).

As the payment relief provided by financial institutions and temporary government support expire, further economic strain on the consumer sector can be expected. Despite a benign inflation outlook (3.3% for 2020) and interest rate cuts of 3% to five-decade lows, consumers will struggle as household income is eroded and over-indebtedness climbs. Any positive impact that may come from government's newly minted Economic Reconstruction and Recovery Plan will only be felt in time.

#### **AUSTRALIA**

Despite a significant government stimulus programme, the economy recently entered its first recession in nearly 30 years. Real GDP is expected to fall 1.5% in the year to June 2021 before rebounding 4.75% in 2022. Unemployment is forecast to peak at 10% in December 2020 before slowly recovering to 6.5% by June 2022 (5.1% pre COVID-19).

## SA Taxi

#### For the year ended 30 September

		2020	2019	Movement
Financial performance				
Core pre-provision profit	Rm	1 117	1 005	11%
Core headline earnings	Rm	221	519	(57%)
Core headline earnings attributable to the group	Rm	181	446	(59%)
Non-interest revenue	Rm	609	584	4%
Net interest income	Rm	1 358	1 217	12%
Net interest margin	%	11.8	12.2	
Core cost-to-income ratio	%	43.2	44.2	
Credit performance				
Gross loans and advances	Rm	12 243	10 <i>75</i> 3	14%
Non-performing loan (NPL) ratio	%	32.3	17.9	
Credit loss ratio	%	7.3	3.2	
Provision coverage	%	6.7	4.8	

#### OPERATING CONTEXT AND MARKET POSITIONING

Most South Africans rely on public transport, with the minibus taxi industry being the largest and most vital service in the integrated public transport network. Spending on minibus taxi transport is largely non-discretionary, making this a defensive industry in challenging economic conditions. With bus and rail services floundering over recent years, now exacerbated by COVID-19, more commuters are likely to choose minibus taxis due to competitive pricing, convenience and accessibility, especially as economic strain intensifies.

As an essential service, the minibus taxi industry operated during the national lockdown, unlike other modes of public transport, albeit with restrictions on distance and occupancy. Towards the end of March and extending well into May 2020, sharply lower commuter mobility and restricted operations affected the industry's profitability. Restrictions on load capacity were lifted for short-distance routes on 16 July 2020, with long-distance routes only opening toward the end of August 2020.

Retail prices for minibus taxi vehicles have risen 5.6% since September 2019 and a further 1.5% in October 2020. The recommended retail price of a Toyota HiAce diesel vehicle is now R484 200, compared to R363 400 five years ago. Furthermore, with passenger loads per trip down due to the lingering impact of COVID-19, the industry's profitability will remain under strain.

Factors in the industry's favour in recovering profitability include lower interest rates and fuel prices. At 30 September 2020, the 12-month average for petrol and diesel prices were, respectively, 4% and 8% lower than a year ago and 12% and 18% lower than the all-time high recorded in November 2018.

The minibus taxi industry is indispensable to South Africa's economic productivity and is therefore an early beneficiary of economic and social recovery. With commuter mobility a precursor to economic activity, the minibus taxi industry is transitioning closer to normal operational activity as restrictions ease and the economy re-opens. This is evident in SA Taxi's telematics data (tabled below), which shows the recovery in average activity of its minibus taxi fleet benchmarked against pre COVID-19 levels.

	Level 5 27 March – 30 April 2020	Level 4 May 2020	Level 3 1 June – 17 August 2020	Level 2 18 August – 20 September 2020	Level 1 21 September – 15 November 2020
Operating vehicles Average distance travelled	69%	90%	100%	100%	100%
per vehicle	65%	88%	87%	88%	96%
Drive time	47%	80%	94%	96%	100%

Notwithstanding the strain on their profitability, our internal models show that minibus taxi operators are able to afford their loan and insurance premium instalments, supported by fare increases.

As the industry consolidates its recovery, SA Taxi's strong market position, track record as an industry pioneer and its vertically integrated business model positions it well to serve clients along the full minibus taxi value chain. Demand for minibus taxis, evidenced by the level of loan applications, remains strong and in line with pre COVID-19 levels.

SA Taxi will continue to assess opportunities for further vertical integration, to broaden its addressable market and support future organic growth. An important growth initiative will be to establish a business that combines its telematics capabilities, rewards programmes, client data and finance offerings into a single transactional account relevant to South Africa's minibus taxi industry. With SANTACO as a strategic partner, SA Taxi will leverage its unique position in the market to drive growth over the medium term, to the benefit of minibus taxi operators and the broader minibus taxi industry.

#### SA TAXI FINANCE AND SA TAXI AUTO REPAIRS

SA Taxi's gross loans and advances book grew 14% to R12.2 billion, comprising 32 890 loans. The retention of market share and higher retail prices for new vehicles supported this growth. It is important to note that in normal conditions, book growth is a function of loans originated and vehicle price increases, less attrition. Historically, attrition accounts for about 20% of the loan book being rolled off each year through repossession and settlements (i.e. full repayment of loans in the ordinary course).

Restricted repossession and settlement activity due to COVID-19 slowed the attrition rate, which resulted in gross loans and advances growing despite the lower number of loans originated. By September 2020, repossession activity was back to normal, although collections are only expected to normalise by January 2021.

The number of loans originated was 27% lower than last year. Contributing to this decline was interrupted new vehicle supply due to industrial action at the Toyota plant in January 2020, and the closure of the plant during lockdown. Furthermore, the closure of SA Taxi's and other external dealerships curbed the division's ability to originate vehicle loans. In FY21 to date, Toyota's monthly output of minibus taxis is slightly lower than but nearing pre COVID-19 levels.

The closure of SA Taxi Auto Repairs during lockdown also constrained the availability of pre-owned vehicle stock at our dealerships. However, demand for both new and pre-owned vehicles remains far higher than supply. Qualifying applications approved prior to COVID-19 were more than three times higher than the loans taken up, again the case from June 2020. As vehicle supply recovers to pre COVID-19 levels (expected by the end of January 2021), the recovery in number of loans originated should follow suit.

SA Taxi's strategy to drive the sale and finance of its fully refurbished pre-owned minibus taxis continues to enjoy strong momentum. In the challenging economic environment, operators are opting for this affordable yet reliable alternative to buying a new vehicle. SA Taxi is committed to keeping the prices of its pre-owned minibus taxis as affordable as possible, now more than 10% lower than a new vehicle. SA Taxi Auto Repairs' increased refurbishment capacity will support higher pre-owned vehicle supply to our dealerships and, in turn, loan originations.

The growth in loans and advances translated into net interest income growth of 12% to R1.4 billion. The negative endowment effect from lower interest rates partially offset the benefit of settling R1.0 billion of interest-bearing debt (from the proceeds of SANTACO's acquisition of 25% in SA Taxi in February 2019). This resulted in a marginal decrease in the net interest margin to 11.8% (FY19: 12.2%), despite the average cost of borrowing reducing to 9.8% (FY19: 11.1%). SA Taxi targets a net interest margin of 11% to 12%.

In April 2020 SA Taxi's monthly collections reduced to 23% of pre COVID-19 levels but recovered consistently month-on-month to more than 90% by September 2020. We now expect collections to normalise early in calendar 2021, later than anticipated at the half-year. SA Taxi has adequately provided for this impact, increasing provision coverage to 6.7% for FY20 (FY19: 4.8%). Provision coverage should return to historic levels of between 4.5 % to 5.5% over the medium term.

It is important to note that the absolute value of cash collected over the full term of the loans is not expected to decrease but will be collected over an extended period. Cash flows will be protected as the useful life of a minibus taxi significantly exceeds SA Taxi's average loan term of 71 months.

Lower origination of new loans and the disruption to collections resulted in a higher NPL ratio of 32.3% (FY19: 17.9%). A high proportion of NPLs may well convert to performing loans, as these customers' propensity to pay is higher than typically observed. The NPL ratio is thus expected to improve to around 25% in FY21, returning to normal levels of approximately 20% over the medium term.

Besides the loan repayment and insurance premium relief provided in April 2020, and specific payment relief in May and June 2020, SA Taxi continued to age and provide for the loan book as usual – and in line with our conservative approach. This resulted in a credit loss ratio of 7.3%, above the target range of 3% to 4% (FY19: 3.2%). We expect the credit loss ratio to normalise around or slightly above the upper limit of the target range by FY22.

SA Taxi's integrated business model effectively mitigates credit risk. Its ability to refurbish repossessed vehicles to provide high-quality income generating minibus taxis, enables it to recover more than 75% of the loan value on the sale of these pre-owned vehicles. This limits SA Taxi's loss in the event of default. Improved recoveries on repossessed vehicles, attributable to a lower average cost to refurbish them, are due to efficiencies in SA Taxi Auto Repairs and SA Taxi Auto Parts' cost-efficient procurement of parts. This will continue to support the recovery of the credit loss ratio. Higher new vehicle prices will also support higher prices for pre-owned vehicles, further improving credit recoveries.

#### SA TAXI DIRECT

SA Taxi's retail dealerships generated gross revenue of about R600 million in the period, down on the prior year due to the disruption in new and pre-owned vehicle supply and the closure of SA Taxi's dealerships in April and May 2020. Higher vehicle prices partly offset the decline.

#### SA TAXI PROTECT

SA Taxi's insurance business is the main contributor to non-interest revenue, with gross written premiums up 10% to R907 million. This was a good result given the deferred repayment of insurance premiums in April 2020 under SA Taxi's COVID-19 relief programme and other disruption. As expected, higher lapse rates were experienced as COVID-19 affected the affordability of insurance cover. Despite the extraordinary conditions, SA Taxi Protect's broader product offering supported high single-digit growth in the number of policies on book. The development of other bespoke products for the industry remains a strategic imperative.

Clients financed by SA Taxi are required to have fully comprehensive insurance, and most of SA Taxi Finance's clients continued to insure through SA Taxi Protect. Premiums in the insured and financed portfolio remained stable, reduced in the open market (insurance clients not financed by SA Taxi Finance) portfolio and increased marginally in other insurance products. The division's strategy to specifically target open market clients continued to yield positive results. Claim and cost ratios remained stable.

SA Taxi Protect's competitive advantage is its ability to reduce its cost of claim through efficiencies in SA Taxi Auto Repairs and SA Taxi Auto Parts, which supports competitively priced insurance premiums.

#### CONCLUSION

Despite the COVID-19 related disruptions in the second half, SA Taxi posted a resilient performance, growing its core pre-provision profit 11% for the year. Positive operational leverage supported a core cost-to-income ratio of 43.2% (FY19: 44.2%) as our investment in technology drove operational efficiencies. This was achieved despite once off COVID-19 related expenditure of R9 million. Although the division did not grow its core headline earnings for the year, SA Taxi remained profitable even after the effect of the conservatively modelled credit provision. SA Taxi posted core headline earnings of R221 million for FY20, of which R181 million was attributable to the group.

# Transaction Capital Risk Services

#### For the year ended 30 September

		2020	2019	Movement
Financial performance				
Core pre-provision profit	Rm	649	578	12%
Core headline earnings from continuing operations attributable to the group	Rm	55	298	(82%)
Non-interest revenue	Rm	2 385	2 018	18%
Purchased book debts				
Cost price of purchased book debts acquired	Rm	733	1 186	(38%)
Carrying value of purchased book debts	Rm	2 520	2 382	6%
Estimated remaining collections	Rm	5 181	4 480	16%

NOTE: Comparative information has been restated for the application of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations and IFRS 8 – Operating Segments.

#### OPERATING CONTEXT AND MARKET POSITIONING

TCRS supports its clients' ability to extend credit to their customers by freeing up their operational and balance sheet capacity, and rehabilitating indebted consumers. This facilitates the effective functioning of consumer credit markets, which will be critical to South Africa's and Australia's economic recovery.

TCRS's business model will gain relevance as the economic impact of COVID-19 drives up indebtedness and impairs consumers' ability to service their debt. This will leave consumerfacing entities with significantly larger NPL Portfolios to manage. To illustrate the pressure on these entities, the September 2020 BA 900 regulatory returns submitted by South African banks show that provisions were 36.5% higher year to date, while total credit extension grew an average of only about 2%. Furthermore, the disruption to their collection infrastructure and capabilities have made it more difficult for consumerfacing entities to collect on their NPL Portfolios.

As their balance sheets and operations come under pressure, we believe their appetite to sell NPL Portfolios will increase significantly. Also, they are likely to reduce fixed costs and shift to variable cost structures, via outsourced collection services. With its sophisticated ability to price NPL Portfolios appropriately for prevailing conditions and extensive collections infrastructure, TCRS is strongly positioned to accelerate the acquisition of NPL Portfolios to be collected as principal and to win agency collection mandates over the medium term.

#### **SOUTH AFRICA**

Of the 27.0 million credit-active South African consumers at June 2020, almost 40% (10.0 million) had impaired credit records. Transaction Capital's Consumer Credit Rehabilitation Index (CCRI), which measures South African consumers' propensity to repay debt, had deteriorated 3.4% at September 2020 compared to the prior year. This was the largest annual decline since the CCRI's inception in June 2017.

The 2.2 million jobs lost in the second quarter of 2020 alone, will escalate economic strain in the consumer sector with concomitant reductions in credit extension and retail sales. Weak consumer sentiment, lower income levels and the expiry of support measures (such as the temporary employee relief schemes and debt repayment holidays) will adversely affect consumers' ability to take on and service debt.

It is interesting to note that around one third of consumers making monthly repayments on their debt via TCRS are not formally employed, reflecting the resilience of South Africa's informal sector.

#### **AUSTRALIA**

The Australian consumer is likely to face greater economic stress due to higher unemployment and indebtedness. Significant government stimulus measures, which include income support for unemployed citizens, job creation initiatives and income tax cuts, as well as credit extension growth, are likely to lift the demand for collection services and consumer rehabilitation.

#### **COLLECTION SERVICES**

In its most significant business activity, TCRS acts either as a principal in acquiring and then collecting on NPL Portfolios, or as a service provider on an outsourced contingency or fee-for-service (FFS) basis. These business activities are diversified across sectors, clients and geographies, which lowers concentration risk and supports good performance and returns in different market conditions.

TCRS's collection revenue grew 14%. From April 2020, collection revenues on its owned NPL Portfolios in South Africa and Australia outpaced the 70% of pre COVID-19 levels we anticipated at half-year. Collections in the second half were only about 15% (rather than 30%) lower than the pre COVID-19 benchmark.

Despite COVID-19, TCRS's omni-channel and data analytics capability enabled it to continue contacting and transacting with consumers. The positive response of consumers to non-voice and digital channels, specifically in Australia, supported higher levels of right party contact and online payments. A significant proportion of the division's collections is annuity based, collected via recurring payment arrangements, which supported the better than expected collection rates.

The remaining portion is collected via approximately 1 700 call centre and legal collection agents in South Africa, of whom more than 1 300 have been enabled to work from home without compromising data security or access to technology. This shift is yielding higher productivity per agent due to more flexible working hours, which will enable the division to reach even higher levels of efficiency.

The Australian collections business performed well despite COVID-19, with revenue growing more than 20% and earnings in line with pre COVID-19 expectations. Its Australian collection agents were fully enabled to work from home and its Fiji based call centre operated efficiently with flexible working hours, supporting this strong result.

#### **ACQUISITION OF NPL PORTFOLIOS AS PRINCIPAL**

TCRS invested R653 million in South Africa and R80 million in Australia in acquiring NPL Portfolios. This was lower than we intended pre COVID-19 and well below FY19 levels. The division spent R177 million in the second half of FY20, down 76% from R749 million the year before, and far lower than the R556 million spent in the first half of FY20. A number of factors made for this muted performance. Fewer NPL Portfolios came to market as potential sellers focused on adjusting to COVID-19 restrictions and providing debt relief to their clients. Uncertainty in market conditions led to buyers and sellers being unable to meet on pricing NPL Portfolios. More specifically, TCRS adopted a cautious approach and curbed its risk appetite given the volatile conditions.

