



# RESULTS PRESENTATION

FOR THE YEAR ENDED 30 SEPTEMBER

2021



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# PERFORMANCE OVERVIEW

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

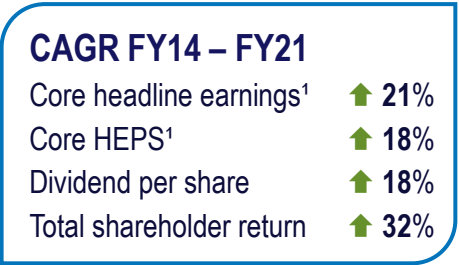
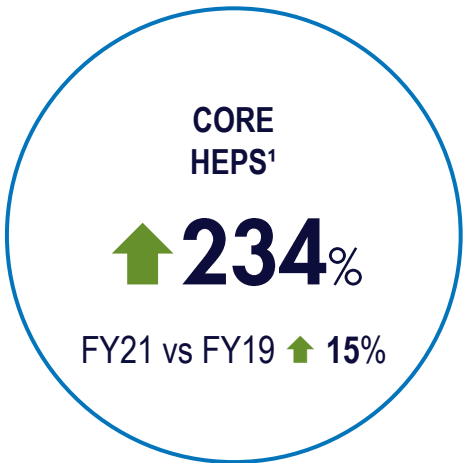
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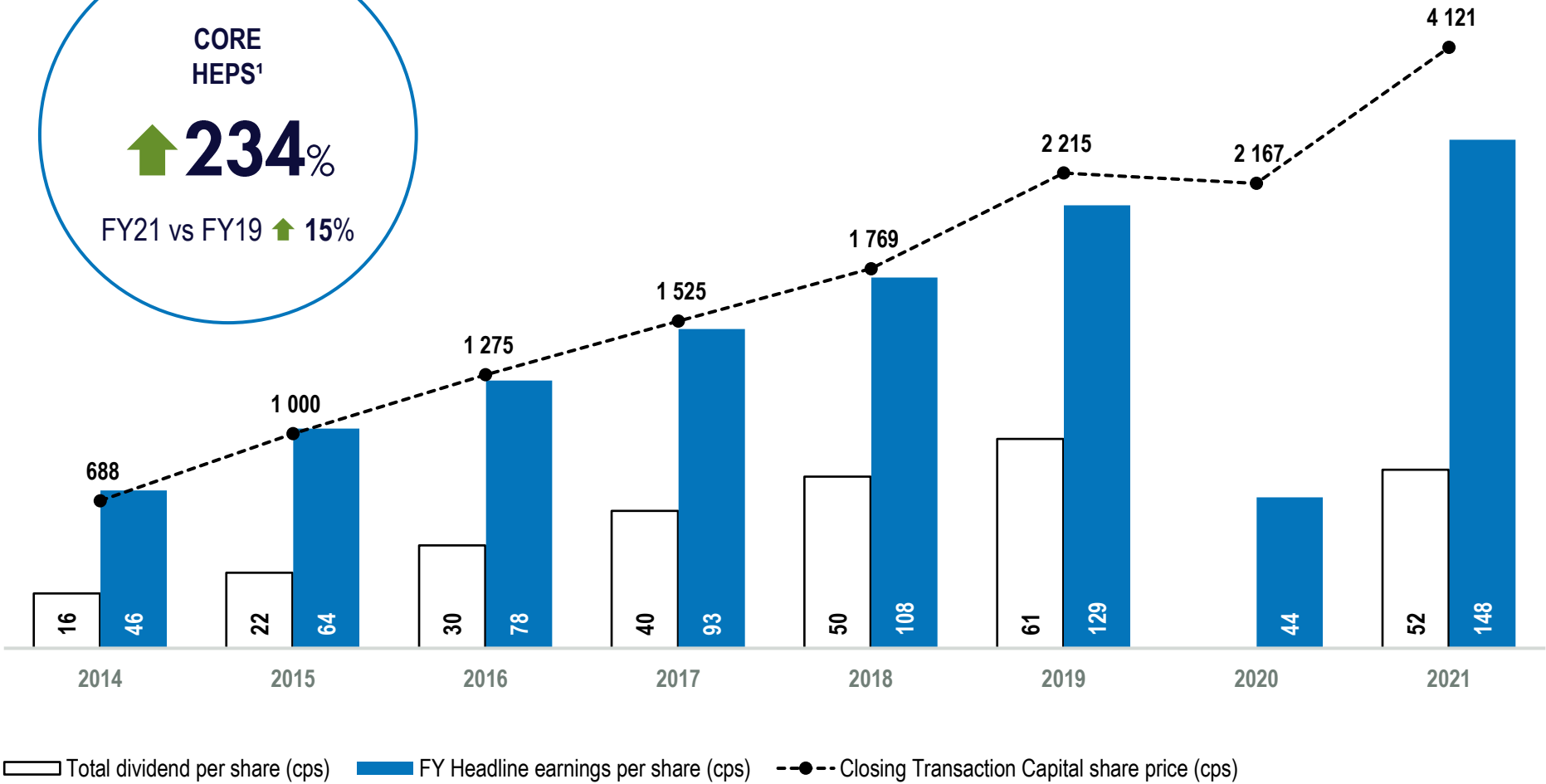


# TRANSACTION CAPITAL 7-YEAR PERFORMANCE

Long-term track record of growth resumed in FY21



**ROBUST EARNINGS PERFORMANCE**  
RESUMED DIVIDEND PAYMENTS






# KEY PERFORMANCE DRIVERS

Earnings recovery demonstrates resilience & relevance of business models






driving our nation forward


Strong organic growth above FY20 | Earnings nearing FY19 levels

<b>R14.0 billion</b> GROSS LOANS & ADVANCES FY20: <span>↑ 15%</span> FY19: <span>↑ 31%</span>	<b>12.0%</b> NET INTEREST MARGIN FY20: 11.8% FY19: 12.2%
<b>R1 580 million</b> NET INTEREST INCOME FY20: <span>↑ 16%</span> FY19: <span>↑ 30%</span>	<b>4.3%</b> CREDIT LOSS RATIO FY20: 7.3% FY19: 3.2%
<b>R668 million</b> NON INTEREST REVENUE FY20: <span>↓ 3%</span> FY19: <span>→ 0%</span>	<b>13.6%</b> RETURN ON EQUITY FY20: 8.3% FY19: 24.1%



Strong organic growth | Applying FY19 as a base

<b>R1 240 million</b> COST PRICE OF PURCHASED BOOK DEBTS ACQUIRED FY20: <b>R733m</b> FY19: <b>R1 186m</b>	<b>R3 441 million</b> CARRYING VALUE OF PURCHASED BOOK DEBT FY20: <span>↑ 37%</span> FY19: <span>↑ 44%</span>
<b>R2 391 million</b> NON INTEREST REVENUE FY20: <span>↑ 4%</span> FY19: <span>↑ 24%</span>	<b>R1 383 million</b> REVENUE FROM PURCHASED BOOK DEBTS FY20: <span>↑ 24%</span> FY19: <span>↑ 53%</span>
<b>18.7%</b> RETURN ON EQUITY FY20: 1.7% FY19: 20.3%	<b>R6.4 billion</b> ESTIMATED REMAINING COLLECTIONS FY20: <span>↑ 23%</span> FY19: <span>↑ 42%</span>



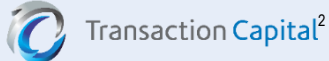
Strong organic growth | Applying FY19 as a base

<b>91 528</b> NUMBER OF VEHICLES PURCHASED FY20: <span>↑ 51%</span> FY19: <span>↑ 53%</span>	<b>88 271</b> NUMBER OF VEHICLES SOLD FY20: <span>↑ 49%</span> FY19: <span>↑ 51%</span>
<b>R541 million</b> HEADLINE EARNINGS FY20: <span>↑ 79%</span> FY19: <span>↑ 74%</span>	<b>30%</b> E-COMMERCE SALES FY20: 14% FY19: 0%
<b>28%</b> E-COMMERCE SALES BUSINESS-TO-BUSINESS FY20: 14% FY19: 0%	<b>2%</b> E-COMMERCE SALES BUSINESS-TO-CONSUMER FY20: 0% FY19: 0%

**R413 million**  
HEADLINE EARNINGS ATTRIBUTABLE TO THE GROUP  
FY20: ↑ 113% FY19: ↓ 11%

**R320 million**  
HEADLINE EARNINGS ATTRIBUTABLE TO THE GROUP  
FY20: ↑ 662% FY19: ↑ 15%

**R270 million**  
HEADLINE EARNINGS ATTRIBUTABLE TO THE GROUP<sup>1</sup>  
FY20: **R19m**  
49.9% INVESTMENT ON 11 SEPTEMBER 2020  
24.3% ADDITIONAL INVESTMENT ON 3 AUGUST 2021



Transaction Capital<sup>2</sup>

<b>R1 005 million</b> HEADLINE EARNINGS FY20: <span>↑ 264%</span> FY19: <span>↑ 27%</span>	<b>147.9 cents</b> HEADLINE EARNINGS PER SHARE FY20: <span>↑ 234%</span> FY19: <span>↑ 15%</span>
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Note: FY21 compared to FY19 & FY20

1. WeBuyCars is consolidated as a 74.2% subsidiary of the group with effect from 3 August 2021

2. The Group Executive Office (GEO) including TC Global Finance (TCGF) & TC Ventures contributed R2m to headline earnings for FY21 (FY20: R21m, FY19: R45m)

# GROUP PERFORMANCE HIGHLIGHTS

Robust performance supports sustainable trajectory of superior high-quality earnings growth



## FINANCIAL PERFORMANCE

Earnings recovery demonstrates resilience, relevance & responsiveness

**R3 605 million**

PRE-PROVISION PROFIT

FY20: **↑ 100%**

FY19: **↑ 119%**

**R1 005 million**

CORE HEADLINE EARNINGS

FY20: **↑ 264%**

FY19: **↑ 27%**

**147.9 cps**

CORE HEADLINE EARNINGS PER SHARE<sup>1</sup>

FY20: **↑ 234%**

FY19: **↑ 15%**

## ROBUST BALANCE SHEET

**R1.17 billion** equity raised in July 2021

Invested in value accretive controlling stake in WeBuyCars

**R32.3 billion**

TOTAL ASSETS

FY20: **R23.4 billion**

FY19: **R18.2 billion**

**~R870 million**

UNDRAWN FACILITIES

AT HOLDING COMPANY LEVEL

**29.5%**

CAPITAL ADEQUACY RATIO

FY20: **28.5%**

FY19: **29.9%**

## RETURNS

Dividends resumed  
Supported by strong performance  
& robust balance sheet

**52 cps**

TOTAL DIVIDEND PER SHARE

FY20: **nil**

FY19: **61 cps**

Final dividend of 33 cps in line with dividend policy of 2.5 times cover

**1 375.4 cps**

NET ASSET VALUE PER SHARE

FY20: **↑ 56%**

FY19: **↑ 72%**

**15.1%**

RETURN ON EQUITY<sup>2</sup>

FY20: **5.4%**

FY19: **18.2%**

Strong recovery in returns  
Nearing pre COVID-19 levels

Note: FY21 compared to FY19 & FY20

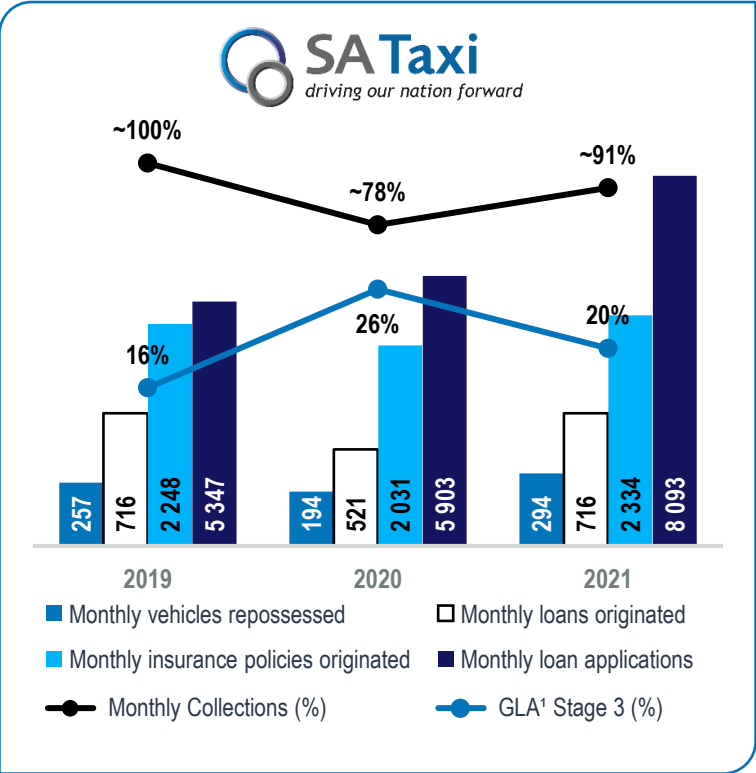
Financial ratios exclude once-off transaction costs

1. Difference in growth rate of core headline earnings & core headline earnings per share is attributable to the higher weighted average number of shares from the value accretive issuance of shares for the investments in WeBuyCars

2. Core headline return on average equity (ROE) of 15.1% are based on earnings from continuing operations. Core return on average equity at 33.5%

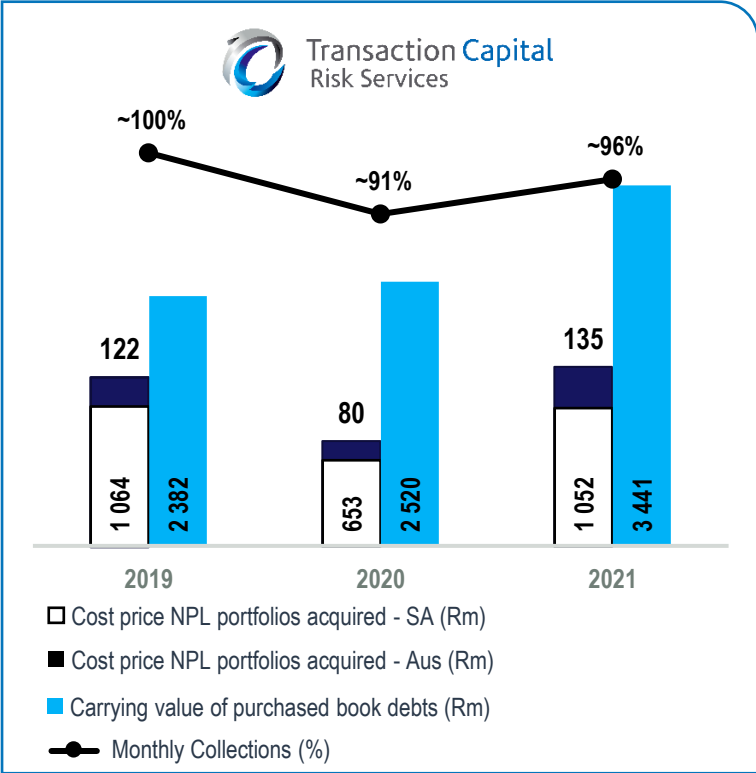
# DIVISIONAL OPERATIONAL HIGHLIGHTS

Operational metrics nearing or exceeding pre COVID-19 levels

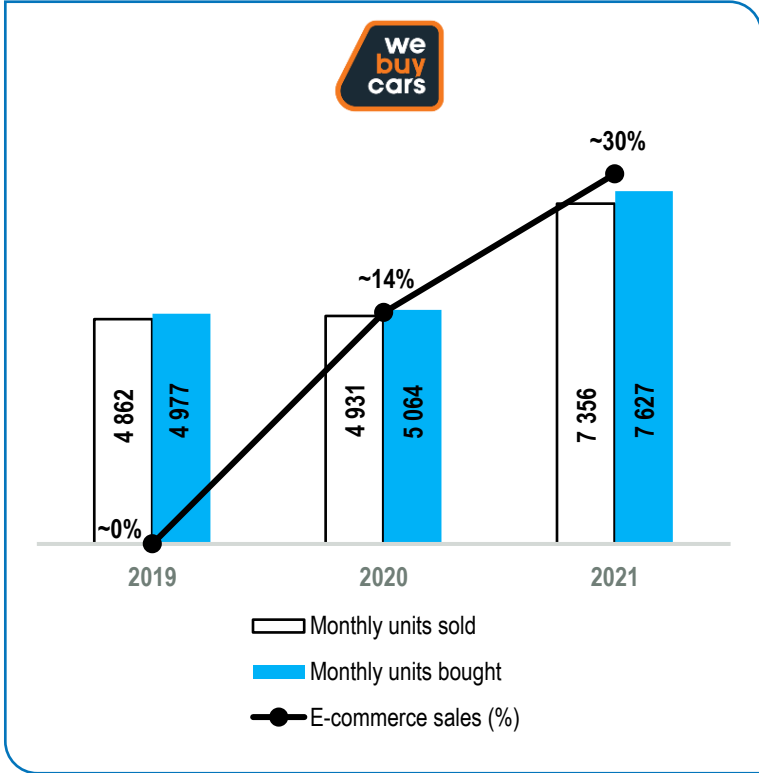


- ▶ Loan applications, repossessions & insurance policy originations exceed pre COVID-19 levels
- ▶ Loans originated at pre COVID-19 levels
- ▶ Loan collections at ~91% of pre COVID-19 levels
  - Expected to recover over a longer period
- ▶ Gross loans & advances in stage 3 at 20%
  - Nearing pre COVID-19 levels