At 30 September 2020, TCRS's NPL Portfolios were valued at R2 520 million, up only 6% compared to a year ago. This was due to lower NPL Portfolio acquisitions in the second half and the adjustment to the carrying value of this asset. We expect annuity revenue from this asset of R5 181 million over the medium term, up 16% from R4 480 million a year ago. As noted, the accelerated acquisition of NPL Portfolios in South Africa remains a meaningful medium-term strategic growth initiative. As the impact of COVID-19 plays out, we expect growth in this underdeveloped market to accelerate.

While collections on NPL Portfolios have performed better than initially expected, we see future collections recovering more slowly and over a longer period than we did at half-year. Estimated remaining collections (ERCs) are expected to be about 4% lower over the medium term. As such, we adjusted the carrying value of purchased book debts down by R588 million (FY19: R159 million) to ensure future yields remain aligned with those achieved in the past.

TCRS has almost 20 years of experience in acquiring NPL Portfolios at attractive risk-adjusted returns. To this end, TCRS has the ability to adjust its pricing methodology to the prevailing environment to ensure NPL Portfolios are priced accurately, to achieve targeted returns and collection multiples. In FY21, TCRS plans to invest less than the R1.2 billion reported for FY19. However, as market dynamics become clearer, there may be an opportunity to accelerate investment beyond FY19 levels. Similarly, we expect to invest in excess of R1 billion in FY22 in acquiring NPL Portfolios.

The Australian collections market is significantly larger than the South African market and mainly comprises unsecured consumer loan and credit portfolios. However, the appetite of banks to sell their NPL Portfolios has declined in recent months, as they implement the recommendations of the Royal Commission into the banking industry and deal with the effects of COVID-19. As clients more actively favour FFS and contingency collection mandates over the sale of their NPL Portfolios, TCRS's diversified business model positions it to respond effectively to this shift. The division will continue to follow a cautious and selective approach in acquiring NPL Portfolios in Australia in line with its medium-term strategy to establish a more meaningful position in this larger market.

#### **CONTINGENCY AND FEE-FOR-SERVICE REVENUE**

Recoveries Corporation in Australia posted a robust performance and adapted well to the COVID-19 environment despite the initial disruption. The business gained new mandates from new and existing clients to grow organic revenue by double-digit percentages. Operating costs were well managed given the shift in revenue mix to FFS mandates. Greater management depth, investment in data and analytics, the deployment of technologies proven in South Africa, and the implementation of business information, payment automation and collection technologies supported this strong result.

The South African contingency and FFS division performed in line with expectation in the difficult consumer environment. Muted retail sales and credit extension from March 2020 translated into lower volumes of matters handed over for collection by clients. Going forward, recoveries and contingency collection revenues will be lower as consumers struggle to repay their debt. However, as noted, we expect to see higher volumes of outsourced collections mandates on larger NPL Portfolios in this environment.

#### TRANSACTIONAL SERVICES

The integration of Transaction Capital Payment Solutions, Accsys and Fihrst by applying best-in-class technology from each to create a more resilient and efficient payment and transactional services platform, progressed well. Transaction Capital Transactional Services (TCTS) was established in July 2020. Growing this more focused and substantial payment and transactional services business, diversified by payment activity, client and sector, remains a key strategic focus.

Although it operated during lockdown, as a relatively small services-orientated business it is difficult for TCTS to make operational adjustments to counter market conditions. Lower transactional activity due to lower payments and payroll related transactions, and lower yields earned on overnight bank balances held due to interest rate cuts, impacted its performance for the year. As TCTS grows its business to scale, it will be better placed to withstand prevailing market conditions and lift performance. The opportunity to cross-sell a more comprehensive and competitive offering to clients will also lower concentration risk and drive organic revenue growth.

#### TRANSACTION CAPITAL BUSINESS SOLUTIONS (TCBS)

TCBS has collected most of its outstanding portfolio, with only R218 million of net loans and advances remaining on book at 30 September 2020. TCBS has been accounted for as a discontinued operation since the first half of FY20, with its business and assets available for sale pending appropriate disposal strategies.

#### CONCLUSION

With the impact of extreme conditions in the second half, and the accounting effect of our conservative valuation of NPL Portfolios owned by TCRS, the division was unable to grow headline earnings for the year. However, resilient collection revenues in South Africa and Australia allowed the division to remain profitable, with core headline earnings of R55 million from continuing operations. Strong growth in revenue from the collection of NPL Portfolios acquired as a principal and a solid performance from its Australian collections business supported this resilient performance.

TCRS's costs grew 13% (excluding adjustments to the carrying value of purchased book debts of R588 million and once-off COVID-19 related expenditure of R57 million) as the division implemented a highly effective work-from-home capability and proactively restructured its staff complement and infrastructure in South Africa. As noted, these initiatives will benefit the business into FY21, achieving cost savings in excess of R90 million. The division is well positioned to manage difficult conditions and capture emerging opportunities, braced by its proven operational agility and enduring cashflows.

# **WeBuyCars**

#### For the year ended 30 September

		2020	2019	Movement
Financial performance				
Core headline earnings	Rm	306	311	(2%)
Core headline earnings attributable to the group <sup>1</sup>	Rm	19	_	
Operational income attributable to the group <sup>1</sup>	Rm	10	_	
Operational performance				
Number of vehicles sold	Number	59 177	58 343	1%
Advertising expense per vehicle sold	R	1 545	1 549	_
Days to sale per vehicle	Number	27.4	24.9	10%

<sup>1.</sup> Effective from 11 September 2020.

NOTE: Transaction Capital's investment in WeBuyCars is accounted for as an associate of the group in accordance with IAS 28 – Investments in Associates and Joint Ventures applying the equity method. The investment is not consolidated under IFRS 10 - Consolidated Financial Statements.

#### OPERATING CONTEXT AND MARKET POSITIONING

Personal vehicles remain a necessity and an aspiration for many South Africans, given long travel distances and limited public transport options. In South Africa, there are a total of 10.8 million passenger vehicles in circulation. This vehicle 'car parc' has grown steadily, increasing the overall market by 5% to 6% a year over the last decade, despite the contraction in new vehicle sales over this period. As disposable income has come under strain, and a weakening rand has pushed up new vehicle prices, more consumers are opting to trade down from new to used vehicles. COVID-19 has amplified this trend, with shifts in what consumers can afford and changes in their buying patterns likely to accelerate growth in the used vehicle segment.

Conservatively, more than one million used vehicles are traded a year, reflecting a compound annual growth rate of 1.7% over the last five years. The steady growth of this large market has been achieved despite it being fragmented and inefficient and typified by low levels of consumer trust.

Although the adoption of e-commerce in the vehicles market has been slower than in other categories (such as electronics), experts estimate that e-commerce adoption in South Africa has leap-frogged some five years into the future as the desire for contactless services has escalated. Industry players that offer the most trustworthy, secure and credible e-commerce platforms will gain significant competitive edge in the market in the coming years.

As a buyer, distributor and retailer of used vehicles with a portfolio of financial and other allied products, WeBuyCars has a uniquely composed offering. Along with high levels of trust, optionality, convenience and competitive pricing, it is well positioned to benefit from these market trends. WeBuyCars currently buys more than 6 000 vehicles a month from private consumers, allowing it to offer a large variety of vehicles for sale. More than 35% of these are sold directly to dealerships via online auction on its e-commerce platform, with the majority sold to private consumers. Buyers are not restricted to any one brand of vehicle or limited in their choice of affordable options.

WeBuyCars earns an acceptable risk-adjusted gross margin on vehicle sales (vehicle margin), with additional gross margin earned on add-on products (product margin). The latter includes agency fees and commissions earned from finance, insurance related and allied products (F&I products). These are sold on behalf of major banks providing asset-backed and unsecured vehicle finance, leading insurance providers and vehicle tracking businesses. WeBuyCars' credible e-commerce platform underpins its growth potential.

Active in both the purchase and sale of used vehicles, WeBuyCars is able to apply 20 years of proprietary vehicle, price, consumer and other data to generate granular insights to adjust its pricing to the value and demand for a particular vehicle. This preserves its margins and ensures a high stock turn, indexed to customer affordability.

#### FINANCIAL AND OPERATIONAL PERFORMANCE

WeBuyCars' revenue and profit have shown strong compound annual growth rates of 62% and 58% respectively in the last three years. In FY20, WeBuyCars generated headline earnings of R306 million, 2% down on the prior year. This was due to lower sales volumes in March, April and May 2020 as a result of lockdown. From 11 September 2020, WeBuyCars contributed earnings of R19 million to the group for the period. Despite its operations being closed during lockdown levels four and five (27 March 2020 to 1 June 2020), WeBuyCars recovered strongly, with sales exceeding pre COVID-19 levels in July, August and September 2020.

WeBuyCars is set to reach new heights in several categories in the final quarter of calendar 2020 (and into 2021), including total revenue and units bought and sold. The used vehicle market is expected to grow as COVID-19 related instalment relief expires and banks repossess more vehicles, and car rental companies defleet due to the impact of travel restrictions on demand in their markets. This presents the opportunity to increase vehicle acquisition.

WeBuyCars' medium-term target is to increase the volume of vehicles traded to 10 000 vehicles per month, by expanding its nationwide footprint and enhancing brand awareness. To capture growing demand, it plans to develop additional vehicle supermarkets and buying pods in selected high-demand locations across South Africa. Driving online penetration, and optimising its vehicle acquisition and stock turn efficiency, will be a key focus. Higher take-up of F&I products (currently at 15%) will enhance WeBuyCars' unit economics and margins per vehicle sold. It also plans to enhance existing arrangements with providers of F&I products and to add relevant new products. In the longer term, WeBuyCars will seek to offer F&I products to underserved segments as a principal.

# Group executive office and TC Global Finance

The executive office added R21 million (FY19: R45 million) to the group's core headline earnings. The reduced contribution was due to interest earned on a lower balance of undeployed capital held over the period, and once-off COVID-19 related costs of R8 million.

As communicated at the time of our half-year results, the group executive office now manages TC Global Finance. The group has to date invested  $\in 8.7$  million in the higher-yielding niche of the European specialised credit market. We invested  $\in 7.4$  million in the first half of FY20 with no further investment in the second half. Our strategy to invest in Europe remains valid and will be pursued. However, we will maintain our cautious and selective approach to opportunities in this market over the medium term.

NOTE: Transaction Capital's investment in TC Global Finance is accounted for as an associate of the group in accordance with IAS 28 – Investments in Associates and Joint Ventures applying the equity method.

# Board changes

Our businesses are financially technical, highly specialised, vertically integrated and unique both locally and internationally. As such, assembling a diverse board with relevant skills and experience remains a strategic imperative. Over the past two years, the group has actively sought to appoint independent non-executive directors with strong credit, financial, insurance, capital management and legal skills, to augment the collective skillset of our board.

The group is pleased with the appointments of Ms Sharon Wapnick, Mr lan Kirk and Dr Suresh Kana as independent non-executive directors during the year. As highly seasoned directors, they add considerable skills and experience to the board (see our SENS announcement of 9 October 2020 for changes to the composition of our board and committees). The board now comprises nine non-executive directors, eight of whom are independent, and five executive directors.

## Dividend declaration

Transaction Capital's ordinary dividend policy is 2.0 to 2.5 times cover. After extensive deliberation and in view of the impact of COVID-19, the board has opted to retain capital and not to pay a dividend for FY20. This cautious and conservative approach to preserve capital will help to ensure adequate financial capacity and flexibility.

# Basis for preparation

The consolidated financial statements and summarised consolidated financial statements have been prepared under the supervision of Sean Doherty (CA)SA. These results represent a summary of the complete set of audited consolidated financial statements of Transaction Capital approved on 24 November 2020. The directors take full responsibility and confirm that this information has been correctly extracted from the consolidated financial statements. The complete set of consolidated financial statements is available for inspection on the group's website www.transactioncapital.co.za and at Transaction Capital's registered office.

The summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements on the Companies Act of South Africa, 71 of 2008, applicable to summary financial statements. The JSE Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), Financial Pronouncements (as issued by the Financial Reporting Standards Council) and to also as a minimum contain the information required by IAS 34: Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements for the year ended 30 September 2020 were derived, are in terms of IFRS and are consistent, with the accounting policies applied in the preparation of the previous consolidated financial statements except for the adoption of IFRS 16 – *Leases*.

The group's auditors, Deloitte & Touche, have issued unmodified audit opinion on the consolidated financial statements for the year ended 30 September 2020. The audit was conducted in accordance with International Standards on Auditing.

The auditor's report does not report on all the information contained in this announcement. Shareholders are therefore advised that to obtain a full understanding of the nature of the auditor's engagement, they should read the unmodified International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements audit report, included in these summarised consolidated financial statements.

Any forecast financial information, including the prospects statement, has not been reviewed or reported on by the company's auditors.

# Approval by the board of directors

Signed on behalf of the board of directors:

David Hurwitz
Chief executive officer

Sean Doherty
Chief financial officer

Hyde Park 24 November 2020

Enquiries: Investor Relations Telephone: +27 (0) 11 049 6700

(6) 11 61 61

Sponsor: RAND MERCHANT BANK (a division of FirstRand Bank Limited)

# Independent auditor's report on summarised financial statements

#### TO THE SHAREHOLDERS OF TRANSACTION CAPITAL LIMITED

#### **OPINION**

The summarised consolidated financial statements of Transaction Capital Limited, which comprise the summarised consolidated statement of financial position as at 30 September 2020, the summarised consolidated income statement, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Transaction Capital Limited for the year ended 30 September 2020.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Transaction Capital Limited, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in the Basis for Preparation to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

#### **OTHER MATTER**

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

#### SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Transaction Capital Limited and the auditor's report thereon.

#### THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 November 2020. That report also included the communication of key audit matters as reported in the auditor's report of the audited consolidated financial statements.

#### DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in the Basis for Preparation to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

#### **AUDITOR'S RESPONSIBILITY**

Deloitte & Touche

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summarised Financial Statements.

Deloitte & Touche

Registered Auditor Per: Stephen Munro

24 November 2020

5 Magwa Crescent, Waterfall City, Waterfall

# Summarised consolidated statement of financial position AT 30 SEPTEMBER

	Notes	2020 Audited Rm	2019 Audited Rm
Assets Cash and cash equivalents Tax receivables Trade and other receivables Inventories Loans and advances Purchased book debts Other loans receivable Equity accounted investments	1	1 794 32 1 522 1 032 11 545 2 520 55 2 153	919 26 1 287 832 10 991 2 382 45 92
Intangible assets Property and equipment Goodwill Deferred tax assets Assets classified as held for sale	2	505 439 1 354 344 262	294 172 1 152 271
Total assets		23 557	18 463
Liabilities Bank overdrafts Other short-term borrowings Tax payables Trade and other payables Provisions Insurance contract liabilities		387 102 46 686 66 374	381 76 16 709 53 537
Benefits ceded on insurance contracts relating to inventories  Benefits ceded on insurance contracts relating to loans and advances  Benefits accruing to insurance contract holders		45 124 205	54 1 <i>7</i> 4 309
Interest-bearing liabilities		14 639	10 804
Senior debt Subordinated debt		13 894 745	10 287 517
Lease liabilities Deferred tax liabilities Liabilities directly associated with assets held for sale	2	417 455 12	2 413 -
Total liabilities		17 184	12 991
Equity Ordinary share capital Other reserves Retained earnings	3	2 015 322 3 481	1 103 1 <i>7</i> 9 3 614
Equity attributable to ordinary equity holders of the parent Non-controlling interests		5 818 555	4 896 576
Total equity Total equity and liabilities		6 373 23 557	5 472 18 463

# Summarised consolidated income statement

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2020 Audited Rm	2019 Audited Restated* Rm
Interest income Interest expense		2 555 (1 291)	2 353 (1 158)
Net interest income Impairment of loans and advances		1 264 (836)	1 195 (322)
Risk-adjusted net interest income Non-interest revenue	4	428 2 987	873 2 602
Net insurance result		440	364
Insurance revenue Insurance service expense Insurance finance income/(expense)		907 (468) 1	823 (455) (4)
Other non-interest revenue		2 547	2 238
Operating costs Non-operating profit Equity accounted income		(3 083) 5 32	(2 425) 7 4
Profit before tax Income tax expense		369 (79)	1 061 (288)
Profit for the year from continuing operations		290	773
Discontinued operations (Loss)/profit for the year from discontinued operations	2	(87)	14
Profit for the year		203	787
Profit for the year from continuing operations attributable to:			
Ordinary equity holders of the parent Non-controlling interests		245 45	713 60
(Loss)/profit for the year from discontinued operations attributable to: Ordinary equity holders of the parent Non-controlling interests		(87)	14 –
Earnings per share (cents) From continuing operations Basic earnings per share Diluted basic earnings per share	5 5	39.3 39.2	116.5 115.1
From continuing and discontinued operations  Basic earnings per share  Diluted basic earnings per share	5 5	25.3 25.3	118.8 117.4

<sup>\*</sup> Restated for the recognition of discontinued operations in the current year per IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations.

# Summarised consolidated statement of comprehensive income FOR THE YEAR ENDED 30 SEPTEMBER

	2020 Audited Rm	2019 Audited Restated* Rm
Profit for the year Other comprehensive income Movement in cash flow hedging reserve	203 (22)	<i>787</i> 1
Fair value (loss)/gain arising during the year Deferred tax	(31)	1 –
Exchange gain on translation of foreign operations	145	5
Total comprehensive income for the year	326	793
Total comprehensive income attributable to:		
Ordinary equity holders of the parent Non-controlling interests	281 45	733 60

<sup>\*</sup> Restated for the recognition of discontinued operations in the current year per IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

# Summarised consolidated statement of changes in equity FOR THE YEAR ENDED 30 SEPTEMBER

	Number of ordinary shares Audited million	Ordinary share capital Audited Rm	Reserves Audited Rm	Retained earnings Audited Rm	Equity attributable to ordinary equity holders of the parent Audited Rm	Non- controlling interests Audited Rm	Total equity Audited Rm
Balance at 30 September 2018 Total comprehensive income	610.2 -	1 056 -	52 6	2 647 727	3 755 733	59 60	3 814 <i>7</i> 93
Profit for the year Other comprehensive income	- -	_ _	- 6	727 -	727 6	60 –	787 6
Disposal of subsidiary Transactions with non-controlling interests Grant of share appreciation rights and	_ _	_ _	100	610	- 710	(3) 497	(3) 1 207
conditional share plans Settlement of share appreciation rights	-	-	45	-	45	_	45
and conditional share plans Dividends paid Issue of shares	- - 3.1	- - 58	(24)	(27) (343) –	(51) (343) 58	(37)	(51) (380) 58
Repurchase of shares	(0.6)	(11)	_	_	(11)	_	(11)
Balance at 30 September 2019 Adjustment on initial adoption of IFRS 16*	612.7	1 103 -	1 <i>7</i> 9	3 614	4 896 (51)	576 -	5 472 (51)
Restated balance at 1 October 2019 Total comprehensive income	612.7 -	1 103 -	179 123	3 563 158	4 845 281	576 45	5 421 326
Profit for the year Other comprehensive income	- -	- -	- 123	158 -	158 123	45 -	203 123
Grant of share appreciation rights and conditional share plans Settlement of share appreciation rights	-	-	61	-	61	-	61
and conditional share plans Dividends paid Issue of shares Repurchase of shares	- - 50.8 (2.0)	- - 954 (42)	(41) - - -	(31) (209) - -	(72) (209) 954 (42)	- (66) - -	(72) (275) 954 (42)
Balance at 30 September 2020	661.5	2 015	322	3 481	5 818	555	6 373

<sup>\*</sup> The group adopted IFRS 16 – Leases during the year.

# Summarised consolidated statement of cash flows

FOR THE YEAR ENDED 30 SEPTEMBER

Cash flow from operating activities         610         452           Cash generated by operations Interest received         2 039         2 153           Interest paid         (1 194)         (1 190)           Income toxes paid         (115)         (108)           Dividends paid         (275)         (380)           Cash flow from operating activities before changes in operating assets and working capital         1 065         927           Increase in operating assets         (1 188)         (2 592)           Loans and advances         (1 118)         (1 425)           Purchased book debts         (720)         (1 167)           Changes in working capital         (462)         (553)           Increase in inventories         (200)         (354)           Increase in inventories         (200)         (354)           Increase in intrade and other neceivables         (76)         (167)           Increase in inded and other povables         (76)         (167)           Peccreate in trade and other povables         (1 233)         (2 218)           Cash flow from investing activities         (1 233)         (2 218)           Cash flow from investing activities         (1 2 32)         (2 18)           Cash flow from interest bearing investing activities <th></th> <th>Notes</th> <th>2020 Audited Rm</th> <th>2019 Restated* Audited Rm</th>		Notes	2020 Audited Rm	2019 Restated* Audited Rm
and working capital Increase in operating assets         1 065 (1838)         927 (2592)           Loans and advances Purchased book debts         (1118)         (1 2592)           Purchased book debts         (720)         (1 1672)           Changes in working capital         (462)         (5532)           Increase in inventories         (200)         (3544)           Increase in intrade and other receivables         (76)         (167)           Increase in other loans receivable         (161)         (25)         (161)           Decrease in trade and other payables         (161)         (200)         (200)           Net cash utilised by operating activities         (1 235)         (2 218)           Cash flow from investing activities         (1 235)         (2 218)           Proceeds on disposal of property and equipment         (57)         (48)           Acquisition of property and equipment         (57)         (48)           Proceeds on disposal of property and equipment of intengible assets         (214)         (57)           Investment into equity accounted investment         1         (1 604)         (87)           Proceeds on disposal of property and equipment         2         (101)         (87)           Recease in utilised by investing activities         (2 01)         (180)	Cash generated by operations Interest received Interest paid Income taxes paid		2 039 (1 194) (115)	2 153 (1 190) (108)
Purchased book debts         (720)         (1 167)           Changes in working capital         (462)         (553)           Increase in inventories         (200)         (354)           Increase in trade and other receivables         (76)         (1167)           Increase in other loans receivable         (25)         (6)           Decrease in trade and other payables         (1161)         (200)           Net cash utilised by operating activities         (1235)         (2 218)           Cash flow from investing activities         (57)         (48)           Acquisition of property and equipment         (57)         (48)           Proceeds on disposal of property and equipment         4         3           Acquisition of intangible assets         (214)         (57)           Investment into equity accounted investment         1         (1 604)         (87)           Acquisition of subsidiary         7         (175)         (77)           Proceeds and disposal of subsidiary         8         30         8           Net cash utilised by investing activities         (2 016)         (188)           Cash flow from financing activities         (2 016)         (188)           Cash flow from financing activities         10 797         9 088      <	and working capital			
Increase in inventories   (200) (354   Increase in trade and other receivables   (76) (167) (1				
Increase in trade and other receivables   (76)   (167)   (16	Changes in working capital		(462)	(553)
Cash flow from investing activities         Acquisition of property and equipment       (57)       (48)         Proceeds on disposal of property and equipment       4       3         Acquisition of intangible assets       (214)       (57)         Investment into equity accounted investment       1       (1604)       (87)         Investment into equity accounted investment       1       (1604)       (87)         Acquisition of subsidiary       7       (175)       (7)         Proceeds on disposal of subsidiary       8       30       8         Net cash utilised by investing activities       (2 016)       (188)         Net cash of low from financing activities       10 797       9 088         Settlement of interest-bearing liabilities       10 797       9 088         Settlement of interest-bearing liabilities       (7 163)       (8 101)         Proceeds in other short-term borrowings       26       76         Repayment of lease liabilities       (52)       -         Additional interest acquired in subsidiary       -       (28)         Net proceeds on issue of shares by subsidiary to non-controlling interests       -       1 135         Repurchase of shares       (42)       (111)         Issue of shares       550<	Increase in trade and other receivables Increase in other loans receivable		(76) (25)	(167) (6)
Acquisition of property and equipment         (57)         (48)           Proceeds on disposal of property and equipment         4         3           Acquisition of intangible assets         (214)         (57)           Investment into equity accounted investment         1         (1604)         (87)           Acquisition of subsidiary         7         (175)         (7)           Proceeds on disposal of subsidiary         8         30         8           Net cash utilised by investing activities         (2 016)         (188)           Cash flow from financing activities         (2 016)         (188)           Proceeds from interest-bearing liabilities         (7 163)         (8 101)           Proceeds in other short-term borrowings         26         76           Repayment of lease liabilities         (52)         -           Additional interest acquired in subsidiary         -         (28)           Net proceeds on issue of shares by subsidiary to non-controlling interests         -         1 135           Repurchase of shares         (42)         (111)           Issue of shares         550         -           Net cash generated by financing activities         4 116         2 159           Net decrease in cash and cash equivalents         865	Net cash utilised by operating activities		(1 235)	(2 218)
Cash flow from financing activitiesProceeds from interest-bearing liabilities10 7979 088Settlement of interest-bearing liabilities(7 163)(8 101)Proceeds in other short-term borrowings2676Repayment of lease liabilities(52)-Additional interest acquired in subsidiary-(28)Net proceeds on issue of shares by subsidiary to non-controlling interests-1 135Repurchase of shares(42)(11)Issue of shares550-Net cash generated by financing activities4 1162 159Net decrease in cash and cash equivalents865(247)Cash and cash equivalents at the beginning of the year538784Effects of exchange rate changes on the balance of cash held in foreign currencies191	Acquisition of property and equipment Proceeds on disposal of property and equipment Acquisition of intangible assets Investment into equity accounted investment Acquisition of subsidiary	7	4 (214) (1 604) (175)	3 (57) (87) (7)
Proceeds from interest-bearing liabilities  Settlement of interest-bearing liabilities  (7 163) (8 101)  Proceeds in other short-term borrowings  Repayment of lease liabilities  (52) -  Additional interest acquired in subsidiary  Net proceeds on issue of shares by subsidiary to non-controlling interests  Repurchase of shares  (42) (11)  Issue of shares  Net cash generated by financing activities  Net decrease in cash and cash equivalents  Cash and cash equivalents at the beginning of the year  Effects of exchange rate changes on the balance of cash held in foreign currencies  10 797  9 088  (8 101)  (8 101)  (8 101)  (7 163)  (8 101)  (- (28)	Net cash utilised by investing activities		(2 016)	(188)
Net cash generated by financing activities4 1162 159Net decrease in cash and cash equivalents865(247)Cash and cash equivalents at the beginning of the year538784Effects of exchange rate changes on the balance of cash held in foreign currencies191	Proceeds from interest-bearing liabilities Settlement of interest-bearing liabilities Proceeds in other short-term borrowings Repayment of lease liabilities Additional interest acquired in subsidiary Net proceeds on issue of shares by subsidiary to non-controlling interests Repurchase of shares		(7 163) 26 (52) - - (42)	(8 101) 76 - (28) 1 135
Net decrease in cash and cash equivalents865(247)Cash and cash equivalents at the beginning of the year538784Effects of exchange rate changes on the balance of cash held in foreign currencies191				
Cash and cash equivalents at the beginning of the year  Effects of exchange rate changes on the balance of cash held in foreign currencies  538 784 19			4 116	
Cash and cash equivalents at the end of year** 1 422 538	Cash and cash equivalents at the beginning of the year		538	784
	Cash and cash equivalents at the end of year**		1 422	538

<sup>\*</sup> Restated to present interest received and interest paid separately on the face of the statement of cash flow in line with IAS 7 – Statement of Cash Flows paragraph 31.
\*\* Cash and cash equivalents are presented net of bank overdrafts and includes R15 million of cash transferred as part of assets held for sale. Refer to note 2.

## Notes to the audited summarised consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER

#### 1 EQUITY ACCOUNTED INVESTMENTS

1.1 DETAILS OF THE GROUP'S SIGNIFICANT INVESTMENTS AT SEPTEMBER 2020 ARE AS FOLLOWS:

	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest held by the group %
We Buy Cars Pty Ltd (WeBuyCars) (refer to note 1.2)*	Buying and selling of second-hand motor vehicles	South Africa	49.9%
TC Global Finance Limited (TC Global Finance)**	Distressed debt and Specialised Credit	Еигоре	50%
Lanyana Financial Group Pty Ltd (Lanyana)	Debt advisory	Australia	25%

<sup>\*</sup> The investment is accounted for as an associate as the group does not have substantive rights sufficient to give it the ability to control the investment. Refer to note 1.2.4.

1.2 On 11 September 2020, Transaction Capital Motor HoldCo (Pty) Ltd (TCMH) acquired a 49.9% non-controlling interest in the ordinary share capital of WeBuyCars for a purchase consideration of R1.86 billion. The purchase consideration was comprised of various components, summarised as follows:

	2020 Rm
Consideration paid in cash	1 122
Ordinary shares in Transaction Capital Limited (refer to note 1.2.1)	329
Vendor finance (refer to note 1.2.2)	350
Deferred consideration (refer to note 1.2.3)	37
Derivative liability (refer to note 1.2.4)	22
Total	1 860

- 1.2.1 16 467 000 ordinary shares in Transaction Capital Limited valued at R20.00 per share.
- 1.2.2 1 000 preference shares issued by TCMH to WeBuyCars. The preference shares bear interest which is payable semi-annually (on 31 May and 30 November). The preference shares have a mandatory redemption date of 12 September 2030, although TCMH may voluntarily redeem the preference shares before this time. WeBuyCars may, however, put the preference shares to Transaction Capital Limited from 11 September 2022.
- 1.2.3 This represents the present value of the deferred consideration of R40 million to be paid by TCMH to WeBuyCars on 11 September 2021. R20 million of the deferred consideration will be settled in cash, with the balance of R20 million to be settled in ordinary shares in Transaction Capital Limited.
- 1.2.4 TCMH has provided an equity underpin to WeBuyCars whereby, with respect to the 16 467 000 ordinary shares in Transaction Capital Limited (point 1.2.1 above), should the share price of Transaction Capital Limited decrease below R18.00, TCMH will be obliged to pay WeBuyCars an amount equal to the difference between the TC share price and R18.00. The equity underpin expires on the earlier of 11 September 2022 or Transaction Capital Limited procuring an offer for the 16 467 000 ordinary shares that exceeds a price of R20.00 per share.

In addition to the above, there is a put option agreement between TCMH and WBC Holdings (Pty) Ltd (WBC Holdings), in terms of which TCMH will, upon exercise of the put option by WBC Holdings (Pty) Ltd, be obliged to subscribe for, subject to the fulfilment of certain conditions including obtaining necessary regulatory approvals, 10% of the shares in WBC Holdings. The put option must be exercised within 5 business days of 11 September 2021. Upon the put option being exercised and implemented (after obtaining regulatory approvals), TCMH's shares in WeBuyCars will be exchanged for shares in WBC Holdings, resulting in TCMH owning 59.9% of the shares in WBC Holdings (equating to an effective 59.9% investment in WeBuyCars.

There is also a call option agreement between TCMH and WBC Holdings, in terms of which, TCMH will be entitled, subject to the fulfilment of certain conditions including the necessary regulatory approvals, to subscribe for a further 15% of the ordinary shares of WBC Holdings on 31 October 2023 if the put option (previous point) is exercised and implemented. If the put option (previous point) is not exercised or implemented by WBC Holdings, then TCMH will be entitled to subscribe for 25% of the shares in WBC Holdings.