1. SA Taxi's Gross loans & advances



- ▶ Acquisition of NPL portfolios as principal
  - Investment activity recovered to pre COVID-19 levels
  - Potential to accelerate investment over medium-term
  - Carrying value of purchased book debts continues to grow
- ▶ Collection revenue percentage approaching pre COVID-19 levels in line with expectations

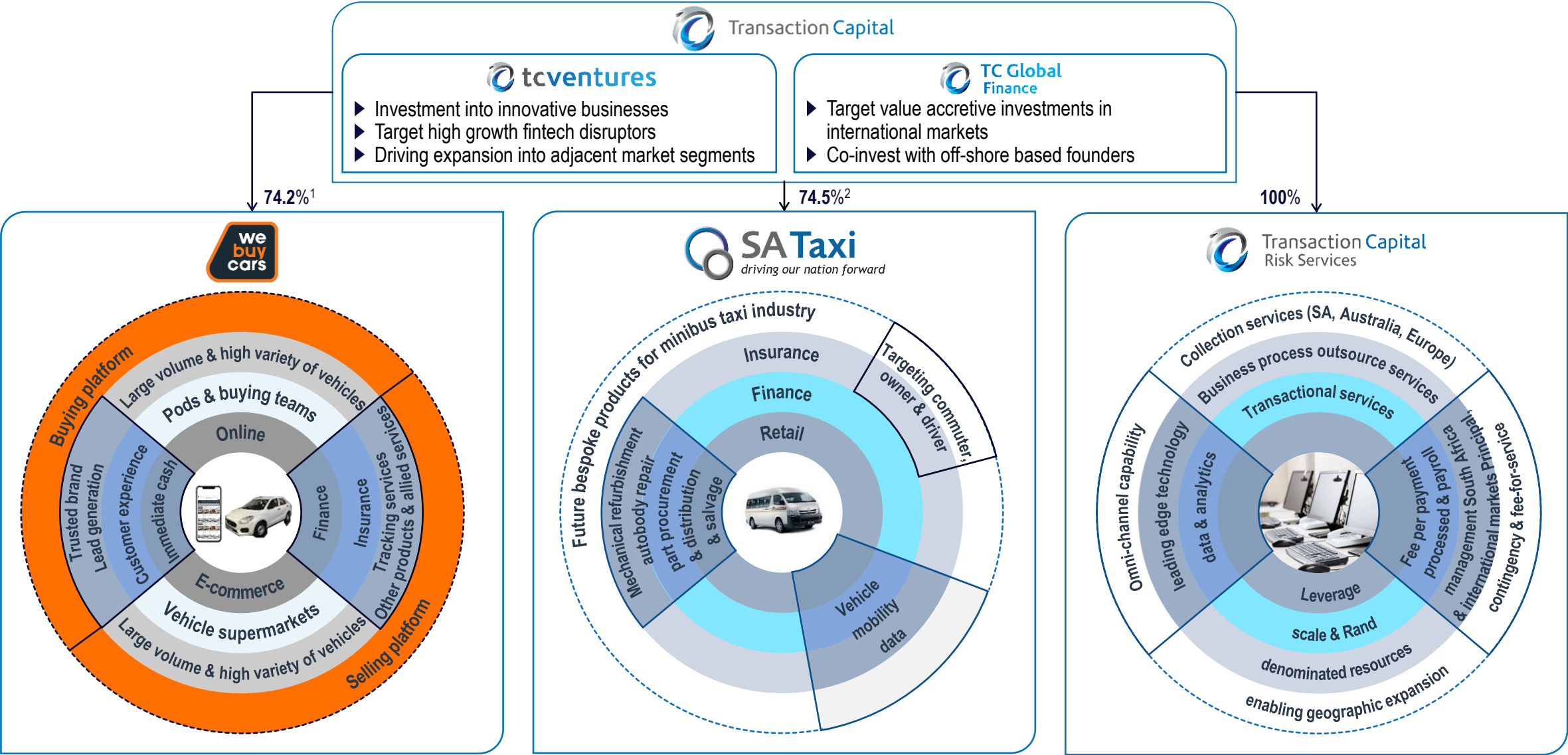


- ▶ Volumes of vehicles traded exceeding expectations
- ▶ Strategy to grow e-commerce offering continues to yield results
  - E-commerce sales introduced in March 2020
  - Total e-commerce sales at ~30%
    - › Business-to-business (B2B) at 28%
    - › Business-to-consumer (B2C) at 2%



# TRANSACTION CAPITAL GROUP STRUCTURE

Growing earnings base by expanding existing total addressable market & entering adjacent markets



1. WeBuyCars is consolidated as a 74.2% subsidiary of the group with effect from 3 August 2021 in terms of IAS 27 – Separate Financial Statements & IFRS 10 – Consolidated Financial Statements  
The initial 49.9% investment in WeBuyCars, effective 11 September 2020, was accounted for as an associate of the group in accordance with IAS 28 – Investments in Associates & Joint Ventures, applying the equity method

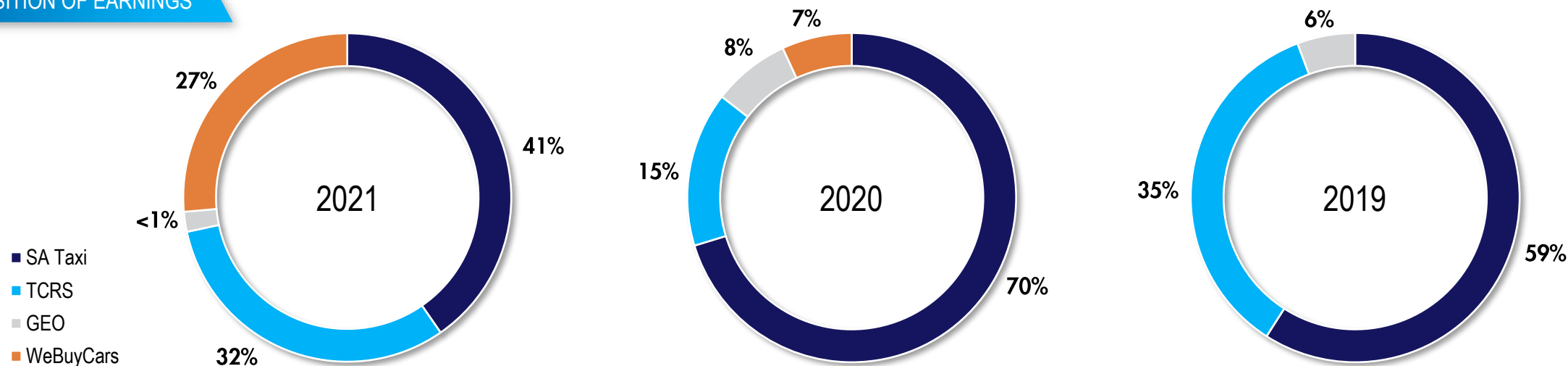
2. Transaction Capital consolidates 82.13% of SA Taxi due to vendor financing provided by SA Taxi to SANTACO

# GROUP PORTFOLIO MIX

Earnings diversification enhanced



## COMPOSITION OF EARNINGS



	Total earnings   2021 Rm	Earnings attributable to TC   2021 Rm	2020 Rm	Movement 2021 vs 2020	2019 Rm	Movement 2021 vs 2019
<b>Headline earnings (Group Ownership)</b>						
SA Taxi <sup>1</sup> (74.5%)	499	413	194	↑ 113%	466	↓ 11%
TCRS <sup>2</sup> (100%)	320	320	42	↑ 662%	278	↑ 15%
WeBuyCars <sup>3</sup> (74.2%)	541	270	19	↑ 1 321%	-	-
GEO including TCGF & TC Ventures	2	2	21	↓ 90%	45	↓ 96%
<b>TOTAL</b>	<b>1 362</b>	<b>1 005</b>	<b>276</b>	<b>↑ 264%</b>	<b>789</b>	<b>↑ 27%</b>
<b>HEPS (CENTS)</b>	<b>-</b>	<b>147.9</b>	<b>44.3</b>	<b>↑ 234%</b>	<b>129.0</b>	<b>↑ 15%</b>

1. SA Taxi's core headline earnings declined 8% applying FY19 as a base, with TC's attributable portion declining 11%. Greater decline in group's attributable earnings is result of a lower proportion of SA Taxi's earnings being consolidated in FY21 compared to FY19. From 6 Feb 2019 (effective date of ownership transaction with SANTACO), TC consolidated 81.4% of SA Taxi's headline earnings (98.5% were consolidated prior to effective date). From 7 Dec 2020, TC consolidates 82.13% of SA Taxi's earnings

2. Core headline earnings from continuing operations

3. WeBuyCars is consolidated as a 74.2% subsidiary of group with effect from 3 August 2021 in terms of IAS 27 – Separate Financial Statements & IFRS 10 – Consolidated Financial Statements. Initial 49.9% investment in WeBuyCars, effective 11 September 2020, was accounted for as an associate of group in accordance with IAS 28 – Investments in Associates & Joint Ventures, applying the equity method

# STRONG BALANCE SHEET POSITION WITH ADEQUATE ACCESS TO LIQUIDITY

Prudent capital management approach



	Transaction Capital	SA Taxi driving our nation forward	Transaction Capital Risk Services	we buy cars
ASSETS	<b>R32.3 billion</b> TOTAL ASSETS	<b>R18.0 billion</b> TOTAL ASSETS <b>R13.3 billion</b> NET LOANS & ADVANCES	<b>R5.5 billion</b> TOTAL ASSETS <b>R3.4 billion</b> PURCHASED BOOK DEBTS	<b>R2.3 billion</b> TOTAL ASSETS <b>R898 million</b> INVENTORIES <b>R620 million</b> PROPERTIES
LIABILITIES	<b>R21.2 billion</b> TOTAL LIABILITIES <b>R16.1 billion</b> SENIOR & SUBORDINATED DEBT	<b>R14.8 billion</b> TOTAL LIABILITIES <b>R13.5 billion</b> SENIOR & SUBORDINATED DEBT	<b>R3.7 billion</b> TOTAL LIABILITIES <b>R2.0 billion</b> SENIOR DEBT	<b>R1.2 billion</b> TOTAL LIABILITIES MAJORITY RELATES TO PROPERTY BACKED MORTGAGE LOANS & TRADE CREDITORS
AVAILABLE DEBT FACILITIES	<b>R870m</b> approved undrawn facilities at holding company level for immediate execution on opportunities	Available undrawn facilities covering loan origination requirements for FY22	Available undrawn facilities covering acquisition of NPL Portfolios for FY22	Capital light business model with high cash conversion rates
EQUITY	<b>R11.1 billion</b> TOTAL EQUITY <b>29.5%</b> CAPITAL ADEQUACY RATIO Equity <b>26.4%</b>   Subordinated debt <b>3.1%</b>	<b>R3.2 billion</b> TOTAL EQUITY <b>20.7%</b> CAPITAL ADEQUACY RATIO Equity <b>15.9%</b>   Subordinated debt <b>4.8%</b>	<b>R1.8 billion</b> TOTAL EQUITY <b>3.1 times</b> LEVERAGE	<b>R1.1 billion</b> TOTAL EQUITY <b>107.0%</b> RETURN ON FUNDS EMPLOYED (ROFE)

ROBUST BALANCE SHEET UNDERPINNED BY  
CONSERVATIVE EQUITY CAPITAL STRATEGY

- Equity base bolstered by **R1.17 billion** in July 2021 | Accelerated bookbuild issuing ~**33 million** shares
- Enhanced financial flexibility & strategic agility to acquire additional **24.3%** in WeBuyCars | Total investment at **74.2%**



# TRANSACTION CAPITAL PERFORMANCE HIGHLIGHTS

Resilience & agile response to COVID-19 enabled significant strategic progress in 2021



## HIGHLY RELEVANT BUSINESS MODELS & LEADING POSITIONS IN DEFENSIVE MARKET SECTORS

### Business models established over >20 years

- Proven track record & strong market positions


### Continue to demonstrate resilience, relevance & responsiveness to COVID-19

- Decisive recovery despite uneven rates of recovery in markets
- Well-positioned to drive medium-term organic growth in line with pre COVID-19 growth rates
- Entrepreneurial agility
  - Quick alignment of operating models, financial structures & strategic initiatives to prevailing market realities & emerging opportunities

### Business models well positioned in relation to structural elements in SA's environment

- Gain relevance in COVID-19 environment




As disposable income comes under strain & new vehicle prices , consumers opting for used vehicles, driving growth in this sector



Minibus taxi remains largest & most vital service in public transport network, whilst other modes of public transport flounder



COVID-19  indebtedness & impaired consumers' ability to service debt, creating larger NPL portfolios to manage or acquire

## STRATEGIC FOCUS AREAS

- ▶ Executive office supports divisions to design, fund & implement growth strategies
- ▶ Actively identify investment opportunities in adjacent markets & related asset classes
- ▶ Best-in-class technology, proprietary data & analytics capabilities generate attractive returns



- ▶ Partner with & invest in high growth, innovative & entrepreneurial South African businesses
- ▶ Targeting fintech disruptors requiring leadership skills & financial capacity
- ▶ Expansion into adjacent market segments



- ▶ Identify & grow value accretive investments outside of SA
  - Sectors aligned with TC's growth strategy
- ▶ Co-invest with off-shore based founders
  - Provides close proximity to international investments
  - Provides on-going risk management & risk sharing
- ▶ Ultimate objective to create international platform of scale

# TRANSACTION CAPITAL PERFORMANCE HIGHLIGHTS

Positioned for growth over the medium-term in line with pre COVID-19 track record



## ENHANCED DIGITAL INITIATIVES & TRANSFORMATION

Digital adoption accelerated by COVID-19



**Apply digital capabilities to respond to shifting consumer buying patterns**

- ↑ E-commerce adoption
- ~30% vehicles sold via e-commerce platform (FY20: ~14%; FY19: 0%)
  - B2B: 28%
  - B2C: 2%



**Apply leading-edge analytics to real-time vehicle mobility datasets**

- Mitigates credit & insurance risk
- Monitor industry recovery
  - Adjust operations in line with industry activity



**Provide digitally driven business services through leading-edge technology, data & analytics competencies**

- Ongoing digital optimisation
- WFH yielding higher productivity & flexible working hours
- Positive consumer response to non-voice & digital channels
  - High levels of right party contact & online transacting