<sup>\*\*</sup> The investment is accounted for as an associate as the group does not have the unilateral ability to control, direct or govern how the independent directors may vote on decisions that impact the variable returns of the investment, therefore significant influence exists as opposed to unanimous consent.

#### **EQUITY ACCOUNTED INVESTMENTS** continued 1

1.2.4 The financial year end of WeBuyCars is 31 March. A change of reporting date will be made in the 2021 financial year to align with the group reporting date of 30 September.

Dividends received from associates below represent the actual amounts attributable and hence received by the group. The other summary information that precedes the reconciliation to the group's carrying amount represents amounts included in the IFRS financial statements of the associate, not the share of these amounts. Furthermore the periods reflected are the 12 months ended 30 September.

Summarised financial information in respect of each of the group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with IFRS Standards.

	WeBuyCars
	2020 Rm
Current assets Non-current assets	611 836
Current liabilities Non-current liabilities	(367) (459)
Equity attributable to owners of the company	621
Non-controlling interest	-
Non-interest revenue	923
Profit for the year	306
Other comprehensive income attributable to the owners of the company	-
Total comprehensive income	306
Dividends received from the associate during the year	-

#### 1.3 CARRYING AMOUNT OF EQUITY ACCOUNTED INVESTMENTS

	WeBu	yCars*	TC Globo	al Finance	Lany	⁄ana	Total	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Net assets of investment Proportion of the group's ownership interest	621	-	368	44	26	16	1 015	60
in the investment (refer to note 1.3.1)	310	-	184	22	7	4	501	26
Goodwill	1 565	_	-	_	76	66	1 641	66
Shareholder loan	-	_	-	_	5	_	5	_
Other adjustments * *	-	-	-	-	6	_	6	-
Carrying amount of the group's interest								
in investment	1 875	_	184	22	94	70	2 153	92

The allocation of the purchase consideration has been determined on a preliminary basis.

Other adjustments include intangible assets and payables raised in terms of IAS 28 – Investment in Associates and Joint Ventures.

# Notes to the audited summarised consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER

#### 1 EQUITY ACCOUNTED INVESTMENTS continued

#### 1.3 CARRYING AMOUNT OF EQUITY ACCOUNTED INVESTMENTS continued

#### 1.3.1 THE CARRYING AMOUNT OF THE GROUP'S INTEREST IN THE INVESTMENT COMPRISES:

	WeBu	yCars	TC Globo	al Finance	Lany	Lanyana		Total	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	
Carrying amount at the beginning of									
the year	-	_	22	_	70	_	92	_	
Investment into equity accounted investment	1 860	_	131	21	4	66	1 995	87	
Share of profit after tax	15	_	8	1	9	3	32	4	
Dividend received	-	_	_	_	(3)	_	(3)	_	
Effect of foreign currency									
exchange difference	-	_	23	_	14	1	37	1	
Balance at the end of the year	1 875	_	184	22	94	70	2 153	92	

#### 1.3.2 CASH FLOW FROM INVESTMENT INTO EQUITY ACCOUNTED INVESTMENTS:

The cash flow movement in investment into equity accounted investments is calculated as follows:

	2020 Rm	2019 Rm
Increase in equity accounted investment	(2 061)	(92)
Share of profit after tax	32	4
Ordinary shares in Transaction Capital Limited (refer to note 1.2)	329	_
Deferred consideration (refer to note 1.2)	37	_
Derivative liability (refer to note 1.2)	22	_
Effect of foreign currency exchange difference	37	1
Net cash investment into equity accounted investments	(1 604)	(87)

#### 2 DISCONTINUED OPERATIONS

Cognisant of the higher risk in the small- and medium-sized enterprises (SME) sector, TCBS has proactively curbed gross loans and advances growth to this sector since the second half of 2018. During the financial year, the group took the decision to significantly reduce this exposure. The group is of the view that the capital currently allocated towards TCBS can be applied to achieve better risk-adjusted returns. TCBS is accounted for as a discontinued operation effective 19 March 2020, as its business and assets are available for sale as the group drives various disposal strategies.

The group also entered into a sale agreement to dispose of Principa Decisions (Pty) Ltd (Principa) with an effective date of 17 April 2020. A sale agreement to sell Company Unique Finance (Pty) Ltd (CUF) was signed on 24 March 2020, subject to standard conditions precedents that were met on 1 July 2020. The disposals were effected in order to generate cash flow for the expansion of the group's other businesses.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2020 Audited Rm	2019 Audited Rm
Risk-adjusted net interest income	12	70
Non-interest revenue	43	86
Operating costs	(141)	(137)
Loss on disposal of discontinued operations	(25)	_
(Loss)/profit before tax	(111)	19
Income tax benefit/(expense)	24	(5)
(Loss)/profit for the period from discontinued operations	(87)	14

The gain or loss on the measurement to fair value less costs to sell is immaterial as the majority of the assets are carried at amortised cost as per IFRS 9, which falls outside the scope of the IFRS 5 measurement provisions.

During the year, TCBS, Principa and CUF contributed R301 million (September 2019: paid R3 million) to the group's net operating cash flows, paid R7 million (September 2019: R15 million) in respect of investing activities and paid R2 million (September 2019 received: R10 million) in respect of financing activities. The group disposed of Principa on 17 April 2020 and CUF on 1 July 2020.

A loss of R9 million arose on the disposal of Principa and a loss R16 million arose on the disposal of CUF, being the difference between the proceeds of disposal and the carrying amount of the subsidiaries' net assets.

The major classes of assets and liabilities comprising the discontinued operations classified as held for sale are as follows:

	2020 Audited Rm
Cash and cash equivalents	15
Trade and other receivables	1
Loans and advances	218
Intangible assets	1
Property and equipment	2
Deferred tax assets	25
Total assets classified as held for sale	262
Trade and other payables	5
Provisions	1
Lease liabilities	6
Total liabilities associated with assets classified as held for sale	12
Net assets of disposal group	250

# Notes to the audited summarised consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER

		2020 Audited Rm	2019 Audited Rm
3 ORD	INARY SHARE CAPITAL		
Autho	rised		
1 000	000 000 ordinary shares		
Issued			
661 4	196 331 (2019: 612 654 644) ordinary shares		
Ordina	ary share capital	2 015	1 103
Ordin	ary share capital	2 015	1 103

	2020		2019	
	Number of shares Audited million	Share capital Audited Rm*	Number of shares Audited million	Share capital Audited Rm*
RECONCILIATION OF ORDINARY				
SHARE CAPITAL				
BALANCE AT THE BEGINNING OF THE YEAR	612.7	1 103	610.2	1 056
Shares issued in settlement of the Share Appreciations Rights				
Plan obligation and Conditional Share Plan (Note 3.1.1)	3.6	75	3.1	58
Shares issued to subsidiaries (Note 3.1.2)	16.5	329	_	_
Equity raised through accelerated bookbuild (Note 3.1.3)	30.7	550	_	_
Shares repurchased in the open market and cancelled				
(Note 3.1.4)	(2.0)	(42)	(0.6)	(11)
Balance at the end of the year	661.5	2 015	612.7	1 103

<sup>\*</sup> Net of share issue costs

- **3.1.1** In terms of specific authority received from shareholders on the adoption of the Transaction Capital Share Appreciation Rights Plan and Transaction Capital Conditional Share Plan, a total of 3 596 599 shares were issued to participants/employees as part of respective vestings at an average price of R20.51 per share.
- 3.1.2 On 11 September 2020 Transaction Capital issued 16 467 000 shares to Transaction Capital Motor Holdco Proprietary Limited at a price of R20.00 per share (before share issue costs) in respect of the WeBuyCars acquisition. The 16 467 000 shares were in turn transferred to WeBuyCars as part of the total purchase consideration of R1.86 billion. Refer to note 1 for further details.
- 3.1.3 On 19 June 2020 Transaction Capital raised equity in the form of 30 754 064 shares through the issue of new ordinary shares to qualifying investors through an accelerated bookbuild. The ordinary shares were priced at R18.20 per share (before share issue costs), a 2.2% premium to the pre-launch 30 business day volume weighted average price of R17.80 as at market close on 17 June 2020. The equity raise was completed under the company's general authority to issue shares for cash approved by Transaction Capital shareholders at the annual general meeting of the company held on 11 March 2020.
- **3.1.4** All shares repurchased and cancelled reverted to authorised unissued shares. The average purchase price of the 1 975 976 shares repurchased on the open market was R21.36 per share.

#### Preference share capital

#### **Authorised**

10 000 000 cumulative, non-participating, non-convertible preference shares of no par value

#### Issued

Nil (2019: nil) preference shares

#### NON-INTEREST REVENUE 4

Revenue earned from the group's vehicle insurance offering (Net insurance result) mainly includes insurance premiums and commission income earned from insurance contracts, all of which are accounted for in accordance with IFRS 17 – Insurance Contracts, and therefore fall outside the scope of IFRS 15 - Revenue from Contracts with Customers.

The recognition of revenue earned from collecting on purchased credit-impaired loan portfolios as principal (Revenue from purchased book debts) is in accordance with the amortised cost model under IFRS 9 - Financial Instruments, and therefore fall outside the scope of IFRS 15.

Other non-interest revenue streams are disaggregated into the following major revenue streams in accordance with IFRS 15:

	2020 Audited Rm	2019 Audited Restated* Rm
Non-interest revenue comprises:		
Net insurance result	440	364
Revenue from purchased book debts	1 111	902
Other non-interest revenue	1 436	1 336
Fee-for-service revenue	960	912
Commission income	72	75
Fee income	234	214
Revenue from sale of goods	60	74
Other insurance service related income**	7	10
Other income	103	51
Total non-interest revenue	2 987	2 602

Restated for the recognition of discontinued operations in the current year per IFRS - 5 Non-current Assets Held for Sale and Discontinued Operations.

Other insurance service related income includes roadside assist and roadcover which is excluded from the net insurance result as they are not considered insurance contracts per IFRS 17.

# Notes to the audited summarised consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER

	Units	2020 Audited	2019 Audited Restated
EARNINGS PER SHARE			
FROM CONTINUING AND DISCONTINUED OPERATIONS			
Basic earnings per share	cents	25.3	118.
Diluted basic earnings per share	cents	25.3	117.
Headline earnings per share	cents	33.1	117.
Diluted headline earnings per share	cents	33.0	116.
The calculation of earnings per share is based on the following data:			
Earnings			
Earnings for the purposes of basic and diluted basic earnings per share	Rm	158	72
Being profit for the year attributable to ordinary equity holders of the parent			
Headline earnings adjustments:	_	48	
Impairment of goodwill	Rm	2	
Impairment of property, and equipment	Rm	4	
Impairment of intangibles	Rm	1	
Impairment of right of use of assets	Rm	16	
Loss/(profit) on disposal of subsidiary	Rm	25	
Earnings for the purposes of headline and diluted headline earnings per share	Rm	206	71
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share			
Number of ordinary shares in issue at the beginning of the year	million	612.7	610
Effect of shares issued during the year	million	12.1	2.
Effect of shares repurchased during the year	million	(1.4)	(0
Weighted average number of ordinary shares for the purposes of basic and		, ,	,
Vicigitica diverage number of ordinary shares for the purposes of basic and	million	623.4	611
		020.4	
headline earnings per share	IIIIIIOII		011
headline earnings per share  Effect of dilutive potential ordinary shares:	IIIIIIOII		011
headline earnings per share  Effect of dilutive potential ordinary shares:  Shares deemed to be issued for no consideration in respect of Share		0.9	7
headline earnings per share  Effect of dilutive potential ordinary shares:  Shares deemed to be issued for no consideration in respect of Share  Appreciation Rights Plan and Conditional Share Plan	million	0.9	0
headline earnings per share  Effect of dilutive potential ordinary shares:  Shares deemed to be issued for no consideration in respect of Share		0.9	0
headline earnings per share  Effect of dilutive potential ordinary shares:  Shares deemed to be issued for no consideration in respect of Share  Appreciation Rights Plan and Conditional Share Plan  Portion of WeBuyCars deferred consideration to be settled	million		0

		Units	2020 Audited	2019 Audited Restated*
5	EARNINGS PER SHARE continued			
5.2	FROM CONTINUING OPERATIONS		20.0	11/5
	Basic earnings per share	cents	39.3	116.5
	Diluted basic earnings per share	cents	39.2 42.0	115.1 115.2
	Headline earnings per share	cents		
	Diluted headline earnings per share	cents	41.9	113.8
	The calculation earnings per share is based on the following data:			
	Earnings			
	Profit for the year attributable to ordinary equity holders of the parent Adjustments to exclude the loss/(profit) for the period from discontinued	Rm	158	727
	operations	Rm	87	(14)
	Earnings from continuing operations for the purposes of basic and diluted basic earnings per share excluding discontinued operations Headline earnings adjustments:	Rm	245	713
	Impairment of goodwill	Rm	2	_
	Impairment of property, and equipment	Rm	4	_
	Impairment of right of use of assets	Rm	11	_
	Loss/(profit) on disposal of subsidiary	Rm	-	(8)
				. ,
	Earnings from continuing operations for the purposes of headline and diluted	_		
	headline earnings per share excluding discontinued operations	Rm	262	705

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

<sup>\*</sup> Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

66

# Notes to the audited summarised consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER

#### 6 FAIR VALUE DISCLOSURE

The fair values of financial assets and financial liabilities are disclosed below:

2020

	Carrying value Audited Rm	Total fair value Audited Rm	Level 1 Audited Rm	Level 2 Audited Rm	Level 3 Audited Rm	
Assets Loans and advances* Purchased book debts Other loans receivable Trade and other receivables** Cash and cash equivalents	11 445 2 520 55 1 137 1 794	11 436 2 520 55 1 137 1 794	- - - - 1 794	- - - -	11 436 2 520 55 1 137	
Total	16 951	16 942	1 794	-	15 148	
Liabilities Interest-bearing liabilities***  Fixed rate liabilities  Floating rate liabilities	14 639 441 14 198	14 858 351 14 507	- - -	350 - 350	14 508 351 14 157	
Trade and other payables**** Other short-term borrowings Bank overdrafts	553 102 387	556 102 387	- - 387	56 - -	500 102 -	
Total	15 681	15 903	387	406	15 110	
Net exposure	1 270	1 039	1 407	(406)	38	

<sup>\*</sup> IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand and ceded insurance contract liabilities. Comparative information has been restated accordingly.

\*\*\* Lease liabilities are excluded from the scope of IFRS 13 - Fair value measurement.

#### **VALUATION METHODS AND ASSUMPTIONS**

Loans and advances for premium vehicles entered into at variable interest rates approximate fair value as the estimated future cash flows are already considered in the expected loss model. The fair value of loans and advances for premium vehicles at fixed interest rates, which is a small component of the loan book, is determined by adjusting the discount rate from the effective interest rate of the contract to a current effective lending rate.

Purchased book debt is held at amortised cost. The balance at year end is calculated based on the expected future cash flows which are adjusted for risk as it takes historical cash flows into account to predict forecasted cash flows. The fair value of purchased book debt is determined by adjusting the discount rate from the credit-adjusted effective interest rate to a current market related discount rate and adjusting the expected cash flows for risk, therefore the carrying value approximates the fair value.

The fair value of interest-bearing liabilities is calculated based on future cash flows, discounted using a forward rate curve plus a valuation margin. The valuation margin is a consensus margin at which deals with similar remaining cash profiles could be secured in the market at the valuation date.

The carrying value of trade and other receivables, cash and cash equivalents, trade and other payables and bank overdrafts approximates fair value as they are short-term in nature and not subject to material changes in credit risk and fair value.

<sup>\*\*</sup> Dealer incentive commission, prepayments and VAT receivables are not financial assets and therefore have been excluded from trade and other receivables.

<sup>\*\*\*\*</sup> Revenue received in advance, deferred lease liabilities (prior year), VAT payables and bonus accruals are not financial liabilities and therefore have been excluded from trade and other payables.

## 2019

Carrying value Audited	Fair value Audited	Level 1 Audited	Level 2 Audited	Level 3 Audited
Rm	Rudifed Rm	Rm	Rm	Rm
10 926	10 917	-	_	10 91 <i>7</i>
2 382	2 382	-	_	2 382
45	45	-	_	45
1 030	1 030	-	_	1 030
919	919	919	_	-
15 302	15 293	919	_	14 374
10 804	11 195	-	_	11 195
266	279	_	_	279
10 538	10 916	-	_	10 916
473	473	-	-	473
76	76	-	_	<i>7</i> 6
381	381	381	_	-
11 734	12 125	381	_	11 744
3 568	3 168	538	_	2 630
·				

# Notes to the audited summarised consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER

#### 6 FAIR VALUE DISCLOSURE continued

#### 6.1 LEVEL DISCLOSURE

		202	0	
	Level 1 Audited Rm	Level 2 Audited Rm	Level 3 Audited Rm	Total Audited Rm
Financial assets at fair value through profit and loss Loans and advances: entry-level vehicles Other financial assets Derivatives ** Financial assets at fair value through other comprehensive income	-	- - 24	17 170 -	17 170 24
Derivatives	-	348	-	348
Total financial assets	-	372	187	559
Financial liabilities at fair value through profit and loss Derivatives*** Interest bearing liabilities (vendor finance)* Deferred consideration*	- - -	16 350 40	-	16 350 40
Financial liabilities at fair value through other comprehensive income Derivatives**	-	19	-	19
Total financial liabilities	-	425	-	425

	2019			
	Level 1 Audited Rm	Level 2 Audited Rm	Level 3 Audited Rm	Total Audited Rm
Financial assets at fair value through profit and loss				
Loans and advances: entry-level vehicles	_	_	19	19
Other financial assets	_	_	99	99
Derivatives	-	4	_	4
Financial assets at fair value through other				
comprehensive income				
Derivatives	_	190	_	190
Total financial assets	_	194	118	312
Financial liabilities at fair value through profit and loss				
Derivatives	_	1	_	1
Total financial liabilities	_	1	_	1

<sup>\*</sup> The deferred consideration and vendor finance relate to the investment into WeBuyCars. Refer to note 1 for further detail.

#### **VALUATION METHODS AND ASSUMPTIONS**

Loans and advances for entry-level vehicles: The fair value was calculated using an income approach (estimating and discounting future cashflow) as well as the average collateral value. These represent the significant unobservable parameters applied in the fair value model. The expected cash flows were estimated using a lifetime expected loss model which is consistent with the IFRS 9 provision methodology. The expected cashflows were then discounted at the market related discount rate of 25% to yield a fair value of the total loans and advances for entry level-vehicles. The outbreak of COVID-19 has had no impact on the average collateral values applied.

Other Financial Assets: The valuation of Other Financial Assets is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These represent the significant unobservable parameters applied in the fair value model. The group estimates the expected cash flows by considering all the contractual terms of the financial instrument. The discount rate applied to the expected future cash flows reflects specific risk premiums relating to the asset. This includes government risk, single project customer, no previous experience with client and small stock premium for valuations less than R250 million. The discount rate applied to the additional purchase price is based on the current South African prime interest rate.

<sup>\*\*</sup> Derivatives: The group enters into derivative financial instruments with different counterparties. Interest rate swaps and cross-currency swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

<sup>\*\*\*</sup> The group provided an equity underpin to WeBuyCars which has been valued using the Black-Scholes method. Refer to note 1.

#### FAIR VALUE DISCLOSURE continued 6

#### LEVEL DISCLOSURE continued 6.1

#### RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

		2020		
	Fair value through profit or loss Audited Rm	Fair value through other comprehensive income Audited Rm	Total Audited Rm	
Opening balance Total gains or losses In profit or loss Other movements*	118 (18) 87	- -	118 (18) 87	
Closing balance of fair value measurement	187	-	187	
		2019		
	Fair value through profit or loss Audited Rm	Fair value through other comprehensive income Audited Rm	Total Audited Rm	
Opening balance Total gains or losses	72	_	72	
10.0. 90 0. 100000			(20)	
In profit or loss Other movements*	(39) 85		(39) 85	

Other movements include charges on accounts less collections received and write-offs on loans for entry-level vehicles, as well as movements in other

#### SENSITIVITY ANALYSIS OF VALUATIONS USING UNOBSERVABLE INPUTS

As part of the group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The financial instruments that are most impacted by this sensitivity analysis are those with the more illiquid and/or structured portfolios. The stresses are applied independently and do not take account of any cross correlation between separate asset classes that would reduce the overall effect on the valuations. A significant parameter has been deemed to be one which may result in a change in the fair value of the asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis, which includes a reasonable range of possible outcomes.

#### MOVEMENT IN FAIR VALUE GIVEN THE 10% CHANGE IN SIGNIFICANT ASSUMPTIONS

	2020		2	019
Loans and advances: entry-level vehicles	10% Favourable Audited Rm	10% Unfavourable Audited Rm	10% Favourable Audited Rm	10% Unfavourable Audited Rm
Significant unobservable input and description				
of assumption Average collateral value	1	(1)	1	(1)
Discount rate: the rate used to discount projected future cash flows to present value	<1	<(1)	1	(1)
Total	1	(1)	2	(2)

# Notes to the audited summarised consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER

#### 6 FAIR VALUE DISCLOSURE continued

#### 6.1 LEVEL DISCLOSURE continued

MOVEMENT IN FAIR VALUE GIVEN THE 10% CHANGE IN SIGNIFICANT ASSUMPTIONS continued

	2020		<b>2020</b> 2019		019
Other financial assets	10% Favourable Unaudited Rm	10% Unfavourable Unaudited Rm	10% Favourable Unaudited Rm	10% Unfavourable Unaudited Rm	
Significant unobservable input and description of assumption		(2)	,		
Cash flows: change in the expected revenue  Cash flows: change in expected costs  Discount rate: the rate used to discount projected future	9	(9)	4 <1	(4) (<1)	
cash flows to present value	4	(4)	2	(2)	
Total	14	(14)	6	(6)	

Amounts less than R500 000 are reflected as "<1".

#### 7 BUSINESS COMBINATIONS

#### SUBSIDIARY ACQUIRED

Subsidiary	Acquirer	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration transferred Rm
Net 1 Fihrst Holdings (Pty) Ltd (Fihrst)	Transaction Capital Payment Solutions (Pty) Ltd (TCPS)	Third Party Payment Provider (TPPP)	01/12/2019	100	175

TCPS acquired 100% of the voting equity in Fihrst during the current year. Fihrst is a South African payments solutions company specialising in third party payments. Fihrst has the potential to unlock value through synergies with TCPS to be realised from cost efficiencies and revenue uplift from interest income, gaining access to a client base of approximately 480 clients which are new to the group. Fihrst is a well recognised brand and can be leveraged to win additional clients as well as penetrate the existing client base with TCPS product offerings.

#### CONSIDERATION FOR IFRS 3 PURPOSES

	Rm
Cash	187
Total consideration	187

## 7 BUSINESS COMBINATIONS continued

## ASSETS ACQUIRED AND LIABILITIES RECOGNISED AT THE DATE OF ACQUISITION

	Rm
Current assets	
Cash and cash equivalents	12
Trade and other receivables	5
Prepayments	1
Non-current assets	
Property, plant and equipment	<1
Intangible assets	<1
Deferred taxation	<1
Current liabilities	
Trade and other payables	(4)
Provisions	(2)
Net assets acquired and liabilities recognised	13

The initial accounting for the acquisition of Fihrst has been provisionally determined at the end of the financial year. For tax purposes, the tax values of certain Fihrst assets are required to be reset based on market values of the assets at the date of the acquisition. At the date of finalisation of these consolidated year-end results, the necessary market valuations and other calculations from a tax perspective had not been finalised and have therefore only been provisionally determined based on the directors' best estimate of the likely tax values.

The receivables acquired in this transaction have a fair value of R5 million. The receivables acquired compromise principally of trade receivables with a gross contractual amount of R5 million with no contractual cash flows not expected to be collected.

## GOODWILL ARISING ON ACQUISITION

	Rm
Consideration for IFRS 3 purposes	187
Less: intangible assets identified from business combinations	(78)
Plus: deferred tax on intangible assets identified from business combinations	20
Plus: contingent liabilities raised in terms of IFRS 3 (included as part of trade and other payables)	23
Plus: other payables raised in terms of IFRS 3	6
Less: fair value of identifiable assets recognised	(13)
Goodwill arising on acquisition	145

The consideration transferred for the business combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development and the assembled workforce of Fihrst. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

## NET CASH OUTFLOW ON ACQUISITION OF SUBSIDIARY

Net cash outflow	175
Less: cash and cash equivalents balance acquired	(12)
Consideration paid in cash	187
	Rm

### IMPACT OF ACQUISITION ON THE RESULTS OF THE GROUP

Included in profit attributable to ordinary shareholders of the group for the year ended 30 September 2020 is R10 million attributable to Fihrst. Revenue for the period includes R45 million in respect of Fihrst.

Had the business combination been effected at 1 October 2019, revenue for the group would have been R5 551 million, and the profit for the year from continuing operations attributable to ordinary equity holders of the group would have been R247 million. The directors consider these pro forma numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Amounts less than R500 000 are reflected as "<1".

FOR THE YEAR ENDED 30 SEPTEMBER

#### 8 DISPOSAL OF SUBSIDIARIES

The group disposed of Principa Decisions (Pty) Ltd (Principa) on 17 April 2020. Principa was sold to a related party (Apex Partners). Company Unique Finance (Pty) Ltd (CUF) was disposed of on 1 July 2020 and TC Property Mezz Partners on 30 September 2020. The group disposed of The Beancounter on 1 November 2018 in the previous financial year.

The net assets of these subsidiaries at the date of disposal were as follows: \*\*\*

			2019	
	Principa Audited Rm	CUF Audited Rm	Total Rm	The Beancounter Audited Rm
Net assets derecognised:				
Cash and cash equivalents Trade and other receivables Goodwill	(3) (28) (5)	- (3) -	(3) (31) (5)	(2) (1) -
Loans and advances	-	(10)	(10)	_
Purchased book debts Intangible assets	(33)	(16)	(16) (33)	(1)
Deferred tax assets	(33)	(1)	(1)	(1)
Property and equipment	(5)	-	(5)	(1)
Interest-bearing liabilities	2	_	2	_
Trade and other payables	23	-	23	_
Provisions	2	-	2	_
Deferred tax liabilities	2		2	_
Total	(45)	(30)	(75)	(5)
(Loss)/profit on disposal of subsidiary* Consideration received Net assets disposed of Non-controlling interest	36 (45) -	14 (30) –	50 (75) –	10 (5) 3
Total	(9)	(16)	(25)	8
Total consideration was satisfied by: Cash and cash equivalents Deferred consideration * *	19 17	14 -	33 17	10 –
Net cash inflow arising on disposal  Consideration received in cash and cash equivalents Less: cash and cash equivalents disposed of	19 (3)	14 -	33 (3)	10 (2)
Total	16	14	30	8

<sup>\*</sup> The (loss)/profit on the disposal is included in "(loss)/ profit from discontinued operations" in the consolidated income statement. Also refer to note 2.

\*\* The deferred consideration will be settled in cash by the purchaser on or before 31 October 2021.

\*\*\* Amounts relating to the disposal of TC Property Mezz Partners are all less than R500 000 and are therefore not separately disclosed.

## 9 SEGMENT REPORT

The group is organised on the basis of products and services and the segments have been identified on this basis as reported to the chief executive officer (considered the chief operating decision maker). The principal business units in the group are as follows:

#### SA TAXI

- A vertically integrated taxi platform incorporating a unique blend of vehicle procurement, retail, repossession and refurbishment capabilities with asset-backed developmental finance and insurance competencies for focused vehicle types.
- Revenue is mainly derived from interest earned on financing of vehicles and non-interest revenue streams, including revenue from the sale of vehicles, telematics services and insurance products.

## TRANSACTION CAPITAL RISK SERVICES

- ▶ Transaction Capital Risk Services acts both as an agent on an outsourced contingency or fee-for-service (FFS) basis, and as a principal in acquiring and then collecting on credit-impaired loan portfolios.
- Revenue from credit-impaired loans comprises payments received from debtors including amounts in respect of interest and cost recoveries
- ▷ To support the broader working capital life cycle of Small and Medium-Sized Enterprises (SMEs), Transaction Capital Risk Services (TCRS) also provides payment solutions, payroll-related services and financing solutions.
- ▷ Value-added services generate a stable source of subscription income, whilst providing access to greater market depth.

Transaction Capital Business Solutions (TCBS), Principa Decisions (Principa) and Company Unique Finance (CUF) were classified as discontinued operations during the current year. Refer to note 2 for further detail on discontinued operations.

#### **WEBUYCARS**

- ▷ Transaction Capital Motor HoldCo (Pty) Ltd holds a 49.9% non-controlling interest in WeBuyCars.
- ▷ Buyer, distributor and retailer of vehicles, which also offers financial and other allied products.
- Revenue comprises mainly of risk adjusted gross margin on vehicle sales (vehicle margin), with additional gross margin earned on add-on products (product margin). The latter includes agency fees earned from finance, insurance related and allied products (F&I products) sold on behalf of major banks providing asset-backed and unsecured vehicle finance, leading insurance providers as well as vehicle tracking businesses.

## **GROUP EXECUTIVE OFFICE**

- ▷ The group executive office provides an efficient capital management and treasury function for entities within the group, in addition to administrative and management services.
- Revenue comprises mainly of interest income and management fees from subsidiaries, the major of which is eliminated on group consolidation.

The composition of reportable segments changed during the current financial year. TC Global Finance and TC Property Mezz Partners, previously reported as part of Transaction Capital Risk Services, are now reported as part of the Group Executive Office (GEO) segment. Comparative data has been restated accordingly. TC Property Mezz Partners was disposed of on 30 September 2020. Refer to note 8 for further detail.

Specialised credit, and the related allocation of capital, is considered to be a key long-term strategic initiative of the group. As TC Global Finance continue to gain traction in the market, the decision has therefore been taken to further nurture this business within GEO, where capital deployment remains a vital initiative.

FOR THE YEAR ENDED 30 SEPTEMBER

#### 9 **SEGMENT REPORT** continued

	SA Taxi		Transaction Cap	ital Risk Services	
	2020 Audited Rm	2019 Audited Rm	2020 Audited Rm	2019 Audited Restated* Rm	
Summarised income statement					
for the year ended 30 September Net interest income/(expense)	1 358	1 217	(158)	(97)	
Impairment of loans and advances Non-interest revenue	(836) 609	(322) 584	2 385	2 018	
Operating costs****	(850)	(896)	(2 180)	(1 512)	
Non-operating profit Equity accounted income	-		9	3	
Profit before tax	281	583	56	419	
Profit for the year from continuing operations	219	419	40	312	
Discontinued operations (Loss)/profit for the period from discontinued operations	-	-	(87)	14	
Profit/(loss) for the year	219	419	(47)	326	

Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and

	2020 Rm
Share of operating profit after tax (1.1 September 2020 to 30 September 2020)	10
Share of mark-to-market of 16 467 000 Transaction Capital ordinary shares*****	5
Mark-to-market of derivative liability * * * * * *	5
Interest expense on preference share liability (vendor finance) and deferred consideration******	(1)
Profit before tax	19

<sup>\*\*\*\*\*</sup> Refer to note 1.

Restated for the recognition of discontinued operations in the current year per IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations and a change in the composition of reportable segments per IFRS 8 – Segment Reporting.