## ECONOMIC, SOCIAL & ENVIRONMENTAL (ESE) FRAMEWORK

**Measurable ESE reporting** Refer to slide 74 - 79

Objective view of corporate impact | Informs strategic & operational initiatives

- ▶ Ensure TC's impacts are appropriately managed
- ▶ Enhance value creation for TC & its stakeholders
- ▶ Targeting only SDGs aligned to core operations & strategy



**Shared-value approach delivering commercial returns & net positive socioeconomic benefits**

### HIGHLIGHTS

**SA Taxi** Vaccination Centre opened July 2021

**SA Taxi** | World Finance Sustainability Awards 2021 winner 'Most Sustainable Company in Mobility Industry'

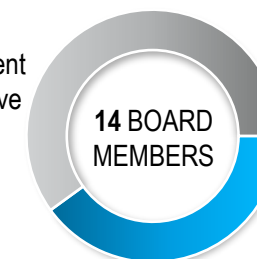
**SA Taxi** issued its 1<sup>st</sup> social bond on **JSE's sustainable segment** by Transsec 5

**Progress in TCFD adoption for the TC group** | Roadmap for adoption of recommendations of TCFD<sup>1</sup>

## BOARD OF DIRECTORS

- ▶ Ms Phumzile Langeni **resigned**
- ▶ Mr Roberto Rossi **appointed** as executive director, previously non-executive director

8 Independent non-executive Directors



6 Executive Directors

# WeBuyCars PERFORMANCE HIGHLIGHTS

Entering new adjacent market | Accelerating Transaction Capital's earnings growth rate



## VALUE & EARNINGS ACCRETIVE INVESTMENT

### ↑ SHAREHOLDING FROM 49.9% TO 74.2%

- ▶ TC consolidated WeBuyCars high-growth earnings for **~2 months**
- ▶ Options in place to acquire remaining **25.1%** by FY26

### EXPECT FUTURE EARNINGS TO EXCEED EXPECTATIONS AT TIME OF INITIAL INVESTMENT

- ▶ WeBuyCars to accelerate & support sustainably **↑** growth trajectory for TC
- ▶ Favourable market trends
- ▶ Uniquely positioned in SA's large & resilient used vehicle market
- ▶ Strategy to expand geographically, **↑** e-commerce offering (B2B & B2C), optimise stock efficiencies & **↑** F&I products penetration

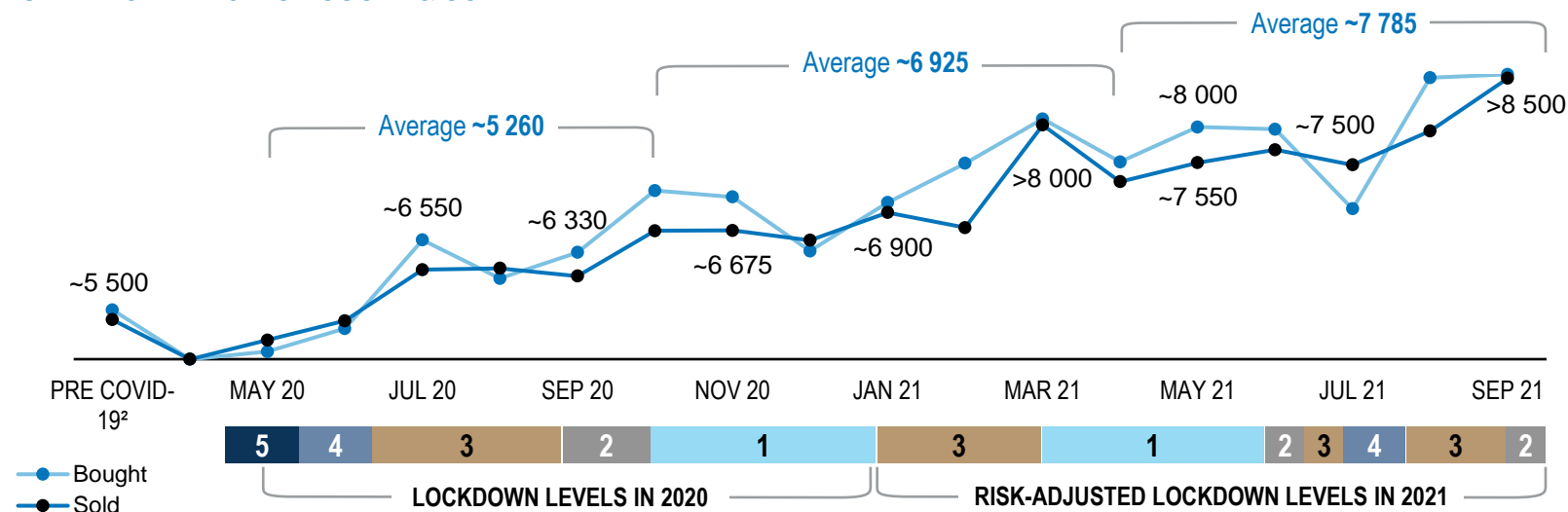
## ROBUST PERFORMANCE HEADLINE EARNINGS **↑ 79%** (FY21 vs FY19 **↑ 74%**)

- ▶ New heights reached in several categories during FY21
  - **↑** total revenue, vehicles bought & sold, e-commerce sales & F&I penetration
- ▶ Headline earnings attributable to group **R270m** (FY20: **R19m**)<sup>1</sup>
  - Delivering predictable earnings with high cash conversion rates

## BUSINESS MODEL GAINED RELEVANCE IN COVID-19 ENVIRONMENT

- ▶ More consumers opting for used versus new vehicles
- ▶ New vehicle sales<sup>3</sup> in September 2021 **↓ 13.1%** compared to 2019 levels
- ▶ Used vehicle sales<sup>4</sup> in September 2021 **↑ 13.3%** compared to 2019 levels
  - Consumers' disposable income under strain & new vehicle prices **↑**
  - Disruption of global production led to new vehicles stock shortages
- ▶ COVID-19 heightened consumers' preference for on-line channels
- ▶ Digital capabilities & credible e-commerce platform support growth

## NUMBER OF VEHICLES BOUGHT & SOLD



1. Acquisition of 49.9% in WeBuyCars effective 11 September 2020 consolidating 19 days of earnings in FY20, shareholding increased to 74.2% on 3 August 2021 consolidating a higher proportion of earnings for ~2 months for FY21

2. Average number of vehicles sold | January 2020 to March 2020 | 3. NAAMSA | 4. eNatis



# SA TAXI PERFORMANCE HIGHLIGHTS

Positioned to resume long-term track record of growth | Demonstrating resilience & relevance

## EARNINGS NEARING FY19 LEVELS

### RESILIENT OPERATIONAL, CREDIT & FINANCIAL PERFORMANCE

- ▶ Headline earnings attributable to group **↑ 113% to R413m** (FY20: **R194m**; FY19: **R466m**)
  - Protecting the balance sheet | Adequately provided for COVID-19 impact
- ▶ Provision coverage at **5.6%** (FY20: **6.7%**; FY19: **4.8%**)
- ▶ Performance impacted by:
  - More severe & prolonged COVID-19 3<sup>rd</sup> wave
  - Civil unrest in KwaZulu-Natal & Gauteng
  - Minibus taxi conflict in Western Cape in July 2021

### TRACK RECORD & VERTICALLY INTEGRATED BUSINESS MODEL POSITIONS SA TAXI WELL TO SERVE CLIENTS

### EXPAND INTO NEW & ADJACENT VERTICALS

- ▶ Development of bespoke products for minibus taxi industry
  - Including electronic fare collections
  - Through industry partnerships & collaboration

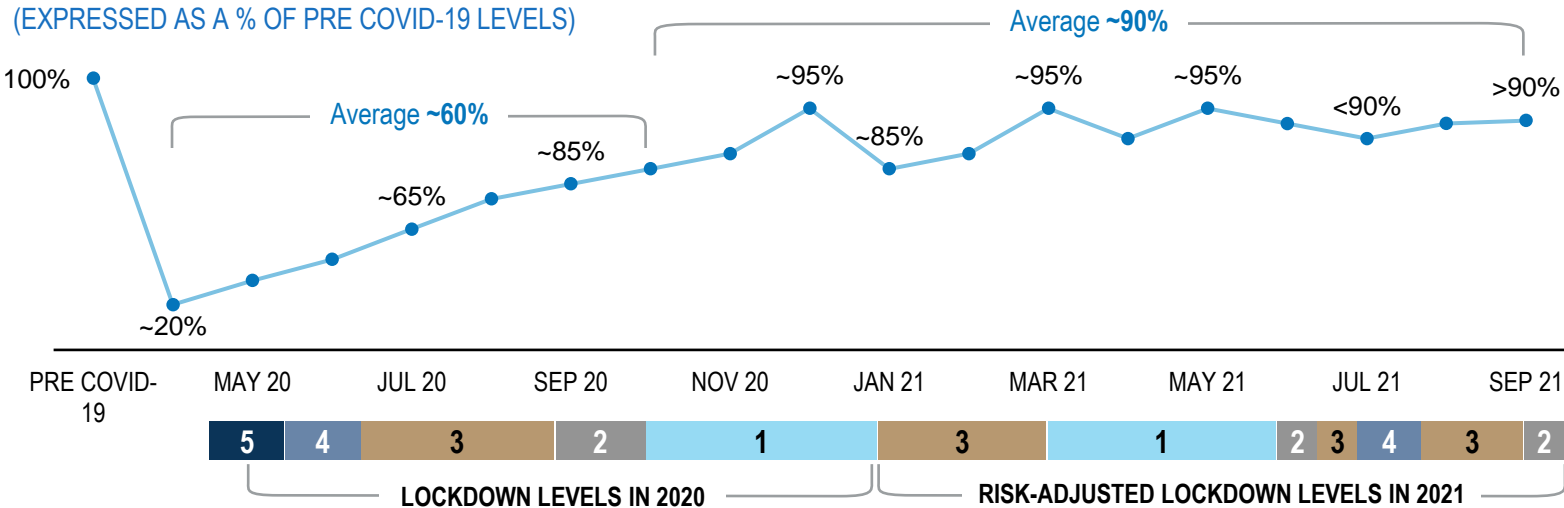
### STRONG RECOVERY IN LOANS ORIGINATED TO PRE COVID-19 LEVELS (FY21 vs FY20: **↑ 37%**)

- ▶ Applications exceeding pre COVID-19 levels for new & QRT minibus taxis
- ▶ Continued momentum in sale & finance of QRT's
- ▶ Refurbishment capacity **↑**
- ▶ QRT loan originations **↑ 62%** (FY21 vs FY19 **↑ 38%**)

### BUSINESS MODEL DEMONSTRATED RELEVANCE IN COVID-19 ENVIRONMENT

- ▶ Minibus taxi industry indispensable to South Africa's economic activity
  - **>16%** **↑** in minibus taxi use from 2013 to 2020
  - **~28%** **↓** in bus use from 2013 to 2020
  - **~64%** **↓** in rail use from 2013 to 2020

### LOAN COLLECTIONS HAVE REMAINED AT ~90% OF PRE COVID-19 LEVELS DURING 2021 (EXPRESSED AS A % OF PRE COVID-19 LEVELS)



# TCRS PERFORMANCE HIGHLIGHTS

Returned to long-term track record of growth



## RESILIENT PERFORMANCE IN CHALLENGING ENVIRONMENT

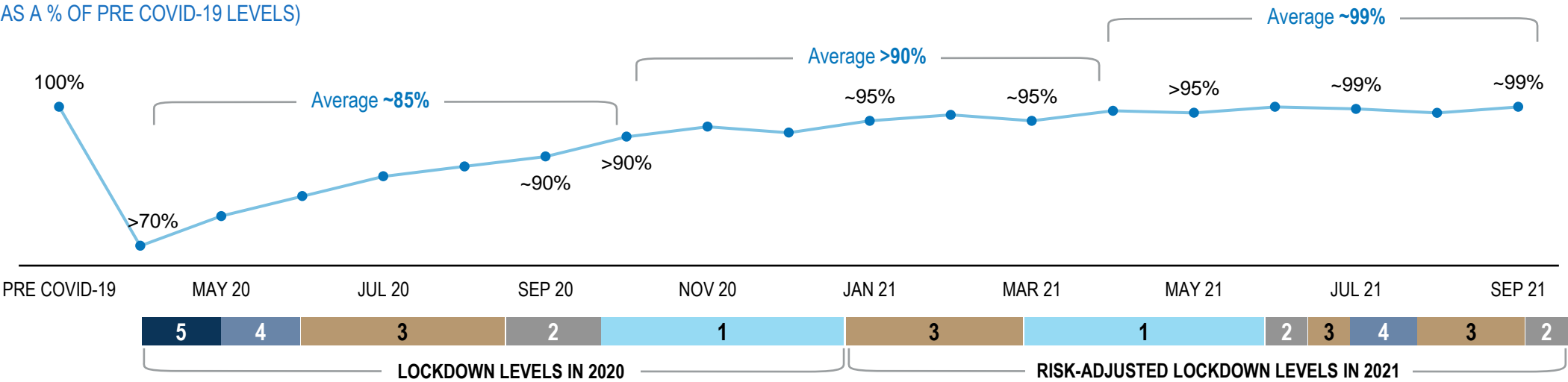
- BUSINESS MODEL GAINED RELEVANCE IN COVID-19 ENVIRONMENT**
- ▶ Effective functioning of consumer credit sector critical to economic recovery
  - ▶ **↑** indebtedness & impaired consumer ability to service debt
  - ▶ **↑** NPL portfolios to manage/acquire

- POSITIONED FOR STRATEGIC GROWTH INITIATIVES TO CAPTURE EMERGING OPPORTUNITIES**
- ▶ Structured to deliver in three key areas
    - Collections, transactions & business process outsource services
  - ▶ Proven operational agility
  - ▶ Effective world-class WFH capabilities
  - ▶ Recalibration of staff complement & infrastructure
  - ▶ Ongoing digital optimisation enables **↑** levels of efficiency

- ROBUST PERFORMANCE**
- HEADLINE EARNINGS **↑** 662% (FY21 vs FY19 **↑** 15%)**
- ▶ Collection services proved resilient in difficult environment
    - FY21 collections revenue **↑** 8% (FY21 vs FY19 **↑** 23%)
  - ▶ Operating costs **↓** 16%
  - ▶ Pre-provision profit **↑** 17% (FY21 vs FY19 **↑** 34%)

PERFORMANCE OVERVIEW

## COLLECTIONS<sup>1</sup> ON NPL PORTFOLIOS OWNED AS A PRINCIPAL PERFORMED BETTER THAN EXPECTED (EXPRESSED AS A % OF PRE COVID-19 LEVELS)



1. Collections on NPL portfolios owned as a principal in South Africa

02

# WeBuyCars

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

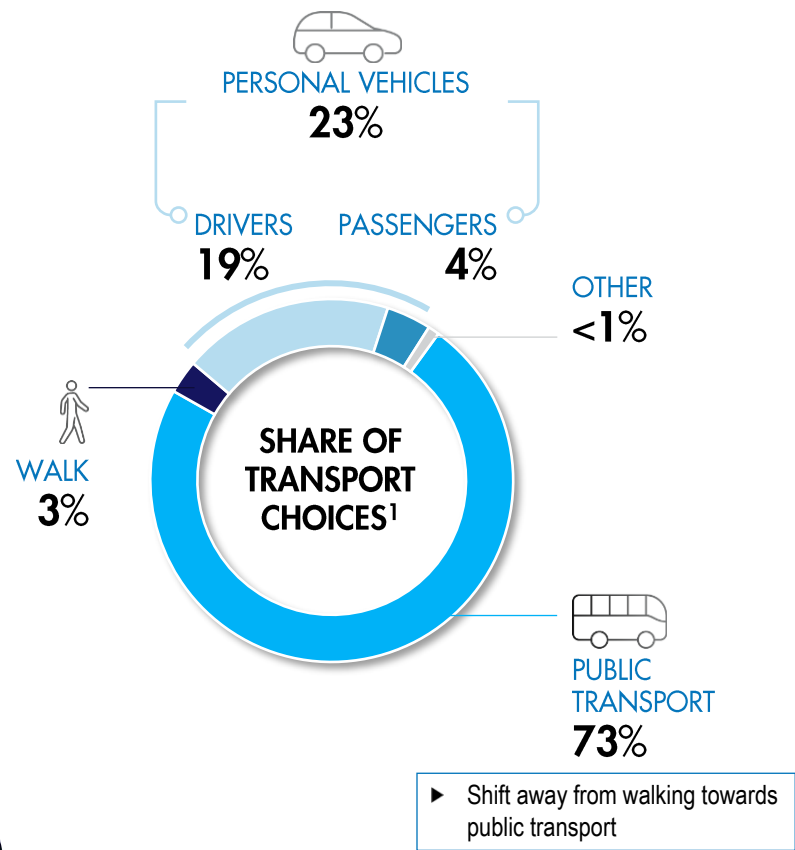
2021





# USED VEHICLE MARKET CONTEXT & ENVIRONMENT

Vehicle ownership is an aspiration rooted in South African culture  
Shift in personal vehicles from passengers to drivers



Sources: 1. National Household Travel Survey 2020 | 2. Autotrader car industry report 2020/21

## POSITIVE SHIFT TOWARDS USED VEHICLES¹

In 2020 **23% of households used personal vehicles** as their main mode of transport, with a positive shift from passengers to drivers

<b>18.9%</b> DRIVERS ▲ 2013: 13.7%	<b>4.0%</b> PASSENGERS ▼ 2013: 9.7%
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Travel time is one of the most important reasons for dissatisfaction with public transport  
Personal vehicles rank well in this area:

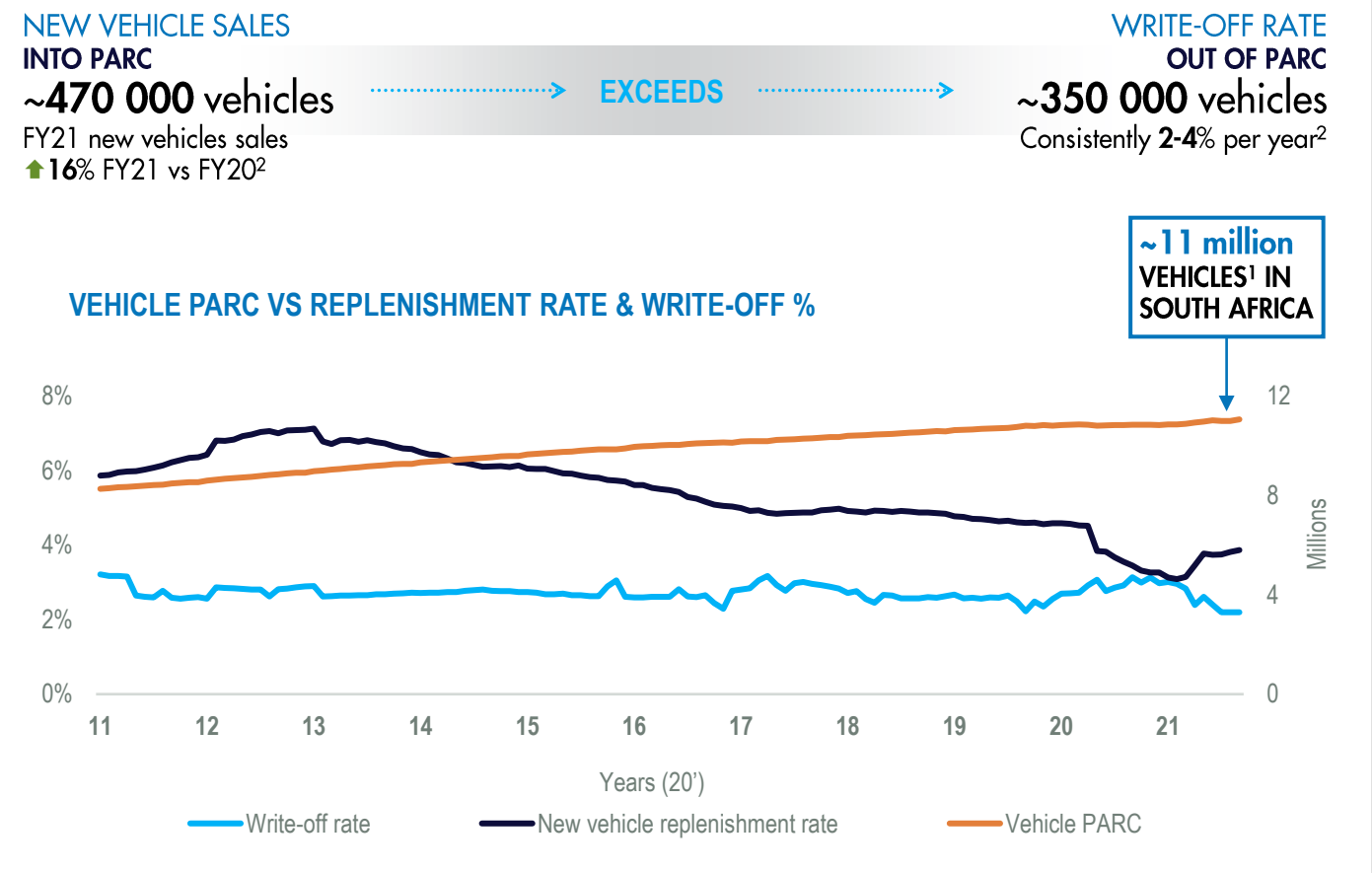
<b>~47 minutes</b> PERSONAL VEHICLES	<b>~85 minutes</b> PUBLIC TRANSPORT
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<b>48% ▲</b> ONLINE SEARCHES FOR USED CARS Compared to prior 12 months²	<b>278 million</b> ONLINE CONSUMER ADVERT VIEWS² (2020: 177 million)
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# USED VEHICLE MARKET CONTEXT & ENVIRONMENT

South Africa's vehicle parc has **↑** steadily  
Used vehicle market is resilient, defensive & growing despite South Africa's economic climate

SOUTH AFRICA'S VEHICLE PARC<sup>1</sup> IS GROWING DESPITE NEW VEHICLE SALES **↓** OVER LAST 10 YEARS



SHIFT FROM NEW TO USED VEHICLES

## New vehicle sales **↓** from FY19

- ▶ Stressed economic environment
- ▶ Price **↑** | Driven by exchange rates (~70% imported)
- ▶ Chip shortage for new vehicles

## Used vehicle sales **↑** from FY19

- ▶ More affordable option to a new vehicle
  - COVID-19 stressed disposable income
- ▶ Banks adding liquidity into used vehicle market as they seek growth

## USED VEHICLE SALES BY AGE OF PARC (YEARS)<sup>3</sup>



**2016**  
**AVERAGE YEAR MODEL OF VEHICLES SOLD<sup>4</sup>**

# USED VEHICLE MARKET CONTEXT & ENVIRONMENT

Strong recovery in used vehicle sales | Already at pre COVID-19 levels

## VEHICLE SALES & PRICES IN SOUTH AFRICA

### NEW VEHICLES

~470 000  
46% FINANCED<sup>1</sup>

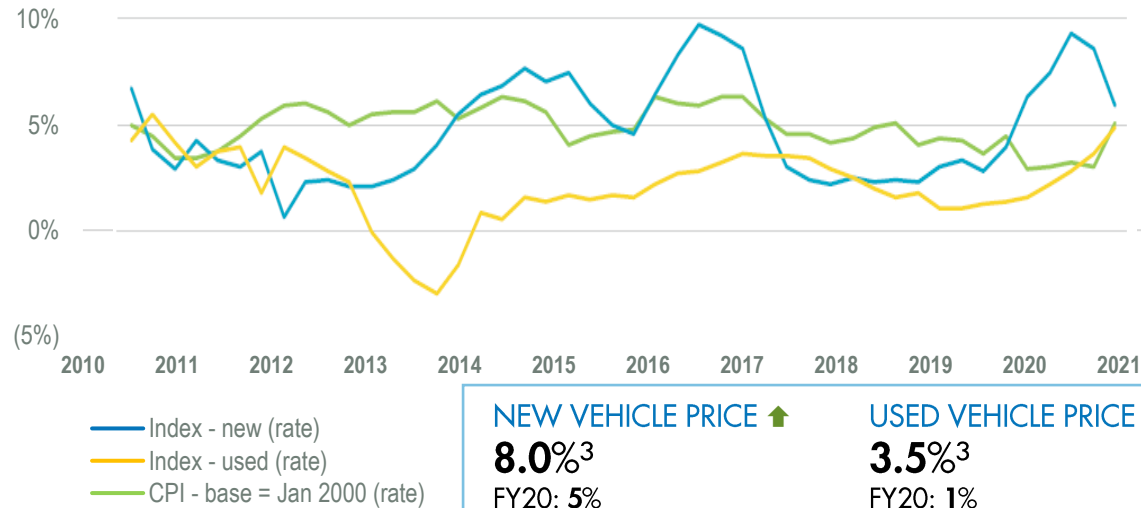
2.5 times<sup>2</sup>  
TOTAL USED-TO-NEW SALES RATIO  
FY20: 2.3 times

2.4 times<sup>3</sup>  
USED-TO-NEW FINANCED RATIO  
FY20: 2.2 times

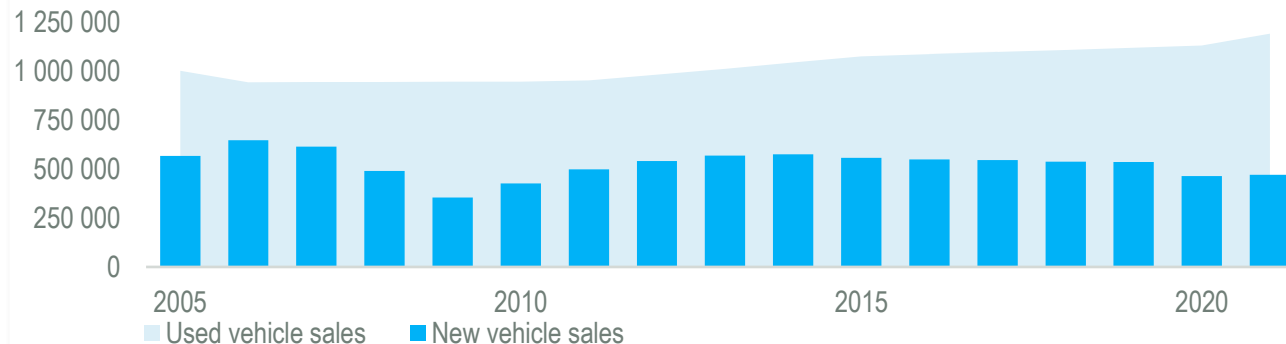
### USED VEHICLES

~1.2 million<sup>2</sup>  
32% FINANCED<sup>1</sup>  
↓ in financed deals below R200 000<sup>3</sup>  
↑ in financed deals above R300 000<sup>3</sup>

### VEHICLE PRICING INDEX (VPI) & CONSUMER PRICE INDEX (CPI)<sup>3</sup>



### NEW VS. USED ANNUAL VEHICLE SALES<sup>4</sup>



### CAGR (2021)

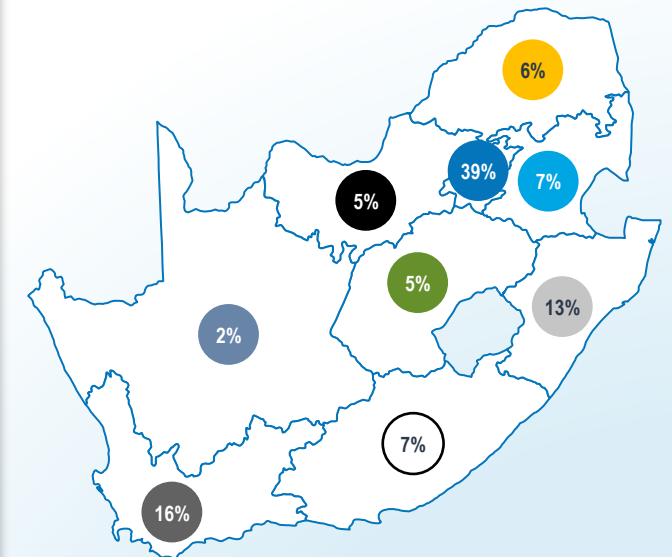
#### New vehicles sales

10 year ↓ 1.4%  
5 year ↓ 3.0%

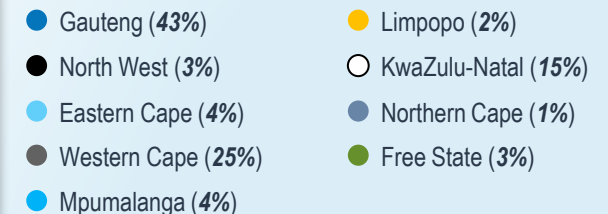
#### Used vehicles sales

10 year ↑ 2.0%  
5 year ↑ 1.7%

## GEOGRAPHIC DISTRIBUTION OF THE VEHICLE PARC<sup>5</sup>



### WeBuyCars BUYING DISTRIBUTION BY PROVINCE<sup>6</sup>



Sources: 1. Consumers financed per the NCR in 2019, excluding B2B; WeBuyCars ~20% to ~30% of sales to customers (excluding dealerships) are financed | 2. Internal estimation using eNatis & Lightstone data (double counting eliminated) | 3. Calculated based on TransUnion VPI Q3 2020 – Q2 2021 | 4. Pre 2020 figures: Estimate applying Transunion, E-natis (double counting eliminated) & Lightstone data, 2020/21 figures: based on adjustment to eNatis data (double counting eliminated) | 5. Distribution derived from e-Natis Sept 2021 live vehicle population | 6. Based on WeBuyCars internal data

# USED VEHICLE MARKET CONTEXT & ENVIRONMENT

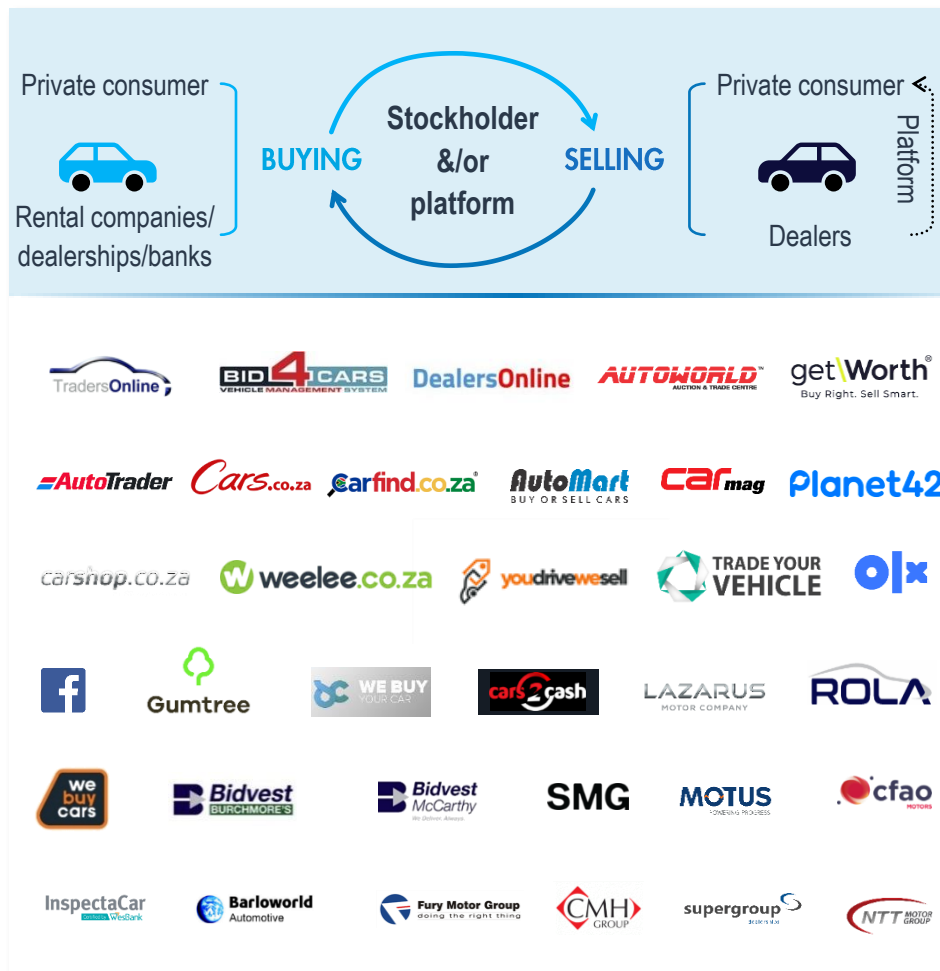
Used vehicle industry is large & highly fragmented, with various operating models