\*\*\* Restated for the recognition of discontinued operations in the current year per IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

\*\*\* Group executive office numbers are presented net of group consolidation entries.

Impairment on goodwill of R3 million was recognised as part of operating costs in the SA Taxi income statement.

\*\*\*\*\* Profit before tax from WeBuyCars comprises:

WeBuyCars****		Group execut	Group executive office***		eliminations	Group		
2020 Audited Rm	2019 Audited Rm	2020 Audited Rm	2019 Audited Restated* Rm	2020 Audited Rm	2019 Audited Rm	2020 Audited Rm	2019 Audited Restated** Rm	
(1)	_	65	75	-	_	1 264	1 195	
-	_	-	-	-	_	(836)	(322)	
-	_	4	_	(11)	_	2 987	2 602	
-	_	(64)	(17)	11	_	(3 083)	(2 425)	
5	_	-	-	-	_	5	7	
15	_	8	1	-	_	32	4	
19	_	13	59	-	_	369	1 061	
19	_	12	42	-	_	290	773	
-	_	-	_	_	_	(87)	14	
19	_	12	42	-	_	203	787	

FOR THE YEAR ENDED 30 SEPTEMBER

#### 9 **SEGMENT REPORT** continued

	SA	Taxi	Transaction Capital Risk Services		
	2020 Audited Rm	2019 Audited Rm	2020 Audited Rm	2019 Audited Restated* Rm	
Summarised statement of financial position at 30 September Assets					
Cash and cash equivalents Trade and other receivables Inventories Loans and advances Purchased book debts Equity accounted investments	1 425 1 185 1 030 11 545	693 965 831 10 412 -	332 335 2 - 2 520 94	194 317 1 579 2 382 70	
Other assets	1 112	885	1 833	1 036	
Total assets	16 297	13 786	5 116	4 579	
Liabilities Bank overdrafts Trade and other payables Insurance contract liabilities Interest-bearing liabilities	186 304 374 12 334	99 275 537 9 929	201 266 - 2 208	282 396 - 1 <i>7</i> 99	
Senior debt Subordinated debt Group loans	11 435 745 154	9 249 51 <i>7</i> 163	1 893 - 315	1 038 - <i>7</i> 61	
Lease liabilities Other liabilities	162 210	- 192	255 470	2 361	
Total liabilities	13 570	11 032	3 400	2 840	
Total equity	2 727	2 754	1 716	1 <i>7</i> 39	

Restated for a change in the composition of reportable segments per IFRS 8 – Segment Reporting. Group executive office numbers are presented net of group consolidation entries.

## GEOGRAPHICAL INFORMATION

The group operated in three principal geographical areas, South Africa, Australia and Europe. The group's total revenue by location and non-current assets by location are detailed below:

	Total re	evenue	Non-current assets		
	2020 Audited Rm	2019 Audited Restated* Rm	2020 Audited Rm	2019 Audited Rm	
South Africa Australia Europe	4 744 798 -	4 384 571 -	18 062 931 184	14 648 730 21	
Total	5 542	4 955	19 177	15 399	

Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

WeBuyCars		Group execu	Group executive office**		eliminations	Group		
2020 Audited Rm	2019 Audited Rm	2020 Audited Rm	2019 Audited Restated* Rm	2020 Audited Rm	2019 Audited Rm	2020 Audited Rm	2019 Audited Restated* Rm	
-	_	37	32	_		1 794	919	
-	_	17	19	(15)	(14)	1 522	1 287	
-	_	-	_	-	-	1 032	832	
-	_	-	_	-	-	11 545	10 991	
-	_	-	_	-	-	2 520	2 382	
1 875	_	184	22		-	2 153	92	
	_	3 751	2 727	(3 705)	(2 688)	2 991	1 960	
1 875	_	3 989	2 800	(3 720)	(2 702)	23 557	18 463	
_	_	_	_	_	_	387	381	
54	_	75	49	(13)	(11)	686	709	
_	_	_	_	, -,		374	537	
350	_	216	_	(469)	(924)	14 639	10 804	
350	_	216	_	_	_	13 894	10 287	
_	_	_	_	_	_	745	517	
-	_	-	_	(469)	(924)	-	-	
_	_	_	_	_	_	417	2	
-	_	2	4	(1)	1	681	558	
404	_	293	53	(483)	(934)	17 184	12 991	
1 471	_	3 696	2 747	(3 237)	(1 768)	6 373	5 472	

FOR THE YEAR ENDED 30 SEPTEMBER

## 10 GOING CONCERN

The annual financial statements were prepared on a going concern basis. Based on their assessment, the directors have no reason to believe that the company will not continue as a going concern in the foreseeable future. This assessment included an assessment of the relevance of its business models; the nature of the primary assets and the cash-flows generated from these assets as well as the company's balance sheet and the increased flexibility provided by additional liquidity measures implemented in response to COVID-19.

### **BUSINESS MODEL RELEVANCE**

Most South Africans rely on public transport, with the minibus taxi industry being the largest and most vital service in the integrated public transport network. More commuters choose minibus taxis over bus or rail services due to competitive pricing, convenience and accessibility, with the industry providing more than 15 million trips a day. Over the past few months, COVID-19 has highlighted the indispensable nature of the minibus taxi industry as the dominant form of public transport. Spending on minibus taxi transport is non-discretionary for most South Africans, making this a defensive industry with minibus taxi operators remaining resilient in challenging economic conditions.

TCRS supports the effective functioning of consumer credit markets, the rehabilitation of indebted consumers and the freeing up of operational capacity and capital within its client-base to enable the ongoing advancement of consumer-credit. The TCRS business model, which operationalises this social contract, is highly relevant in the post-COVID-19 environment. With disposable income coming under pressure and escalated consumer debt levels becoming more prevalent, more consumers in South Africa and Australia will experience acute hardship. TCRS's clients will consequentially experience larger NPL flows combined with operational challenges arising from COVID-related restrictions and practicalities. TCRS's extensive collections infrastructure, including its comprehensive remote-working capability and scalable data and analytics platforms, positions it well to secure and grow agency collections and to acquire NPL Portfolios as the economic impact of COVID-19 unfolds and matures into the NPL space.

## NATURE OF PRIMARY ASSETS

The absolute value of the primary balance sheet asset, gross loans and advances and the amount of cash to be collected will be preserved even if there is a need to collect on these assets over an extended period. This is evidenced by (i) the useful life of a minibus taxi which is in excess of nine years (108 months) versus an average loan term at origination of six years (72 months), and (ii) the fact that the company has an operational ability to further extend this life through its refurbishment capabilities.

Similarly, the absolute amount of cash emanating from our purchased book debts (PBDs) will not diminish but rather be collected over an extended period as short term collections are anticipated to reduce.

#### **BALANCE SHEET AND LIQUIDITY**

Along with the additional measures implemented to preserve liquidity in response to COVID-19, the group has sufficient liquidity and financial flexibility to support underlying business operations as at 30 September 2020.

### 11 SUBSEQUENT EVENTS

- 11.1 We are pleased to announce Royal Bafokeng Holdings' (RBH) acquisition of 1.8% (representing 12 million ordinary shares) in Transaction Capital via a secondary purchase of shares in the market. This transaction became effective on 20 November 2020.
- 11.2 No other events which would have a material impact on either the financial position or operating results of the company have taken place between 30 September 2020 and the date of release of this report. The group is continuing to monitor the impact of COVID-19 on demand for its services, and has not been significantly impacted after year-end by the evolving situation surrounding COVID-19. Refer to note 10 for the business model relevance.





## Transaction Capital group data sheet

Core financial numbers and ratios presented in this data sheet exclude once-off transaction costs (2020: R14 million; 2019: R84 million; 2018: Rnil). Transaction costs for the year ended 30 September 2020 consist of R5 million relating to the acquisition of Net1 Fihrst Holdings (Fihrst) and R9 million relating to the acquisition of a non-controlling 49.9% interest in We Buy Cars (Pty) Ltd (WeBuyCars) on 11th September 2020. Transaction costs for the prior year consist of once-off costs of R84 million attributable to the group relating to SA Taxi's ownership transaction with the South African National Taxi Council (SANTACO), which arose in the first half of the 2019 financial year. R81 million of these costs were non-cash and in accordance with IFRS 2 – Share-based Payment, and a further R3 million related to early debt settlement costs.

Financial results incorporate the consolidated results of acquisitions and disposals from the effective transaction dates, as follows: 2020: The acquisition of Fihrst (effective 1 December 2019).

The investment in 49.9% of WeBuyCars shares (effective 11 September 2020).

2019: The disposal of a 25% shareholding in SA Taxi to SANTACO (effective 6 February 2019). Prior to the transaction, Transaction Capital consolidated 98.5% of SA Taxi's total headline earnings. For the period 6 February 2019 to 31 March 2019, and thereafter, Transaction Capital consolidated 81.4% of SA Taxi's total headline earnings.

2018: The acquisition of Black Elite (effective 1 December 2017).

Comparative data presented in this data sheet has been restated for the following:

- 1) The classification of Transaction Capital Business Solutions, Principa Decisions and Company Unique Finance as discontinued operations for the year ended 30 September 2020 (September 2018 and September 2019 numbers restated in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations).
- 2) A change in the composition of reportable segments for the year ended 30 September 2020. TC Global Finance, previously reported as part of Transaction Capital Risk Services, will now be reported as part of the Group Executive Office segment (September 2019 numbers restated in accordance with IFRS 8 Operating Segments).
- 3) The numbers presented in the Group Executive Office segment exclude group consolidation entries. These entries are, however, included in the Transaction Capital Group consolidated results below.

		Year ended 30 September			Movement	
		2020	2019 Restated	2018 Restated	2020	2019
Transaction Capital Group						
Condensed consolidated income statement						
Interest income	Rm	2 555	2 353	2 00 1	<b>9</b> %	18%
Interest expense	Rm	(1 291)	(1 158)	(997)	11%	16%
Net interest income	Rm	1 264	1 195	1 004	6%	19%
Impairment of loans and advances	Rm	(836)	(322)	(306)	>100%	5%
Risk-adjusted net interest income	Rm	428	873	698	(51%)	25%
Non-interest revenue	Rm	2 987	2 602	2 243	15%	16%
Net insurance result	Rm	440	364	301	21%	21%
Insurance revenue	Rm	907	823	685	10%	20%
Insurance service expense	Rm	(468)	(455)	(385)	3%	18%
Insurance finance income/(expense)	Rm	1	(4)	1	>100%	<(100%)
Other non-interest revenue	Rm	2 547	2 238	1 942	14%	15%

		Year e	nded 30 Se <sub>l</sub>	Movement		
		2020	2019 Restated	2018 Restated	2020	2019
Transaction Capital Group continued						
Condensed consolidated income statement continued						
Core operating costs	Rm	(3 069)	(2 321)	(2 051)	32%	13%
Advertising, marketing and public relations	Rm	(12)	(19)	(21)	(37%)	(10%)
Amortisation of intangible assets	Rm	(53)	(43)	(38)	23%	13%
Adjustments to carrying value of purchased book debts	Rm	(588)	(159)	(11 <i>7</i> )	>100%	36%
Audit fees	Rm	(20)	(18)	(16)	11%	13%
Bank charges	Rm	(23)	(23)	(24)	0%	(4%)
Commissions paid	Rm	(35)	(38)	(27)	(8%)	41%
Communication costs	Rm	(77)	(74)	(84)	4%	(12%)
Consulting fees	Rm	(30)	(26)	(22)	15%	18%
Depreciation	Rm	(109)	(39)	(35)	>100%	11%
Electricity and water	Rm	(29)	(24)	(21)	21%	14%
Employee expenses	Rm	(1 428)	(1 249)	(1 154)	14%	8%
Fees paid	Rm	(44)	(36)	(34)	22%	6%
Handing, logistics and storage	Rm	(121)	(100)	(72)	21%	39%
Impairment of goodwill	Rm	(3)	-	_	100%	n/a
Impairment of property, plant and equipment	Rm	(5)	-	_	100%	n/a
Impairment of right-of-use asset	Rm	(16)	_	_	100%	n/a
Information technology	Rm	(62)	(51)	(46)	22%	11%
Non-executive directors' emoluments	Rm	(7)	(7)	(6)	0%	17%
Operating lease rentals and storage costs	Rm	(8)	(101)	(82)	(92%)	23%
Professional fees	Rm	(2)	-	(18)	100%	(100%)
Risk management	Rm	(27)	(23)	(20)	17%	15%
Staff welfare Travel	Rm Rm	(26)	(28)	(26)	(7%)	8% 6%
	Rm	(10)	(18)	(1 <i>7</i> ) (10)	(44%) (45%)	10%
Training and seminars Other	Rm	(6) (328)	(234)	(161)	40%	45%
	L					
Core operating income	Rm	346	1 154	890	(70%)	30%
Non-operating profit/(loss)	Rm	5	7	(3)	(29%)	<(100%)
Equity accounted income	Rm	32	4	_	>100%	100%
Core profit before tax	Rm	383	1 165	887	(67%)	31%
Core income tax expense	Rm	(79)	(289)	(210)	(73%)	38%
Core profit for the year from continuing operations	Rm	304	876	677	(65%)	29%
Discontinued operations						
(Loss)/profit for the year from discontinued operations	Rm	(87)	14	21	<(100%)	(33%)
Core profit for the year	Rm	217	890	698	(76%)	28%
Core profit for the year from continuing operations attributable to:	D.,	204	0.74	477	// E0/\	200/
	Rm	304	876	677	(65%)	29%
Ordinary equity holders of the parent	Rm	259	797	661	(68%)	21%
Non-controlling interests	Rm	45	79	16	(43%)	>100%
Core (loss)/profit for the year from discontinued						
operations attributable to:	Rm	(87)	14	21	<(100%)	(33%)
Ordinary equity holders of the parent	Rm	(87)	14	21	<(100%)	(33%)
Non-controlling interests	Rm	(07)	-	_	n/a	n/a
1 ton controlling interests	IXIII				11/ U	11/ U

		Year er	Year ended 30 September			ment
		2020	2019 Restated	2018 Restated	2020	2019
Transaction Capital Group continued Condensed consolidated income statement continued Core headline earnings from continuing operations for the year Core profit from continuing operations for the year attributable to ordinary equity holders of the parent	Rm	259	797	661	(68%)	21%
Adjusted for:						
Impairment of goodwill Impairment of property, plant and equipment Impairment of right-of-use asset Profit on disposal of subsidiary	Rm Rm Rm Rm	2 4 11 -	- - - (8)	- - -	100% 100% 100% (100%)	n/a n/a n/a 100%
Core headline earnings from continuing operations for the year attributable to ordinary equity holders of the parent	Rm	276	<i>7</i> 89	661	(65%)	19%
Core headline earnings from discontinued operations for the year  Core (loss)/profit from discontinued operations for the year attributable to ordinary equity holders of the parent Adjusted for:	Rm	(87)	14	21	<(100%)	(33%)
Impairment of intangibles Impairment of right-of-use asset Loss on disposal of subsidiary	Rm Rm Rm	1 5 25	- - -	- - -	100% 100% 100%	n/a n/a n/a
Core headline earnings from discontinued operations for the year attributable to ordinary equity holders of the parent	Rm	(56)	14	21	<(100%)	(33%)
Core headline earnings for the year Core profit for the year attributable to ordinary equity holders of the parent Adjusted for:	Rm Rm	172	811	682	(79%)	19%
Impairment of goodwill Impairment of property, plant and equipment Impairment of intangibles Impairment of right-of-use asset Loss/(profit) on disposal of subsidiary	Rm Rm Rm Rm Rm	2 4 1 16 25	- - - - (8)	- - - -	100% 100% 100% 100% >100%	n/a n/a n/a n/a 100%
Core headline earnings for the year attributable to ordinary equity holders of the parent	Rm	220	803	682	(73%)	18%
Core pre-provision profit	Rm	1 807	1 646	1 499	10%	10%
Once-off transaction costs	Rm	14	84	_	(83%)	100%