## DEALERS | GROUPS VS INDEPENDENT

- ▶ Stockholders with inventory on balance sheet
- ▶ >3 000 dealers (~2 100 franchised)
- ▶ **Dealership groups affiliated to OEMs**
  - Limited brand optionality & pricing flexibility
- ▶ **Independent dealerships**
  - Greater choice of brands, limited stock available, low levels of customer trust

## ONLINE PLATFORMS & MARKET PLACES

- ▶ Do not carry inventory
- ▶ Do not control customer experience
- ▶ Facilitate trades, earn commission &/or advertisement revenue
- ▶ Large volume of vehicles for viewing
- ▶ no physical footprint & no test-drives
- ▶ **Private-to-private platforms** are poorly regulated, vehicles not backed by any guarantee, F&I products not offered
- ▶ **Dealers-to-private platforms** are strongly established distribution channels
- ▶ Transaction is not always certain



- ▶ Control buying & selling experience
- ▶ Buy from private consumers:
  - Digital lead generation
  - AI-led pricing
  - Frictionless & fair process
  - Trusted brand
  - Sellers receive fair price, driven by AI with immediate cash settlement
- ▶ Sells to dealerships & private customers:
  - E-commerce & physical infrastructure
  - Vertically integrated, offering finance, insurance & other allied products
- ▶ Buys & sells variety of vehicles
  - Many brands & models
- ▶ Majority of vehicles sold
  - Age | ~9 years
  - Price | <R200 000

GROWTH OPPORTUNITIES IN A LARGE FRAGMENTED & DISRUPTED SOUTH AFRICAN MARKET



# WeBuyCars FINANCIAL PERFORMANCE

High growth business | Well placed to build on long-term track record of growth

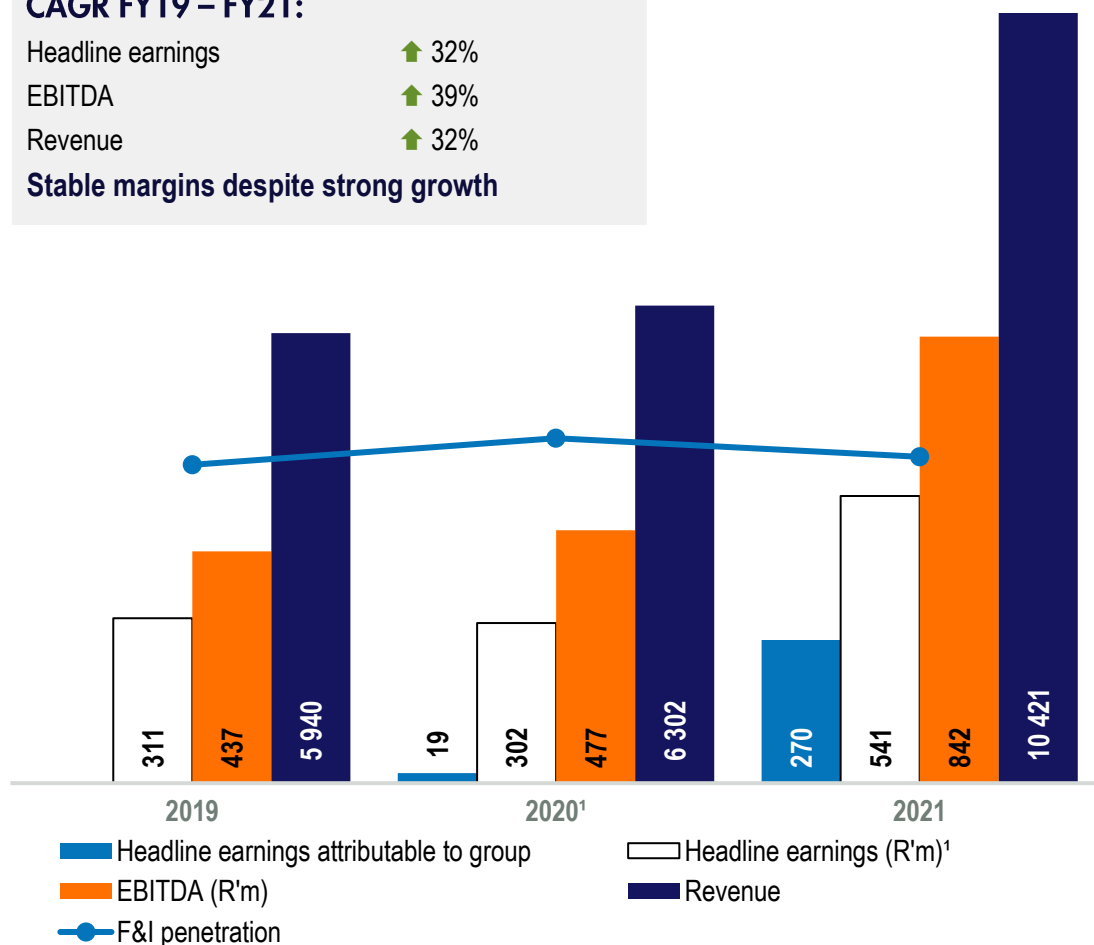


## Strong growth rate | Operating leverage

### CAGR FY19 – FY21:

Headline earnings	↑ 32%
EBITDA	↑ 39%
Revenue	↑ 32%

### Stable margins despite strong growth



▶ Headline earnings ↑ **79%** to **R541m** (FY21 vs FY19 ↑ **74%**)

▶ Headline earnings attributable to the group **R270m** (FY20: **R19m**)

- Initial **49.9%** investment in WeBuyCars effective 11 September 2020
- Additional **24.3%** investment in WeBuyCars effective 3 August 2021
- Options in place to acquire remaining **25.1%** by FY26

▶ Revenue ↑ **65%** to **R10.4bn** (FY21 vs FY19 ↑ **75%**)

▶ Unit economics per vehicle sold

- Stable margins despite strong growth in volumes
  - › Opportunity to ↑ unit economics per vehicle from ↑ take-up of F&I products<sup>2</sup>
  - › ↑ average selling price per vehicle generating ↑ Rand margins
  - › Established infrastructure facilitating operational leverage
  - › Efficiencies achieved in key metrics
    - Employee cost per vehicle sold
    - Rent paid per vehicle sold
    - Square meters per vehicle sold

▶ Capital light business model

- Robust balance sheet, minimal leverage & high cash conversion rates

1. Includes adoption of IFRS 16 Leases

2. WeBuyCars earns margin on trading vehicles (vehicle margin), with additional gross margin earned on finance, insurance based, tracking & other allied products (product margin)



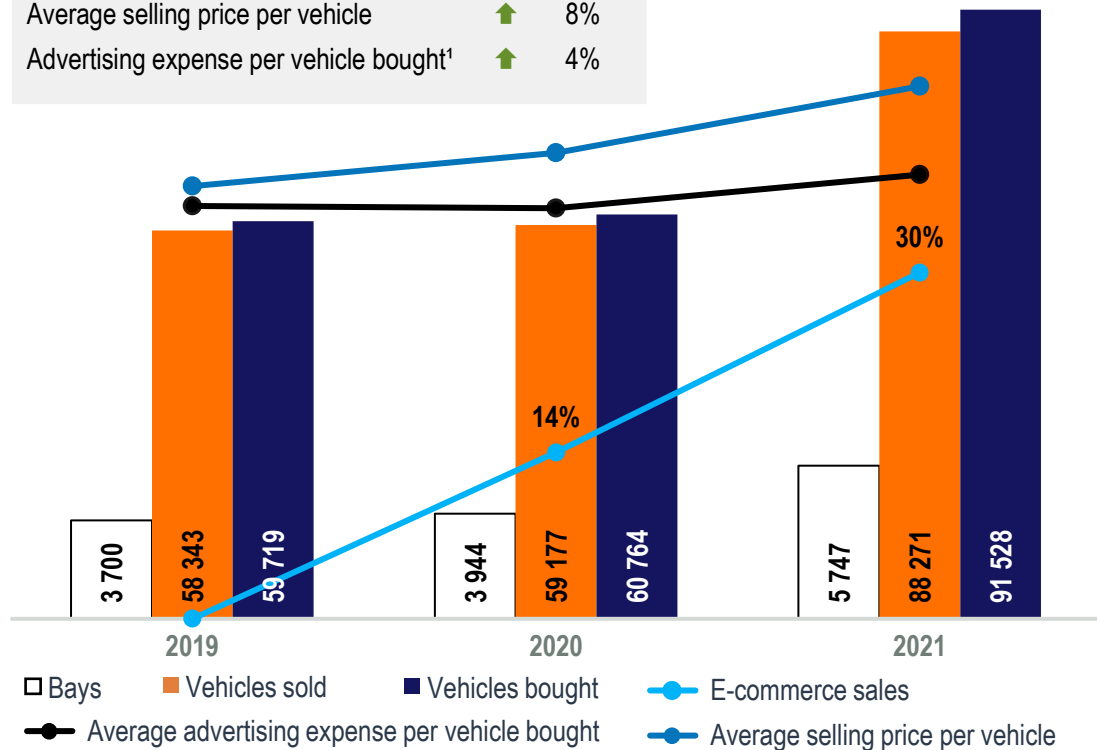
# WeBuyCars OPERATIONAL PERFORMANCE

High growth business | Well placed to build on long-term track record of growth



## CAGR FY19 – FY21:

E-commerce sales <sup>1</sup>	↑ >100%
Vehicles bought	↑ 24%
Vehicles sold	↑ 23%
Vehicle bays	↑ 25%
Average selling price per vehicle	↑ 8%
Advertising expense per vehicle bought <sup>1</sup>	↑ 4%



- ▶ Continued to trade throughout COVID-19 pandemic | Reached record monthly volumes
  - Favourable structural market conditions
- ▶ Vehicles sold per month
  - ~6 925 vehicles per month | October 2020 to March 2021
  - ~7 785 vehicles per month | April 2021 to September 2021
  - Average selling price per vehicle ↑ 11%, generating ↑ Rand margins (FY20: ↑ 5%)
- ▶ Vehicles bought per month
  - ~7 627 vehicles per month in FY21
  - ~5 064 vehicles per month in FY20
- ▶ Vehicle bays
  - ~5 747 parking bays in 8 vehicle supermarkets (FY20: ~3 944; FY19: ~3 700)
  - Germiston branch in Gauteng opened on 1 June 2021 | ↑ ~850 additional bays
  - New vehicle supermarket opening in Gauteng (The Dome) during December 2021
    - › Initially ↑ ~1 100 additional bays | Total capacity of ~1 400 bays
  - Three further vehicle supermarkets opening in next 24 months
    - › Limpopo, Mpumalanga & Western Cape
- ▶ Average advertising expense per vehicle bought remained stable

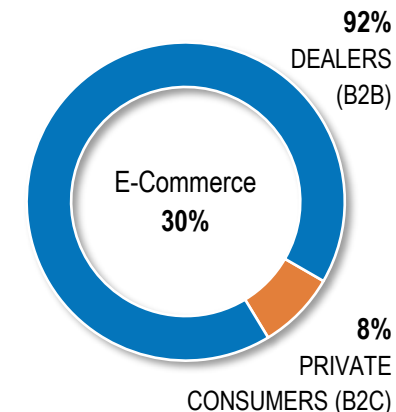
1. E-commerce sales calculation comparing FY21 vs FY20 as e-commerce sales introduced during March 2020

## VEHICLE SUPERMARKET | MIDSTREAM



### Medium-term target to ↑ volume of vehicles traded to 15 000 per month

- ▶ Initial medium-term target for vehicles traded of 10 000 per month on track to be realised sooner than initially anticipated
- ▶ Harness data & technology to drive e-commerce offering
  - ↑ penetration of e-commerce | ~30% online sales in FY21 (FY20: ~14%)
    - › Enable improved stock turn & cost efficiency
    - › Majority concluded through **B2B** | Vehicle dealerships
    - › Early stage **B2C** | Desire for contactless services on credible digital platforms ↑
- ▶ Physical footprint continues to expand over next 24 months
- ▶ Continued enhancement of brand awareness, trust & customer experience



## VEHICLE SUPERMARKET | MIDSTREAM



### Enhance unit economics & margin potential

- ▶ Optimising vehicle acquisition & stock turn
- ▶ ↑ unit economics per vehicle via ↑ take-up rate of F&I products
- ▶ Enhance existing arrangements with providers of F&I products
- ▶ Offering finance as principal
  - Leverage SA Taxi's expertise & capabilities to extend services | Offering to underserved market segment
- ▶ Enhance insurance & allied products offering to improve annuity income
  - Add relevant new allied products
- ▶ Maintain margin percentages | ↑ average selling price per vehicle generating ↑ Rand margins

03

# SA TAXI

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

# 2021



World Finance Sustainability Awards  
in category of Most Sustainable Company  
in the Mobility Industry



Inaugural social bond issuance on JSE's  
sustainable segment through Transsec 5



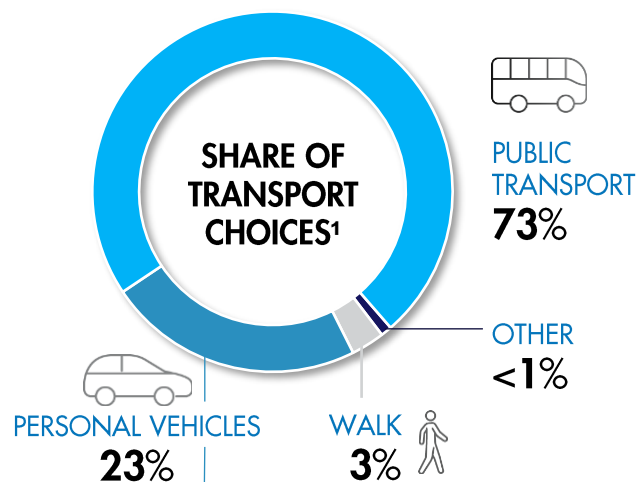


# ENVIRONMENT & MARKET CONTEXT

Structural elements support minibus taxi industry resilience

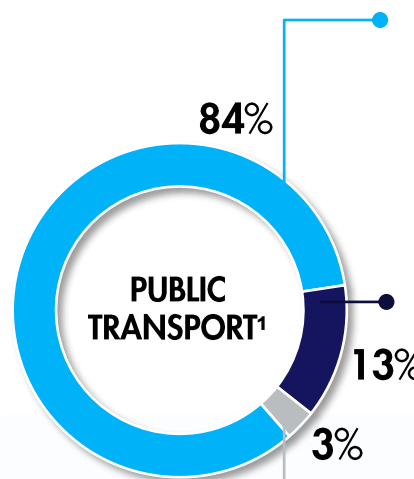


Minibus taxi is the largest & most vital mode of transport within integrated public transport network



#### Personal vehicles

- ▶ New passenger vehicle sales 13% ↓ in FY21 vs FY19<sup>2</sup>



#### MINIBUS TAXI ↑ >16% SINCE 2013<sup>1</sup>

- ▶ Preferred form of transport due to accessibility & flexibility
- ▶ ~15 million commuter trips daily<sup>3</sup>
- ▶ Essential service with spend non-discretionary
- ▶ No government subsidy<sup>4</sup>

#### BUS ↓ >28% SINCE 2013<sup>1</sup>

- ▶ ↑ dissatisfaction around bus stop facilities
- ▶ ~670 000 commuter trips daily (15% ↓ from FY20)<sup>5</sup>
- ▶ Receives 56% of government subsidy<sup>4</sup>

#### RAIL ↓ ~64% SINCE 2013<sup>1</sup>

- ▶ Dwindling operating capacity & long travel times
- ▶ 60 000 commuter trips daily (75% ↓ from FY20)<sup>5</sup>
- ▶ Receives 44% of government subsidy<sup>4</sup>

**E-hail** | Small proportion due to affordability

COMMUTERS RELY ON MINIBUS TAXIS GIVEN THEIR ACCESSIBILITY, RELIABILITY CONVENIENCE & FLEXIBILITY

Sources: 1. National Households Travel Survey 2020 (conducted before start of COVID-19 pandemic) | 2. Internal estimation using eNatis & Lightstone data (double counting eliminated) | 3. Reuters <http://www.reuters.com/article/safrica-taxis/south-africas-rattletrap-taxis-move-millions-and-an-economy-idUSL6N0LQ3BL20140310> | 4. As per the Public Transport & Infrastructure System Report conducted for the National Treasury | 5. Bus & rail as per Stats SA (Bus includes BRT trips). BRT as per As per the Public Transport & Infrastructure System Report conducted for the National Treasury

# ENVIRONMENT & MARKET CONTEXT

Minibus taxi industry is defensive & growing despite challenging environment



TOTAL ADDRESSABLE MARKET  
**>250 000**  
MINIBUS TAXIS

UNENCUMBERED & AGED  
**170 000**

FINANCED &/OR INSURED  
**~80 000**

AVERAGE AGE >10 YEARS  
AGEING FLEET REQUIRING REPLACEMENT & RECAPITALISATION

## MONTHLY SUPPLY<sup>1</sup>

LESS THAN

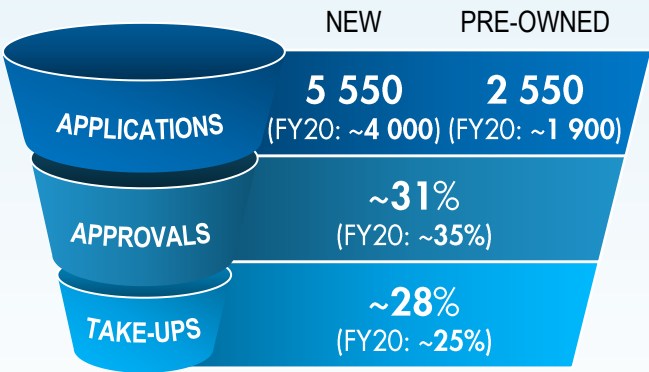
## MONTHLY DEMAND<sup>2</sup>

TOTAL MARKET SUPPLY  
**~1 600**  
↑ FY20: ~1 300

NEW  
**~1 300**  
↑ FY20: ~1 115

PRE-OWNED  
**~300**  
↑ FY20: ~185

SA TAXI'S TOTAL APPLICATION  
**~8 100**  
↑ FY20: ~5 900



1. Total monthly market supply of minibus taxis comprises Toyota, Nissan & Mercedes vehicles, SA Taxi's best estimate based on monthly NAAMSA reports, internal data & Lightstone | 2. SA Taxi internal information



# ENVIRONMENT & MARKET CONTEXT

Minibus taxi industry is defensive & growing with resilient operators

Environment & lower commuter mobility impacting profitability

## VEHICLE PRICES

**R496 000**

TOYOTA HIACE (DIESEL) PRICE<sup>1</sup>

Since FY15: **↑ 36%**

Last 12 months: **↑ 4.0%**

**~R4 439 ↑**

IMPACT ON MONTHLY  
INSTALMENT SINCE 2015<sup>2</sup>

## REPO RATE

**3.5%**

AVERAGE REPO RATE<sup>3</sup>  
FY20: **6%**

REPO RATE CURRENTLY AT  
**FIVE DECADE LOW**  
~3% ↓ in 2020

## SA TAXI'S INTEREST RATES<sup>4</sup>

**20.1%**

AVERAGE INTEREST RATE  
AT ORIGATION

Since FY15 **↓ 3.8%**

**~R1 090 ↓**

IMPACT ON  
MONTHLY INSTALMENT  
Since FY15<sup>2</sup>

**12.25% to 26.75%**

RISK BASED PRICING  
INTEREST RATE RANGE

SUPPORTS AFFORDABILITY OF INSTALMENTS FOR NEW & EXISTING LOANS ON BOOK

## FUEL PRICES INCLUDING FUEL LEVIES

**R16.07 per litre**

AVERAGE PETROL PRICE<sup>5</sup>

FY20: **R14.84**

**R13.69 per litre**

AVERAGE DIESEL PRICE<sup>5</sup>

FY20: **R13.23**

Petrol price approaching  
**R20** per litre following  
November increases<sup>7</sup>

- Petrol **↑** by **R1.21** per litre
- Diesel **↑** by **R1.48** per litre

**~2 to ~3 billion litres**

USED BY TAXI INDUSTRY  
PER YEAR<sup>6</sup>

**~R40 billion**

FUEL SPEND BY TAXI INDUSTRY  
PER YEAR<sup>6</sup>

FURTHER FUEL HIKES EXPECTED IN  
DECEMBER 2021. FUEL PRICES  
ALREADY AT HIGHEST LEVELS IN  
HISTORY

## COVID-19

**100%**

OPERATING  
VEHICLES

**90%**

AVERAGE DISTANCE  
PER VEHICLE

**↓**

PASSENGER  
LOAD

Fares: expectation of **↑** fares in coming months

## FARES

**9.3% ↑**

MONTHLY COST OF USING MINIBUS FROM 2013 TO 2020  
SUPPORTS AFFORDABILITY OF INSTALLMENT<sup>8</sup>

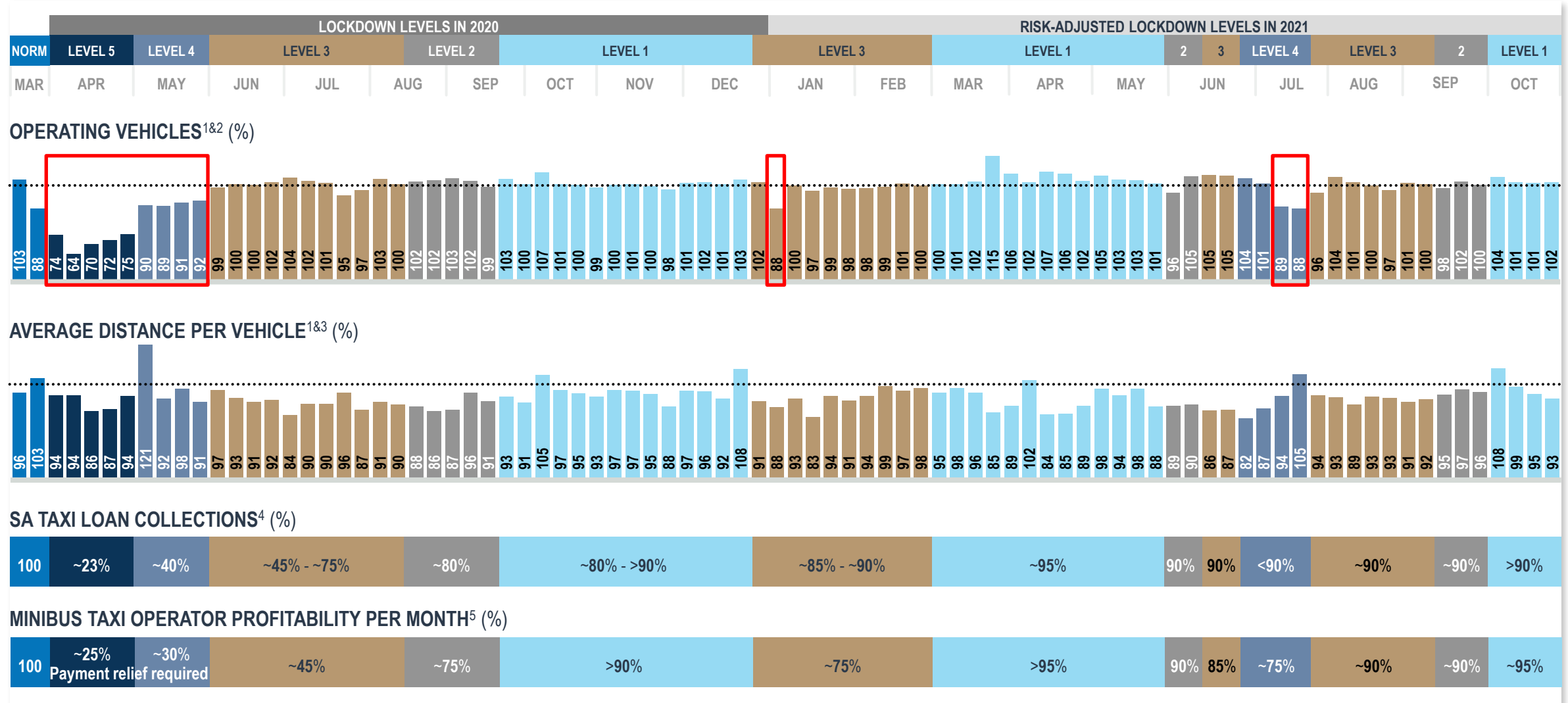
## Effect on SA Taxi

- ▶ Challenging environment due to industry disruptions
  - COVID-19 restrictions, civil unrest & minibus taxi conflict in parts of SA
- ▶ Conservative strategies adopted in response, resulting in lower approval rates:
  - Stricter credit granting criteria
  - Targeting experienced minibus taxi operators
- ▶ **Demand for minibus taxis** exceeding pre COVID-19 levels
- ▶ **Liquid market** for SA Taxi's QRT's
- ▶ Resulting in **strong recoveries** as asset retains value due to demand > supply

## VEHICLE MOBILITY ANALYTICS APPLIED TO MANAGE CREDIT & INSURANCE RISK

## Telematics data indicates recovery in average activity of minibus taxi fleet, collections & profitability

**COVID-19 has proven that minibus taxi industry is indispensable to SA's productivity & early beneficiary of economic recovery**



1. Each 'bar' represents a week (Benchmarked week 14 onwards in 2021 to 2019 activity)

2. Vehicles in the fleet that have travelled more than 10 kilometres during a day (SA Taxi's imperial telematics data)

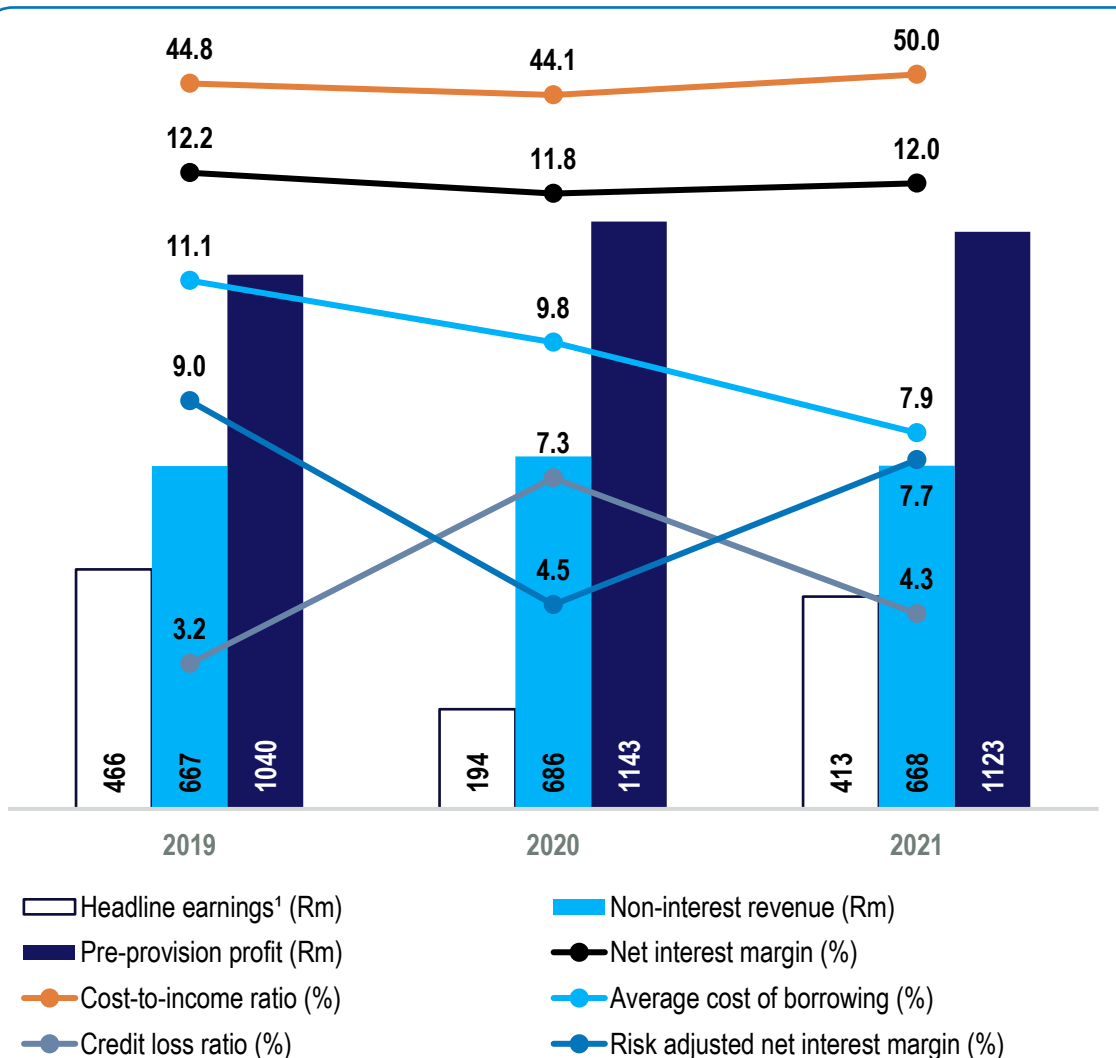
2. Vehicles in the fleet that have travelled more than 10 kilometres during a day (SA Taxi's imperial telematics data)
3. Total kilometres travelled by the fleet / number of operating vehicles (SA Taxi's imperial telematics data)

#### 4. Collections activity expressed as a percentage of pre-COVID-19 levels

5. Calculations are based on a new Toyota HiAce diesel & average profitability after all expenses

# SA TAXI FINANCIAL PERFORMANCE

Operational metrics exceeding pre COVID-19 levels | Collections, profitability & returns nearing pre COVID-19 levels



## ► Headline earnings

- **↑ 109% to R499m** | TC's attributable portion **↑ 113% to R413m**

## ► Net interest margin<sup>2</sup> at **12.0%** (FY20: **11.8%**; FY19: **12.2%**)

- Weighted average interest rate<sup>3</sup> at origination **20.1%** (FY20: **22.4%**; FY19: **23.7%**)
- Change in product mix to **↑** QRT originations
- Funding costs **↓** to **7.9%** (FY20: **9.8%**; FY19: **11.1%**)
  - › Historical low repo rate at **3.5%**<sup>4</sup> (FY20: **3.5%**; FY19: **6.5%**)
  - › Negative endowment impact associated with **↓** interest rates