		Year e	nded 30 Se	ptember	Movement	
		2020	2019 Restated	2018 Restated	2020	2019
Transaction Capital Group continued						
Condensed consolidated statement of financial position Assets						
	D	1 794	919	900	95%	2%
Cash and cash equivalents	Rm					
Trade and other receivables Inventories*	Rm	1 522	1 287	1 126	18%	14%
Loans and advances*	Rm Rm	987 11 421	778 10 817	41 <i>7</i> 9 388	27% 6%	8 <i>7</i> % 1 <i>5</i> %
Purchased book debts	Rm	2 520	2 382	1 374	6%	73%
Equity accounted investments	Rm	2 153	92	1 3/4	>100%	100%
1 /						
Intangible assets	Rm	505	294	283	72%	4%
Property and equipment	Rm	439	172	167	>100%	3%
Goodwill	Rm	1 354	1 152	1 142	18%	1%
Assets classified as held for sale	Rm	262	-	-	100%	n/a
Other assets	Rm	431	342	424	26%	(19%)
Total assets	Rm	23 388	18 235	15 221	28%	20%
Liabilities		207	0.01	11/	201	1000/
Bank overdrafts	Rm	387	381	116	2%	>100%
Trade and other payables	Rm	686	709	737	(3%)	(4%)
Insurance contract liabilities**	Rm	205	309	342	(34%)	(10%)
Interest-bearing liabilities	Rm	14 639	10 804	9 813	35%	10%
Senior debt	Rm	13 894	10 287	8 <i>75</i> 3	35%	18%
Subordinated debt	Rm	745	517	1 060	44%	(51%)
Lease liabilities Liabilities directly associated with assets classified as held	Rm	417	2	4	>100%	(50%)
for sale	Rm	12	_	_	100%	n/a
Other liabilities	Rm	669	558	387	20%	44%
Total liabilities	Rm	17 015	12 763	11 398	33%	12%
Equity						
Equity attributable to ordinary equity holders of the parent	Rm	5 818	4 896	3 764	19%	30%
Non-controlling interests	Rm	555	576	59	(4%)	>100%
Total equity	Rm	6 373	5 472	3 823	16%	43%
Total equity and liabilities	Rm	23 388	18 235	15 221	28%	20%
Shareholder statistics Number of shares	m	661.5	612.7	610.2	8%	0%
Weighted average number of shares in issue	m	623.4	611.8	610.3	2%	0%
Core headline earnings per share	cents	35.3	131.3	111.7	(73%)	17%
Core headline earnings per share from continuing operations	cents	44.3	129.0	108.3	(66%)	19%
Net asset value per share	cents	879.5	799.1	616.8	10%	30%
Interim dividend per share	cents	nil	27.0	21.0	n/a	29%
Final dividend per share	cents	nil	34.0	29.0	n/a	17%
Total dividend per share	cents	n/a	61.0	50.0	n/a	22%
Core dividend cover	times	nil	2.2	2.2	11/ 4	22/0
Capital adequacy				- '		
Equity	Rm	6 373	5 472	3 823	16%	43%
Subordinated debt	Rm	745	517	1 060	44%	(51%)
Total capital	Rm	7 118	5 989	4 883	19%	23%
Less: goodwill	Rm	(1 354)	(1 152)	(1 142)	18%	1%
Total capital less goodwill	Rm	5 764	4 837	3 741	19%	29%
Total assets less goodwill and cash and cash equivalents	Rm	20 240	16 164	13 179	25%	23%
Capital adequacy ratio	%	28.5	29.9	28.3	23/0	2070
Equity Subordinated debt	% %	24.8	26.7	20.3		
Suporamalea debi	/6	3.7	3.2	8.0		

<sup>\*</sup> Presented net of benefits ceded on insurance contracts related to inventories and loans and advances.
\*\* Benefits accruing to insurance contract holders.

		Year ei	nded 30 Se	ptember	Movement	
		2020	2019 Restated	2018 Restated	2020	2019
Transaction Capital Group continued Condensed consolidated statement of financial posit Performance indicators	tion continued					
Total income Core cost-to-income ratio	Rm %	4 251 72.2	3 <i>7</i> 97 61.1	3 247 63.2	12%	17%
Core pre-provision profit Average cost of borrowing Core return on average assets* Core return on average equity*	Rm % % %	1 807 9.6 1.5 5.0	1 646 11.1 5.2 18.4	1 499 11.7 4.8 19.0	10%	10%
Average assets  Average equity attributable to ordinary equity holders	Rm	20 616	16 937	14 104	22%	20%
of the parent Average interest-bearing liabilities Leverage Debt funders	Rm Rm times number	5 131 13 438 3.7 40	4 336 10 718 3.3 37	3 487 9 137 4.0 42	18% 25% 8%	24% 1 <i>7</i> % (12%)
Credit ratings Transaction Capital R2 billion Domestic Note Programme (GCR rated)						. ,
Long-term Short-term		A-(za) A2(za)	A-(za) A2-(za)	A-(za) A1-(za)		
Employees	number	3 965	4 630	4 095	(14%)	13%

<sup>\*</sup> Core return on average assets and core return on average equity are based on earnings from continuing operations.

		Year ended 30 September			Movement	
		2020	2019 Restated	2018 Restated	2020	2019
SA Taxi						
Condensed income statement						
nterest income	Rm	2 477	2 304	1 991	8%	16%
nterest expense Net interest income	Rm Rm	(1 119) 1 358	(1 087) 1 21 <i>7</i>	(1 012) 979	3% 12%	7% 24%
mpairment of loans and advances	Rm	(836)	(322)	(306)	>100%	5%
Non-interest revenue	Rm	609	584	498	4%	17%
Net insurance result	Rm	440	364	301	21%	21%
Insurance revenue	Rm	907	823	685	10%	20%
Insurance service expense	Rm	(468)	(455)	(385)	3%	18%
Insurance finance expense	Rm	1	(4)	1	>100%	<(100%)
Other non-interest revenue	Rm	169	220	197	(23%)	12%
Core operating costs	Rm	(850)	(796)	(674)	7%	18%
Core profit before tax	Rm	281	683	497	(59%)	37%
Core profit for the year	Rm	219	519	376	(58%)	38%
Core profit for the year attributable to:	Rm	219	519	376	(58%)	38%
Ordinary equity holders of the parent	Rm	179	446	368	(60%)	21%
Non-controlling interests	Rm	40	73	8	(45%)	>100%
Core headline earnings for the year						
Core profit for the year	Rm	219	519	376	(58%)	38%
Adjusted for:					, ,	
Impairment of goodwill	Rm	2	-	_	100%	n/a
Core headline earnings for the year	Rm	221	519	376	(57%)	38%
Core headline earnings for the year attributable to equity holders of parent  Core profit for the year attributable to ordinary equity holders of he parent  Adjusted for:	Rm	179	446	368	(60%)	21%
Impairment of goodwill	Rm	2	-	-	100%	n/a
Core headline earnings for the year attributable to						
ordinary equity holders of the parent	Rm	181	446	368	(59%)	21%
Core pre-provision profit	Rm	1 117	1 005	803	11%	25%
Once-off transaction costs	Rm	-	100	_	(100%)	100%
Once-off transaction costs attributable to ordinary						
equity holders of the parent	Rm	_	81	_	(100%)	100%
Other information						
Depreciation	Rm	40	19	15	>100%	27%
Amortisation of intangible assets	Rm	17	14	12	21%	17%
Condensed statement of financial position						
<b>Assets</b> Cash and cash equivalents	Rm	1 425	693	677	>100%	2%
Trade and other receivables	Rm	1 185	965	769	23%	25%
nventories*	Rm	985	777	417	27%	86%
oans and advances*	Rm	11 421	10 238	8 822	12%	16%
ntangible assets	Rm	197	43	46	>100%	(7%)
Property and equipment	Rm	161	92	88	75%	5%
Goodwill	Rm	505	507	499	(0%)	2%
Other assets	Rm R	249	243	300	2%	(19%)
Total assets  * Presented net of benefits ceded on insurance contracts relating to inventories of	Rm	16 128	13 558	11 618	19%	17%

<sup>\*</sup> Presented net of benefits ceded on insurance contracts relating to inventories and loans and advances.

		Year e	nded 30 Se	ptember	Movement	
		2020	2019 Restated	2018 Restated	2020	2019
SA Taxi continued Liabilities						
Bank overdrafts Trade and other payables Insurance contract liabilities* Interest-bearing liabilities	Rm Rm Rm Rm	186 304 205 12 334	99 275 309 9 929	116 333 342 9 503	88% 11% (34%) 24%	(15%) (17%) (10%) 4%
Senior debt Subordinated debt Group loans	Rm Rm Rm	11 435 745 154	9 249 51 <i>7</i> 163	7 650 683 1 1 <i>7</i> 0	24% 44% (6%)	21% (24%) (86%)
Lease liabilities Other liabilities Total liabilities	Rm Rm Rm	162 210 13 401	- 192 10 804	- 57 10 350	100% 9% 24%	n/a >100% 4%
Segment net assets	Rm	2 727	2 754	1 268	(1%)	>100%
Capital adequacy Equity Group loans** Subordinated debt Total capital Less: goodwill Total capital less goodwill Total assets less goodwill and cash and cash equivalents Capital adequacy ratio	Rm Rm Rm Rm Rm Rm Rm	2 727 - 745 3 472 (505) 2 967 14 198 20.9	2 754 - 517 3 271 (507) 2 764 12 358 22.4	1 268 691 683 2 642 (499) 2 143 10 442 20.5	(1%) 0% 44% 6% (0%) 7% 15%	>100% (100%) (24%) 24% 2% 29% 18%
Equity Subordinated debt	% %	15.7 5.2	18.2 4.2	14.0 6.5		
Financial measures Total income Core pre-provision profit Net interest margin Risk-adjusted net interest margin Core cost-to-income ratio Average cost of borrowing Leverage	Rm Rm % % % times	1 967 1 117 11.8 4.5 43.2 9.8 5.9	1 801 1 005 12.2 9.0 44.2 11.1 4.9	1 477 803 11.2 7.7 45.6 11.4 9.2	<b>9</b> % 11%	22% 25%
Debt funders Core return on average assets Core return on average equity Weighted average interest rate at origination	number % %	38 1.5 8.1 22.4	36 4.1 24.6 23.7	44 3.5 35.0 23.6	6%	(18%)
Average assets  Average equity attributable to ordinary equity holders  Average gross loans and advances  Average interest-bearing liabilities	Rm Rm Rm Rm	14 886 2 723 11 469 11 437	12 617 2 110 9 982 9 756	10 726 1 052 8 758 8 887	18% 29% 15% 17%	18% >100% 14% 10%
Employees	number	1 241	1 223	1 098	1%	11%

Benefits accruing to insurance contract holders.

A portion of SA Taxi's group loans is not permanent facility and has been excluded from the capital adequacy calculation (30 September 2020: R154 million; 30 September 2019: R163 million; 30 September 2018: R479 million). The remaining group loans are subordinated debt facilities with fixed repayment terms.

		Year ended 30 September			Movement	
		2020	2019 Restated	2018 Restated	2020	2019
SA Taxi continued						
Operational measures						
Status	1	00.000	00 441	00/17	70/	. 0/
Number of loans Gross loans and advances*	number	32 890 12 243	32 441 10 753	30 61 <i>7</i> 9 264	1% 14%	6% 16%
Impairment provision*	Rm Rm	(822)	(515)	(442)	60%	17%
Net loans and advances*	Rm	11 421	10 238	8 822	12%	16%
Originations						
Number of loans originated	number	6 250	8 591	7 734	(27%)	11%
Value of loans originated	Rm	2 852	3 815	3 288	(25%)	16%
Average loan term at origination	months	71	71	69	0%	3%
Average remaining loan term	months	50	48	47	4%	2%
New/repeat clients (on value)	%	72/28	71/29	69/31		
Average origination value	Rm	456 391	444 034	425 194	3%	4%
Credit performance						
Credit loss ratio	%	7.3	3.2	3.5		
Provision coverage	%	6.7	4.8	4.8		
Non-performing loans	Rm	3 954	1 924	1 624	>100%	18%
Non-performing loan ratio	%	32.3	17.9	17.5		
Insurance performance						
Gross written premium	Rm	907	823	685	10%	20%
Products per insured clients	number	>2.0	>2.0	2.0		
Credit ratings						
Transsec 2 R4 billion Asset Backed Note						
Programme (S&P rated)						
Class A Notes		zaAAA(sf)	zaAAA(sf)	zaAA-(sf)		
Class B Notes		zaAAA(sf)	zaAAA(sf)	zaAA-(sf)		
Class C Notes		zaAA+(sf)	zaAA+(sf)	zaA(sf)		
Transsec 3 R2.5 billion Asset Backed Note						
Programme (Moody's rated) Class A1 Notes		- /	- /-	D 1/-£\		
Class A2 Notes		n/a Aaa.za(sf)	n/a	P-1.za(sf) Aaa.za(sf)		
Class A3 Notes		Aaa.za(sf)		Aaa.za(sf)		
Class A4 Notes		, ,	Aaa.za(sf)			
Class A5 Notes			n/a			
Class A6 Notes			Aaa.za(sf)			
Class A7 Notes		Aaa.za(sf)	Aaa.za(sf)	Aaa.za(sf)		
Class B Notes		A2.za(sf)	Aa3.za(sf)	Aa3.za(sf)		
Transsec 4 R2.5 billion Asset Backed Note						
Programme (Moody's rated)		,	D 1 / 0	,		
Class A1 Notes Class A2 Notes		n/a	P-1.za(sf) Aaa.za(sf)	n/a n/a		
Class A3 Notes		Aaa.za(sf) Aaa.za(sf)	Aaa.za(sf)	n/a n/a		
Class A4 Notes		Add.zd(sf) Ada.za(sf)	Aaa.za(sf)	n/a		
Class A5 Notes		P-3.za(sf)	n/a	n/a		
Class A6 Notes		Aaa.za(sf)	n/a	n/a		
Class A7 Notes		Aaa.za(sf)	n/a	n/a		
Class A8 Notes		Aaa.za(sf)	n/a	n/a		
Class B Notes		Baa3.za(sf)	Aa3.za(sf)	n/a		

<sup>\*</sup> Presented net of benefits ceded on insurance contracts related to loans and advances.