## ► Credit loss ratio **↓** to **4.3%** (HY21: **4.6%**; FY20: **7.3%**; FY19: **3.2%**)

- Remains slightly above upper limit of **3%** to **4%** target range

## ► Risk adjusted NIM **↑** **7.7%** (FY20: **4.5%**; FY19: **9.0%**)

## ► Non-interest revenue **↓** **3%** to **R668m** (FY21 vs FY19: **0%**)

- Gross written premium **↑ 12%** to **R1 015m** (FY20: **R907m**; FY21 vs FY19 **↑ 23%**)
  - › **↑** loan origination | Continued penetration of growing financed portfolio
  - › Customers acquisition in open market, offset by **↑** lapse rates as COVID-19 affected affordability
  - › **↑** credit life claims ratio to **83%** from **46%** in FY19
    - **~R170m** paid in FY21 compared to **~R45m** paid in FY19

## ► Cost-to-income ratio **↑** to **50.0%** (FY20: **44.1%**; FY19: **44.8%**)

- Investment to **↑** refurbishment capacity | Benefit reflected in **↓** credit loss ratio

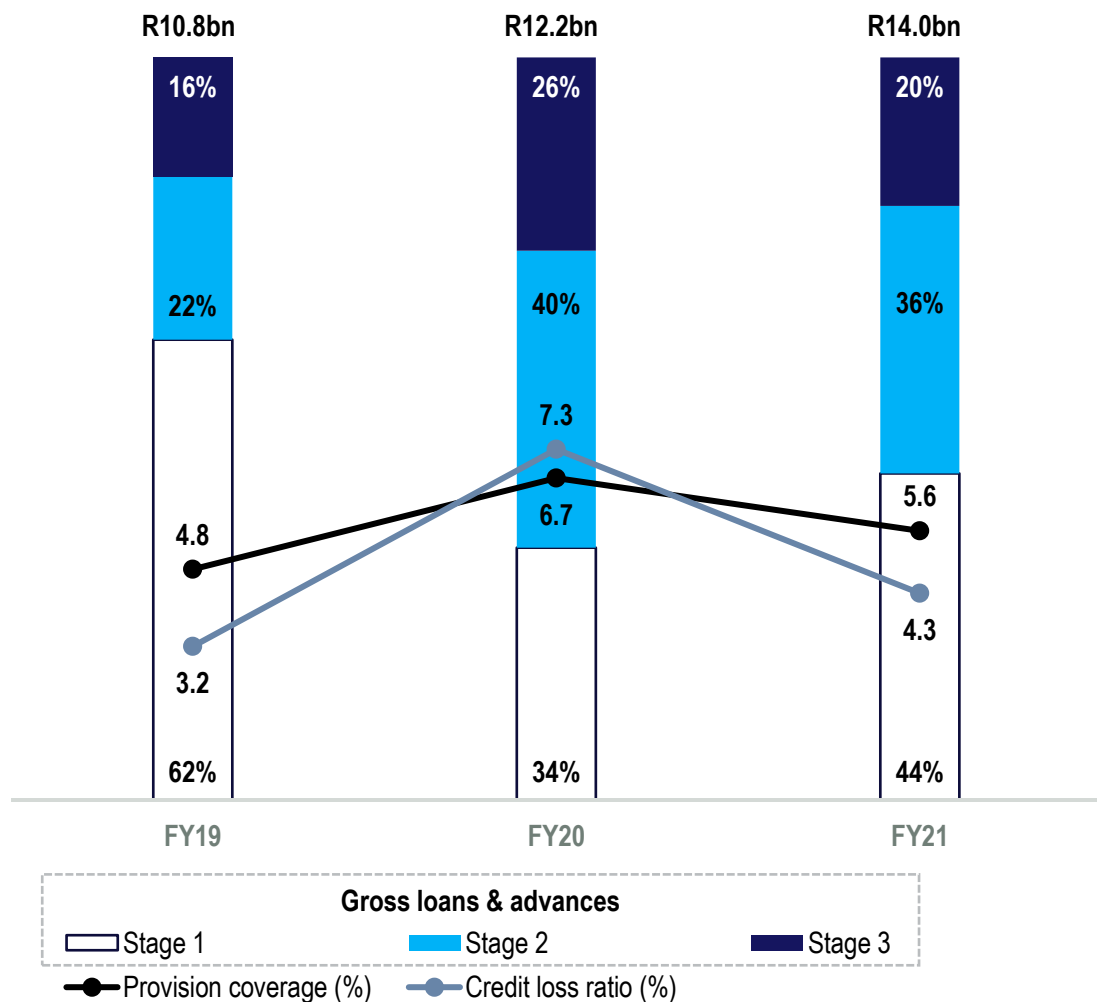
1. Based on core headline earnings attributable to the group

2. The group adopted IFRS 16 based on the modified retrospective approach from 1 October 2019. Net interest margin includes the effect of interest expense relating to IFRS 16

3. National Credit Act maximum rate for developmental credit small & medium business loans at Repo rate x 2.2 plus 20% (FY21: 27.7%; FY20: 27.7%; FY19: 34.3%) | 4. Repo rate as at 30 September 2021

# SA TAXI CREDIT PERFORMANCE

Demonstrated strong credit performance recovery



## ► Gross loans & advances **↑ 15% to R14.0bn**

- Toyota vehicle prices **↑ 4.0%** in FY21 | Further **↑ 2.5%** in October 2021
- Number of loans originated **↑ 37%** (FY21 vs FY19: **0%**) | Recovered to FY19 levels
  - › Lower loan approval rates
  - › Conservative credit quality focused on experienced taxi operators
  - › Constrained originations in 2H21 due to COVID-19 restrictions, civil unrest in KwaZulu-Natal & Gauteng & minibus taxi conflict in Western Cape in July 2021
- Continued **↑** in sale & finance of QRT's | Refurbishment capacity **↑**
  - › QRT loan originations **↑ 62%** | New vehicle loan originations<sup>1</sup> **↑ 24%**
- Recovery in vehicle repossessions (FY21:**294**; FY20: **220**; FY19: **257**)

## ► Gross loans & advances in stage 3 improving (FY21:**20%**; FY20: **26%**; FY19: **16%**)

- **↑** collections month-on-month disrupted in June & July 2021 | Refer to slide 13
- Collections in July 2021 **↓** to **~87%** | Impacted by risk-adjusted level 4 restrictions, civil unrest & taxi conflict

## ► Credit loss ratio **↓** to **4.3%** (FY21: **4.6%**; FY20: **7.3%**; FY19: **3.2%**)

- Recovery on repossession **>75%** of settlement value | Limits loss in event of default

## ► Provision coverage **↑ 5.6%** (FY20: **6.7%**; FY19: **4.8%**)

- Adequately provided for impact on collections | Protecting balance sheet

1. Toyota production remains below pre-COVID-19 levels | FY21: ~1 200 new Toyota vehicles compared to ~1 250 new Toyota vehicles pre COVID-19 (FY19)

## SA TAXI STRATEGIC GROWTH INITIATIVES

### REALISING FULL VALUE IN THE MINIBUS TAXI VERTICAL

- ▶ Continue to assess opportunities for further vertical integration
  - Core business – finance, insurance, auto repairs, auto parts & dealership
- ▶ Development of bespoke products for minibus taxi industry
  - Through industry partnerships & collaboration
- ▶ Leverage **20+ years** of IP to expand into new or adjacent verticals
- ▶ Broaden SA Taxi's total addressable market & support future organic growth

TRACK RECORD & VERTICALLY INTEGRATED BUSINESS MODEL  
POSITIONS SA TAXI WELL TO SERVE CLIENTS





04

# TRANSACTION CAPITAL RISK SERVICES

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

2021



**INVESTORS IN PEOPLE®**  
We invest in people Silver



# ENVIRONMENT & MARKET CONTEXT | SOUTH AFRICA

Defensively positioned in a challenging consumer credit environment



**~39.6 million**  
ADULTS<sup>1</sup> IN SA

**26 million**  
CREDIT ACTIVE  
CONSUMERS IN SA<sup>2</sup>

**10 million**  
NON-PERFORMING  
CREDIT CONSUMERS<sup>2</sup> IN SA  
~38.4% (FY20: 37.1%)  
23% of credit-active consumers  
are 3+ months in arrears

## ELEVATED LEVELS OF UNEMPLOYMENT<sup>3</sup>

- ▶ 34.4% unemployment rate
- ▶ 44.4% expanded definition (FY20: 42%)
- ▶ Highest levels in 12 years

**3.33 million**  
▶ ↑ discouraged work-seekers<sup>3</sup>  
(FY20: 2.47 million)

## RECOVERY OF CREDIT EXTENSION, HOWEVER LENDERS MORE CONSERVATIVE

- ▲ **CREDIT EXTENSION<sup>4</sup>**
  - ▶ New credit granted ↑ 21.3%
  - ▶ Credit granted by retailers ↓ 13%
  - ▶ 32.6% of credit applications approved (FY20: 38.7%)

**HOUSEHOLD DEBT TO INCOME<sup>5</sup>**  
↓ 75.2%  
(FY20: 76%)

**COST OF SERVICING DEBT<sup>5</sup>**  
↓ 7.7%  
(FY20: 9%)

**INFLATION RISING<sup>6</sup> ↑**  
**5%**  
FY20: 3.0%

**INTEREST RATES ↓ | 5 decade low**  
**AVERAGE REPO RATE<sup>7</sup> 3.5% (FY20: 6%)**

ALTHOUGH CONSUMER SECTOR REMAINS UNDER STRAIN, CREDIT ACTIVITY HAS RECOVERED TO PRE COVID-19 LEVELS WITH CONSUMERS BENEFITTING FROM LOWER CREDIT COSTS DRIVEN BY A DECLINE IN INTEREST RATES



OVERDUE DEBT BALANCES CONTINUE TO INCREASE<sup>1</sup>

R91 BILLION

↑ IN OUTSTANDING GROSS DEBTORS BOOK  
WITH 38% OF LOANS NOT IN GOOD STANDING

UNSECURED LENDING

MORTGAGE LENDING

- ▶ R22bn granted (FY20: R10bn)
- ▶ 53% to individuals earning >R15 000 (FY20: 52%)

- ▶ R57bn granted (FY20: R13bn)
- ▶ 1 in 10 mortgages overdue

CONSUMERS ACROSS ALL SEGMENTS IMPACTED BY PRESSURE  
IN ECONOMIC ENVIRONMENT<sup>2</sup>

Segment	Low Income	Middle Income	High Income
Average income	R 4 929	R 12 468	R 33 894 (top 5%)
% of total retail accounts (#)	53%	17%	11%
% of total mortgage accounts (#)	6%	25%	67%
Debt-to-income ratio	17%	75%	165% (88% secured)
% defaulted	63%	45%	21%
Credit stress indicator	3.7 months in arrears on retail accounts	Credit card balances ↑ by 25% since 2019	10% defaulted on vehicle finance (doubled since 2019)

THE IMPACT OF COVID-19 PANDEMIC CONTINUES TO BE FELT<sup>3</sup>

88% of South African consumers indicated that household income was previously impacted or continued to be negatively impacted by the pandemic

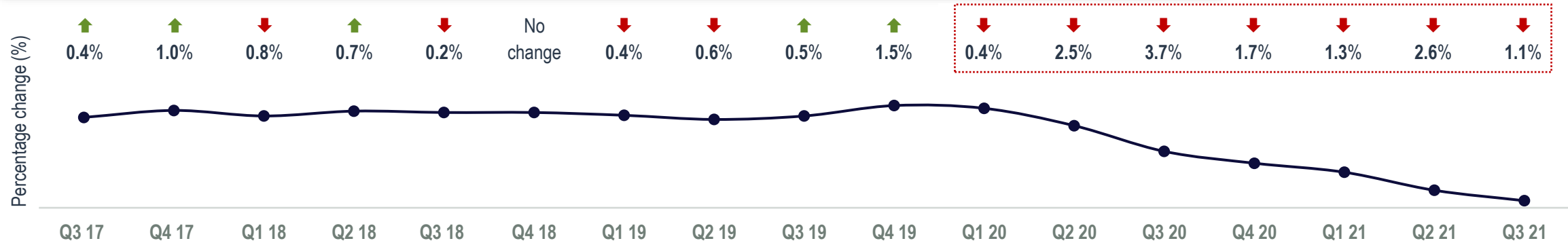
61% Almost two thirds of South African consumers indicated that household finances hadn't recovered to pre-COVID-19 levels

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

Transaction Capital's Consumer Credit Rehabilitation Index (CCRI)

Consumer's propensity to repay debt deteriorating with weak economic conditions exacerbated by COVID-19

## SOUTH AFRICA'S NATIONAL CONSUMER CREDIT REHABILITATION PROSPECT TRENDS | QUARTER ON QUARTER



▶ TCRS algorithm to score propensity to repay debt    ▶ Empirically based sample of ~4 million SA consumers in credit default    ▶ National rehabilitation prospects deteriorating since COVID-19 (Q1 2020)

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

- ▶ ↑ Unemployment & discouraged work-seekers, with growing overdue debt balances
- ▶ ↑ Reliance on debt due to pressure on disposable income
- ▶ ↓ Cost of servicing credit

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

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

### Economic impact of COVID-19 on TCRS's clients

- ▶ Recovery in credit extension
- ▶ Larger NPL portfolios  
New credit granted ↑ 21.3%<sup>1</sup>
- ▶ Balance sheets & operations under pressure
- ▶ ↑ appetite to sell NPL portfolios
- ▶ Clients seek to shift from fixed to variable cost structures, via outsourced collection services

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

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

1. NCR CCMR Q3 2020 - Q2 2021 vs prior year

# ENVIRONMENT & MARKET CONTEXT | AUSTRALIA

## Australian consumer credit environment

### AUSTRALIAN CONSUMER EMPLOYED BUT HIGHLY LEVERAGED

- ▶ Unemployment ↓ to 4.5% | Government support reducing work sought
- ▶ Hours worked ↓ showing pressure on employers to ↓ costs
- ▶ Government support programs renewed as lockdowns extended
- ▶ Prolonged lockdowns forecast to cause economy to contract
  - 2%-4.5% contraction in September 2021 quarter | Slower recovery expected
- ▶ Historically low interest rates & ↑ property prices drive credit extension
- ▶ Persistently high levels of household debt to disposable income at ~210%
- ▶ Effect of Royal Commission into Banking:
  - ↓ Sale of NPL portfolios restricted & ↑ compliance costs

### AUSTRALIAN DEBT COLLECTION ENVIRONMENT

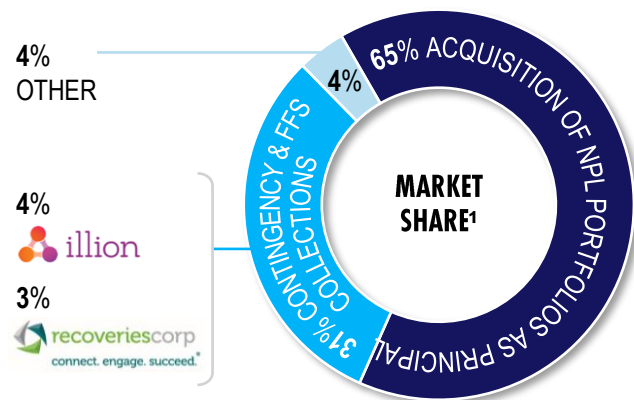
#### CONSUMERS

- ▶ Predominantly employed | Lockdowns & government support programs creating uncertainty
- ▶ Positive response to non-voice & digital channels | High levels of right party contact
- ▶ Growing adoption of alternative Buy Now Pay Later credit options over traditional credit products

#### MARKET PARTICIPANTS

- ▶ ↓ Access to funding for acquisition of NPL portfolios
- ▶ ↑ Regulatory compliance & focus on treating customers fairly
- ▶ ↓ Sale of NPL portfolios | Government & major credit providers restrict collection activity
- ▶ ↑ Shift towards FFS