		Year e	nded 30 Se	ptember	Movement	
		2020	2019 Restated	2018 Restated	2020	2019
SA Taxi continued						
Environment						
Estimated minibus taxi market ('000)	vehicles	>250	>250	>250		
Price of a new Toyota HiAce (petrol)*	R	450 200	426 300	408 900	<b>6</b> %	4%
Price of a new Toyota HiAce (diesel)*	R	477 000	451 600	433 300	<b>6</b> %	4%
Average repo rate	%	5.05	6.66	6.62		
Average petrol price per litre**	R	14.84	15.53	14.61	(4%)	6%
Average diesel price per litre**	R	13.23	14.34	12.98	(8%)	10%
Transaction Capital Risk Services (TCRS)						
Condensed income statement						
Interest income	Rm	72	28	19	>100%	47%
Interest expense	Rm	(230)	(125)	(64)	84%	95%
Net interest income	Rm	(158)	(97)	(45)	63%	>100%
Non-interest revenue	Rm	2 385	2 018	1 745	18%	16%
Core operating costs	Rm	(2 175)	(1 512)	(1 366)	44%	11%
Non-operating profit/(loss)	Rm Rm	9	7	(3)	(100%)	<(100%)
Equity accounted income Core profit before tax	Rm	61	419	331	>100% (85%)	100% 27%
Core profit for the year from continuing operations	Rm	45	312	260	(86%)	20%
Discontinued operations						
(Loss)/profit for the year from discontinued operations	Rm	(87)	14	21	<(100%)	(33%)
Core profit for the year	Rm	(42)	326	281	<(100%)	16%
Core profit for the year from continuing operations			0.1.0	0.40	10.10(1)	0.00/
attributable to:	Rm	45	312	260	(86%)	20%
Ordinary equity holders of the parent	Rm	40	306	252	(87%)	21%
Non-controlling interests	Rm	5	6	8	(17%)	(25%)
Core (loss)/profit for the year from discontinued						
operations attributable to:	Rm	(87)	14	21	<(100%)	(33%)
Ordinary equity holders of the parent	Rm	(87)	14	21	<(100%)	(33%)
Non-controlling interests	Rm	-	-	_	n/a	n/a
Core headline earnings from continuing operations						
for the year						
Core profit from continuing operations for the year						
attributable to ordinary equity holders of the parent	Rm	40	306	252	(87%)	21%
Adjusted for:	5				1000/	,
Impairment of property, plant and equipment	Rm Pm	4	-	_	100%	n/a
Impairment of right-of-use asset Profit on disposal of subsidiary	Rm Rm	11	(8)	_	100% (100%)	n/a 100%
,	KIII		(0)		(100/6)	100/6
Core headline earnings from continuing operations						
attributable to ordinary equity holders of the parent	D	F.F.	200	0.50	(0.00/)	1 0 0/
for the year	Rm	55	298	252	(82%)	18%

<sup>\*</sup> Including value added tax (VAT).
\*\*12-month rolling average.

		Year e	nded 30 Se	ptember	Movement	
		2020	2019 Restated	2018 Restated	2020	2019
Transaction Capital Risk Services (TCRS) continued Condensed income statement continued Core headline earnings from discontinued operations for the year Core (loss)/profit from discontinued operations for the year						
attributable to ordinary equity holders of the parent Adjusted for:	Rm	(87)	14	21	<(100%)	(33%)
Impairment of intangibles Impairment of right-of-use asset Loss on disposal of subsidiary	Rm Rm Rm	1 5 25	- - -	- - -	100% 100% 100%	n/a n/a n/a
Core headline earnings from discontinued operations for the year attributable to ordinary equity holders of the parent	Rm	(56)	14	21	<(100%)	(33%)
Core headline earnings for the year  Core (loss)/profit for the year attributable to ordinary equity holders of the parent  Adjusted for:	Rm	(47)	320	273	<(100%)	17%
Impairment of property, plant and equipment Impairment of intangibles Impairment of right-of-use asset Loss/(profit) on disposal of subsidiary	Rm Rm Rm Rm	4 1 16 25	- - - (8)	- - -	100% 100% 100% >100%	n/a n/a n/a 100%
Core headline earnings for the year attributable to ordinary equity holders of the parent	Rm	(1)	312	273	<(100%)	14%
Core pre-provision profit	Rm	649	578	448	12%	29%
Once-off transaction costs	Rm	5	_	_	100%	n/a
Other information Depreciation Amortisation of intangible assets	Rm Rm	69 37	19 29	19 26	>100% 28%	3% 13%

		Year er	nded 30 Se	ptember	Movement	
		2020	2019 Restated	2018 Restated	2020	2019
Transaction Capital Risk Services (TCRS) continued						
Condensed statement of financial position						
Assets						
Cash and cash equivalents	Rm	332	194	168	71%	15%
Trade and other receivables	Rm	335	317	360	<b>6</b> %	(12%)
Loans and advances	Rm	<del>.</del>	579	566	(100%)	2%
Purchased book debts	Rm	2 520	2 382	1 374	<b>6</b> %	73%
Equity accounted investments	Rm	94	70	_	34%	100%
Intangible assets	Rm	308	251	237	23%	6%
Property and equipment	Rm	275	78	78	>100%	0%
Goodwill	Rm	852	647	646	32%	0%
Assets classified as held for sale	Rm	262	_	_	100%	n/a
Other assets	Rm	138	61	105	>100%	(43%)
Total assets	Rm	5 116	4 579	3 534	12%	30%
Liabilities						
Bank overdrafts	Rm	201	282	_	(29%)	100%
Trade and other payables	Rm	266	396	368	(33%)	8%
Interest-bearing liabilities	Rm	2 208	1 799	1 345	23%	34%
_						
Senior debt	Rm	1 893	1 038	1 103	82%	(6%)
Group loans*	Rm	315	761	238	(59%)	>100%
Lease liabilities	Rm	255	2	4	>100%	(50%)
Liabilities directly associated with assets classified						
as held for sale	Rm	12	-	_	100%	n/a
Other liabilities	Rm	458	361	326	27%	11%
Total liabilities	Rm	3 400	2 840	2 043	20%	39%
Segment net assets	Rm	1 716	1 739	1 491	(1%)	17%
Financial measures						
Total income	Rm	2 227	1 921	1 700	16%	13%
Non-interest revenue net of adjustment to carrying value of						
purchased book debts	Rm	1 797	1 859	1 628	(3%)	14%
Core pre-provision profit	Rm	649	578	448	12%	29%
Core cost-to-income ratio	%	97.7	78.7	80.4		
Average cost of borrowing	%	8.6	9.3	5.2		
Leverage	times	3.0	2.6	2.4		
Core return on average assets * *	%	0.9	7.8	7.9		
Core return on average equity**	%	2.6	19.9	19.0		
Core return on sales**	%	2.0	16.2	16.0		
Average assets	Rm	5 206	4 017	3 279	30%	23%
Average equity attributable to ordinary equity holders	Rm	1 762	1 566	1 366	13%	15%
Average interest-bearing liabilities	Rm	2 701	1 710	1 239	58%	38%
Average book value of purchased book debts	Rm	2 641	1 757	1 092	50%	61%
Employees	number	2 684	3 414	3 322	(21%)	3%

<sup>\*</sup> Group loans are not permanent facilities.

\*\* Core return on average assets, core return on average equity and core return on sales are based on earnings from continuing operations.

		Year e	nded 30 Se	ptember	Movement	
		2020	2019 Restated	2018 Restated	2020	2019
Transaction Capital Risk Services (TCRS) continued Operational measures Contingency and fee-for-service (FFS)/principal collections revenue split Face value of purchased book debt acquired Cost price of purchased book debts acquired Asset turnover ratio	% Rb Rm %	46/54 6.4 733 42.1	50/50 8.0 1 186 51.3	63/37 13.6 662 51.5	(19%) (38%)	(41%) 79%
Estimated remaining collections	Rm	5 181	4 480	2 989	16%	50%
TCRS South Africa Number of contingency and FFS clients Number of direct staff Call centres Assets under management Contingency and FFS	number number number Rb	72 1 625 4 48.3	76 2 215 5 47.5	82 2 238 6 50.0	(5%) (27%) (20%) 2% (4%)	(7%) (1%) (17%) (5%)
Principal	Rb	24.3	22.6	22.1	7%	2%
TCRS Australia Number of contingency and FFS clients Number of direct staff Call centres Assets under management Contingency and FFS Principal	number number number Rb Rb	46 626 3 13.0	47 609 3 13.0	44 477 3 11.1 10.8 0.3	(2%) 3% 0% 0% (6%) 67%	7% 28% 0% 17% 9%
·	CD	1.9	1.2	0.3	07 /0	>100%
Servicer ratings Primary Servicer (GCR rated) Special Servicer (GCR rated)		SQ1-(za) SQ1 (za)	SQ1-(za) SQ1 (za)	SQ1-(za) SQ1 (za)		
Environment: South Africa* Credit active consumers (million) Non-performing credit consumers (million) Household debt to income Unemployment rate Average consumer price inflation	number number % %	27.0 10.0 72.8 30.8 3.0	25.1 10.2 72.7 29.1 4.1	24.6 9.6 71.6 27.5 4.9	<b>7</b> % (2%)	2% 6%

<sup>\*</sup> Latest available published information at time of reporting.

		Year ended 30 September			Movement	
		0000	2019	2018	0000	0010
		2020	Restated	Restated	2020	2019
WeBuyCars						
Condensed income statement						
Net interest income	Rm	(1)	_	_	100%	n/a
Equity accounted income	Rm	15	_	_	100%	n/a
Non-operating profit	Rm	5	_	_	100%	n/a
Core profit before tax	Rm	19	_	-	100%	n/a
Core profit for the period	Rm	19	_	-	100%	n/a
Core headline earnings	Rm	19	_	_	100%	n/a
Equity accounted income comprises:						
Operational income	Rm	10	_	_	100%	n/a
Fair valuation of financial assets	Rm	5	_	_	100%	n/a
						,
Condensed statement of financial position						
Assets						
Equity accounted investments	Rm	1 875	-	_	100%	n/a
Total assets	Rm	1 875	-	_	100%	n/a
Liabilities						
Trade and other payables	Rm	54	_	_	100%	n/a
Interest-bearing liabilities	Rm	350	_	_	100%	n/a
Senior debt	Rm	350	_	-	100%	n/a
Total liabilities	Rm	404	_	_	100%	n/a
Segment net assets	Rm	1 471	_	_	100%	n/a

		Year ended 30 September			Movement	
		2020	2019 Restated	2018 Restated	2020	2019
Group Executive Office						
Condensed income statement						
Net interest income	Rm	65	75	70	(13%)	7%
Non-interest revenue	Rm	4	_	_	100%	n/a
Equity accounted income	Rm	8	(1.0)	- (1.1)	>100%	100%
Core operating costs Core profit before tax	Rm Rm	(55) <b>22</b>	(13) 63	(11) 59	>100% (65%)	18% <i>7</i> %
Core profit for the year	Rm	21	45	39 41	(53%)	10%
Core profit for the year	KIII	21	43	41	(3370)	10%
Core headline earnings	Rm	21	45	41	(53%)	10%
Once-off transaction costs	Rm	9	3	_	>100%	100%
Other information						
Depreciation	Rm	-	1	_	(100%)	100%
Condensed statement of financial position Assets						
Cash and cash equivalents	Rm	37	32	55	16%	(42%)
Trade and other receivables	Rm	17	19	16	(11%)	19%
Equity accounted investments	Rm	184	22	_	>100%	100%
Property and equipment	Rm	3	2	2	50%	0%
Other assets	Rm	3 748	2 725	3 049	38%	(11%)
Total assets	Rm	3 989	2 800	3 122	42%	(10%)
Liabilities						
Trade and other payables	Rm	75	49	55	53%	(11%)
Interest-bearing liabilities	Rm	216	_	376	100%	(100%)
Senior debt	Rm	216	_	376	100%	(100%)
Other liabilities	Rm	2	4	_	(50%)	100%
Total liabilities	Rm	293	53	431	>100%	(88%)
Segment net assets	Rm	3 696	2 747	2 691	35%	2%
Employees	number	40	25	25	60%	0%

# Formulae and definitions

ITEM	DEFINITION			
Asset turnover ratio	Gross principal book revenue expressed as a percentage of average carrying value of purchased book debts.			
Average equity attributable to ordinary equity holders	Sum of equity attributable to ordinary equity holders at the end of each month from September to September divided by 13.			
Average gross loans and advances	Sum of gross loans and advances at the end of each month from September to September divided by 13.			
Average interest-bearing liabilities	Sum of interest-bearing liabilities at the end of each month from September to September divided by 13.			
Average assets	Sum of assets at the end of each month from September to September divided by 13.			
Average cost of borrowing	Interest expense expressed as a percentage of average interest-bearing liabilities.			
Capital adequacy ratio	Total equity plus subordinated debt capital less goodwill expressed as a percentage of total assets less goodwill and cash and cash equivalents.			
Core cost-to-income ratio	Core operating costs expressed as a percentage of total income.			
Core dividend cover	Core headline earnings per share divided by dividends per share expressed in times.			
Core headline earnings	Headline earnings excluding once-off transaction costs.			
Core headline earnings per share	Core headline earnings divided by weighted average number of ordinary shares in issue.			
Core operating costs	Operating costs excluding once-off transaction costs.			
Core pre-provision profit	Core profit before tax excluding impairment of loans and advances and adjustments to carrying value of purchased book debts.			
Core profit for the year	Profit for the year excluding once-off transaction costs.			
Core profit before tax	Profit before tax excluding once-off transaction costs.			
Core return on average assets	Core profit for the year expressed as a percentage of average assets.			
Core return on average equity	Core profit for the year attributable to ordinary equity holders expressed as a percentage of average equity attributable to ordinary equity holders.			
Core return on sales	Core profit for the year expressed as a percentage of total income.			
Cost-to-income ratio	Total operating costs expressed as a percentage of total income.			
Credit loss ratio	Impairment of loans and advances expressed as a percentage of average gross loans and advances.			
EBITDA	Profit before net interest income, tax, depreciation and amortisation of intangible assets excluding Transaction Capital Business Solutions.			
Effective tax rate	Income tax expense expressed as a percentage of profit before tax.			
Estimated remaining collections	Estimated undiscounted value of remaining gross cash collections of purchased book debts, estimated to be recovered over the next 120 months.			
Gross loans and advances	Gross loans and advances excluding the value of the written-off book brought back onto the balance sheet.			
Headline earnings	Headline earnings is defined and calculated as per the circular titled Headline Earnings as issued by the South African Institute of Chartered Accountants (SAICA) as amended from time to time, currently being basic earnings attributable to ordinary shareholders adjusted for goodwill impairments, capital profits and losses and other non-headline items.			
Headline earnings per share	Headline earnings divided by weighted average number of ordinary shares in issue.			
Leverage	Total assets divided by total equity expressed in times.			

ITEM	DEFINITION			
Net asset value per share	Equity attributable to ordinary equity holders of the parent divided by number of ordinary shares in issue.			
Net interest margin	Net interest income as a percentage of average gross loans and advances.			
Non-performing loan coverage	Impairment provision expressed as a percentage of non-performing loans.			
Non-performing loan ratio	Non-performing loans expressed as a percentage of gross loans and advances.			
Non-performing loans	<ul> <li>a) The balance outstanding of loans and advances where the applicable obligor is:         <ul> <li>▷ At least 3.5 monthly instalments in arrears;</li> <li>▷ In respect of which a qualifying payment/s has not been made during the reference period; and</li> <li>▷ Where such arrears is due to obligor delinquency.</li> </ul> </li> </ul>			
	Qualifying payment: a payment made which is more than 50% of the cumulative instalments due during the reference period.			
	Reference period: The preceding three-month period ending at the reporting date.			
	b) The value of repossessed stock on hand that has not yet entered the refurbishment facilities.			
NPL portfolios	Non-performing consumer loan portfolios acquired by TCRS as principal.			
Pre-provision profit	Profit before tax excluding impairment of loans and advances and adjustments to carrying value of purchased book debts.			
Provision coverage	Impairment provision expressed as a percentage of gross loans and advances.			
Return on average assets	Profit for the year expressed as a percentage of average assets.			
Return on average equity	Profit for the year attributable to ordinary equity holders expressed as a percentage of average equity attributable to ordinary equity holders.			
Return on sales	Profit for the year expressed as a percentage of total income.			
Risk-adjusted net interest margin	Net interest margin less credit loss ratio.			
Structurally subordinated debt	Senior debt issued by a holding company within the group.			
Subordinated debt	Debt subordinated by agreement with the lender plus structurally subordinated debt.			
Total income	Net interest income plus non-interest revenue.			
Weighted average interest rate at origination	Interest rate at origination weighted on initial capital advanced for the year.			
Weighted average number of ordinary shares in issue	The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group, excluding treasury shares.			

NOTES	

# www.transactioncapital.co.za

342 Jan Smuts Avenue, Hyde Park, 2196 P. O. Box 41888, Craighall, 2024, South Africa tel +27 (0) 11 049 6700 fax +27 (0) 11 049 6899