## AUSTRALIAN COLLECTIONS MARKET | FRAGMENTED MARKET COMPRISING >500 MARKET PARTICIPANTS | EARLY-STAGE MARKET CONSOLIDATION



### PRICE PAID FOR NPL PORTFOLIOS ACQUIRED PER YEAR

		FY21	FY20	FY19
Credit Corp		↓ ~A\$60m	↑ ~A\$246m	~A\$229m
Collection House <sup>2</sup>		↓ ~A\$0m	↓ ~A\$25m	~A\$133m
Pioneer Credit Limited		↓ ~A\$31m	↓ ~A\$60m	~A\$77m
Recoveries Corp (TCRS) <sup>3</sup>		↑ A\$12m	↓ A\$7m	A\$12m
Panthera & other smaller players in fragmented market		↓ ~A\$47m	↓ ~A\$170m	~A\$208m
<b>Total NPL portfolios Australia<sup>4</sup></b>		<b>↓ ~A\$150m</b>	<b>↓ ~A\$510m</b>	<b>~A\$650m</b>

~75%  
of sales  
done on  
a forward  
flow basis

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

1. IBIS World report Debt collection in Australia December 2020, market share based on revenue | 2. Collection House concluded the sale of its Australian PDL assets on 23 Dec 2020 to Credit Corp |

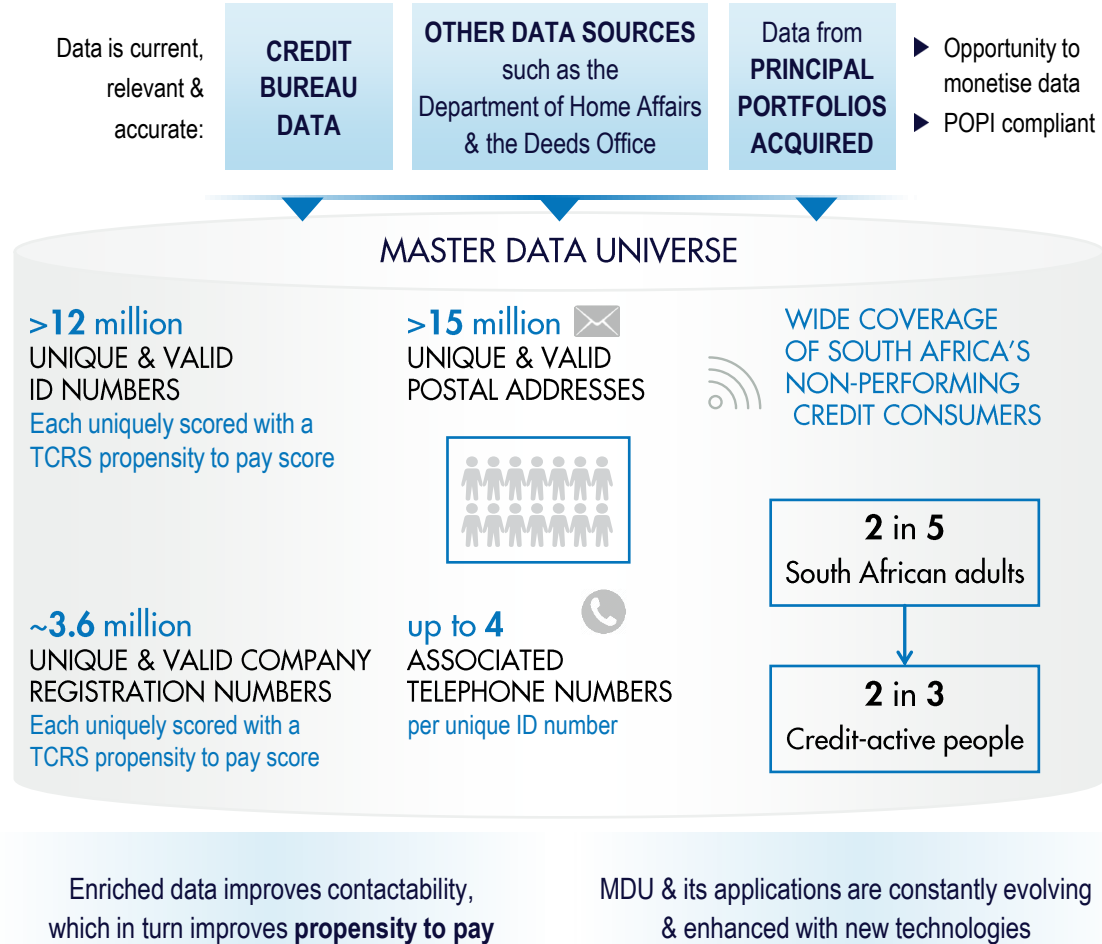
3. Rand amounts converted at a ZAR/AUS FX rate of 0.087406 on 31 October 2021 | 4. Debt Sale Market Update by Bravure Group 2020, based on price paid for NPL Portfolios



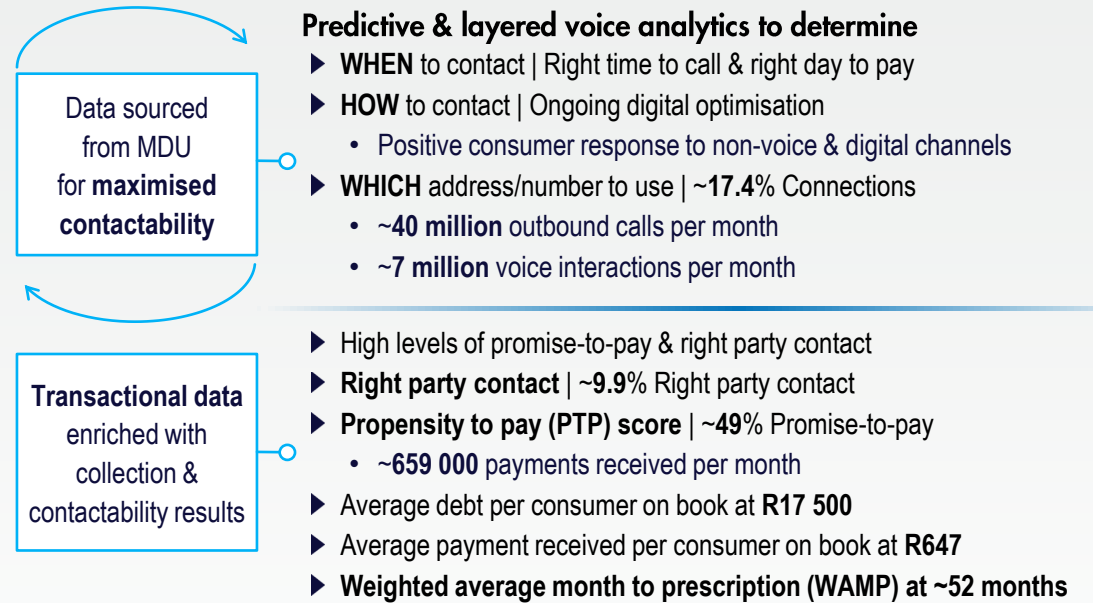
# UNIQUE TECHNOLOGY, DATA & ANALYTICS COMPETENCIES

Enabling intelligent digital business services

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

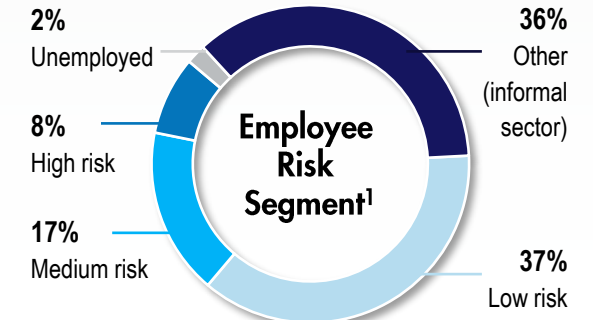


1. Low risk sector include: Security services, government, education & training, telecommunication, healthcare  
Medium risk sector include: Real estate, manufacturing, financial services, metals & mining, shipping  
High risk sector include: Leisure & tourism, airlines, automotive, legal services, engineering & consulting



### DISTRIBUTION OF MONTHLY COLLECTIONS PER EMPLOYMENT RISK SEGMENT<sup>1</sup>

- Monthly collections received from consumers not formally employed ~36%
  - Indicating resilience of SA's informal sector
- Collections received through monthly debit orders ~30%



# TCRS MARKET POSITIONING | DIVERSIFIED BUSINESS MODEL

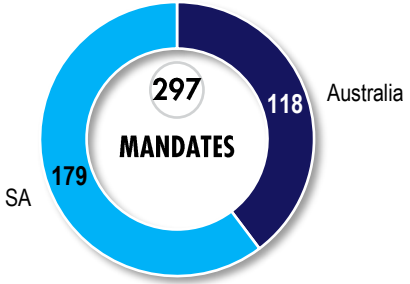
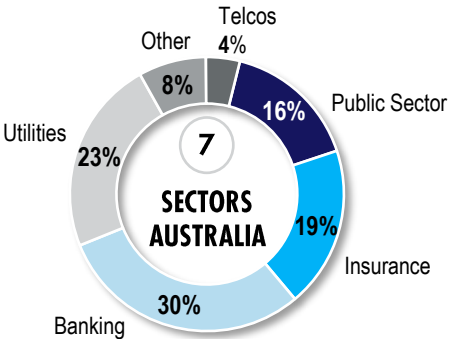
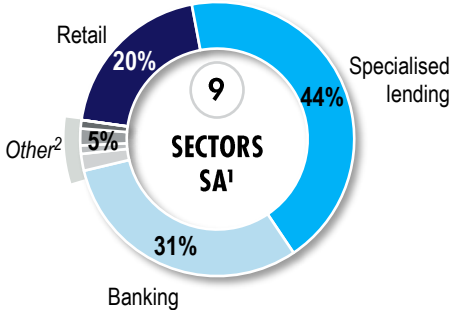
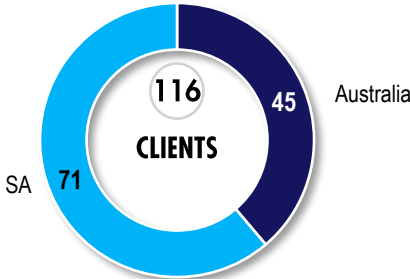
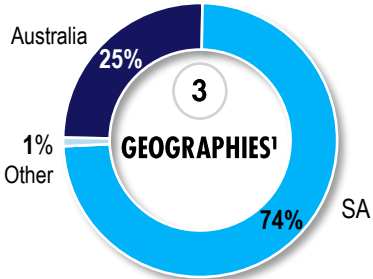
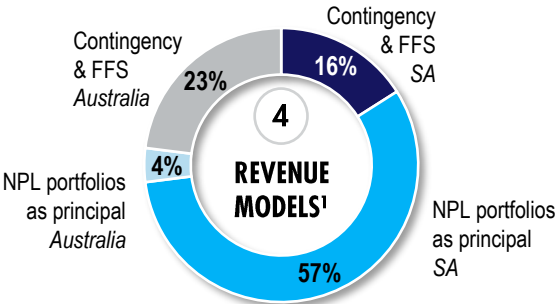
Diversified by business activity, revenue model, geography, sector, client & mandate



Strategic realignment of TCRS | Business structured to deliver in three key areas



## COLLECTION SERVICES DIVERSIFICATION



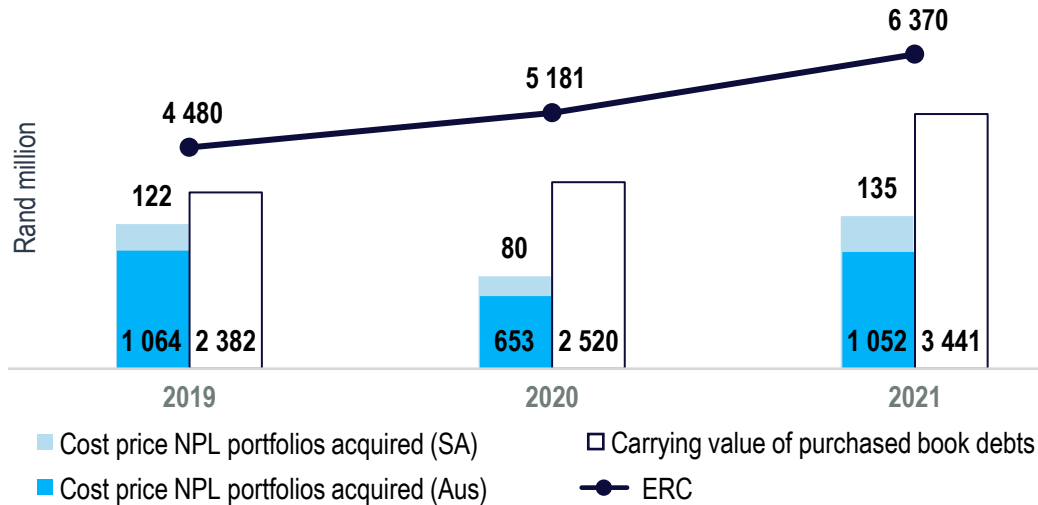
Diversification supports performance in varying market conditions & reduces concentration risk

1. Approximate revenue composition as at 30 September 2021 | 2. Other includes telcos, public sector, education, insurance & commercial

# ACQUISITION OF NPL PORTFOLIOS AS PRINCIPAL IN SOUTH AFRICA, AUSTRALIA & EUROPE

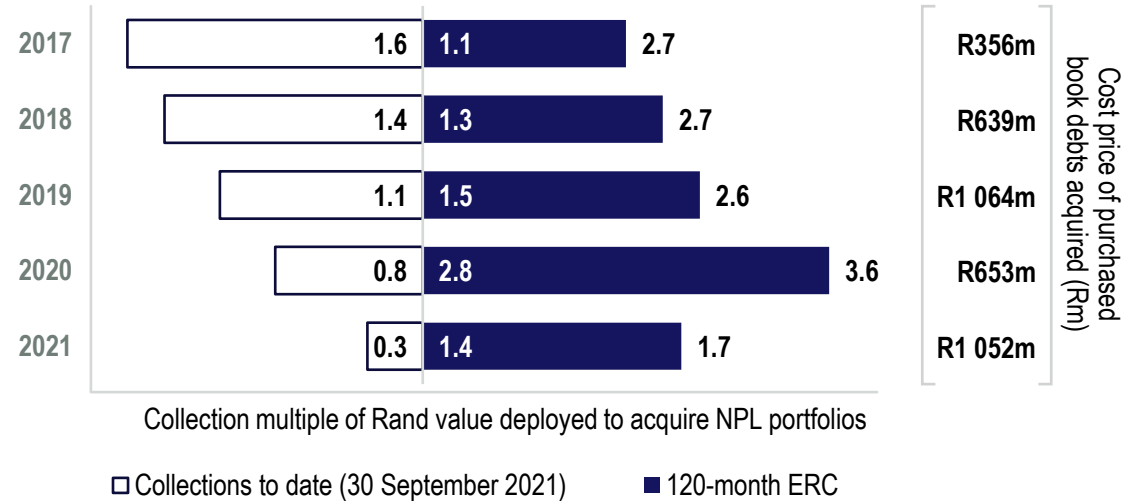


## GROWTH TRAJECTORY TO SUPPORT FUTURE POSITIVE PERFORMANCE



- Strong acquisition of NPL portfolios | Recovered to pre COVID-19 levels
- **R1 052m** invested into SA NPL portfolios (FY20: **R653m**; FY19: **R1 064m**)
- Investment into Australia NPL portfolios **▲** to **R135m** (FY20: **R80m**; FY19: **R122m**)
- Carrying value of purchased book debts **▲** 37% to **R3.4bn** (FY20: **R2.5bn**; FY21 vs FY19 **▲** 44%)
- Revenue from principal collections **▲** 24% (FY21 vs FY19 **▲** 53%)

## COLLECTION MULTIPLE VINTAGE PERFORMANCE<sup>1</sup> AS AT 30 SEPTEMBER 2021



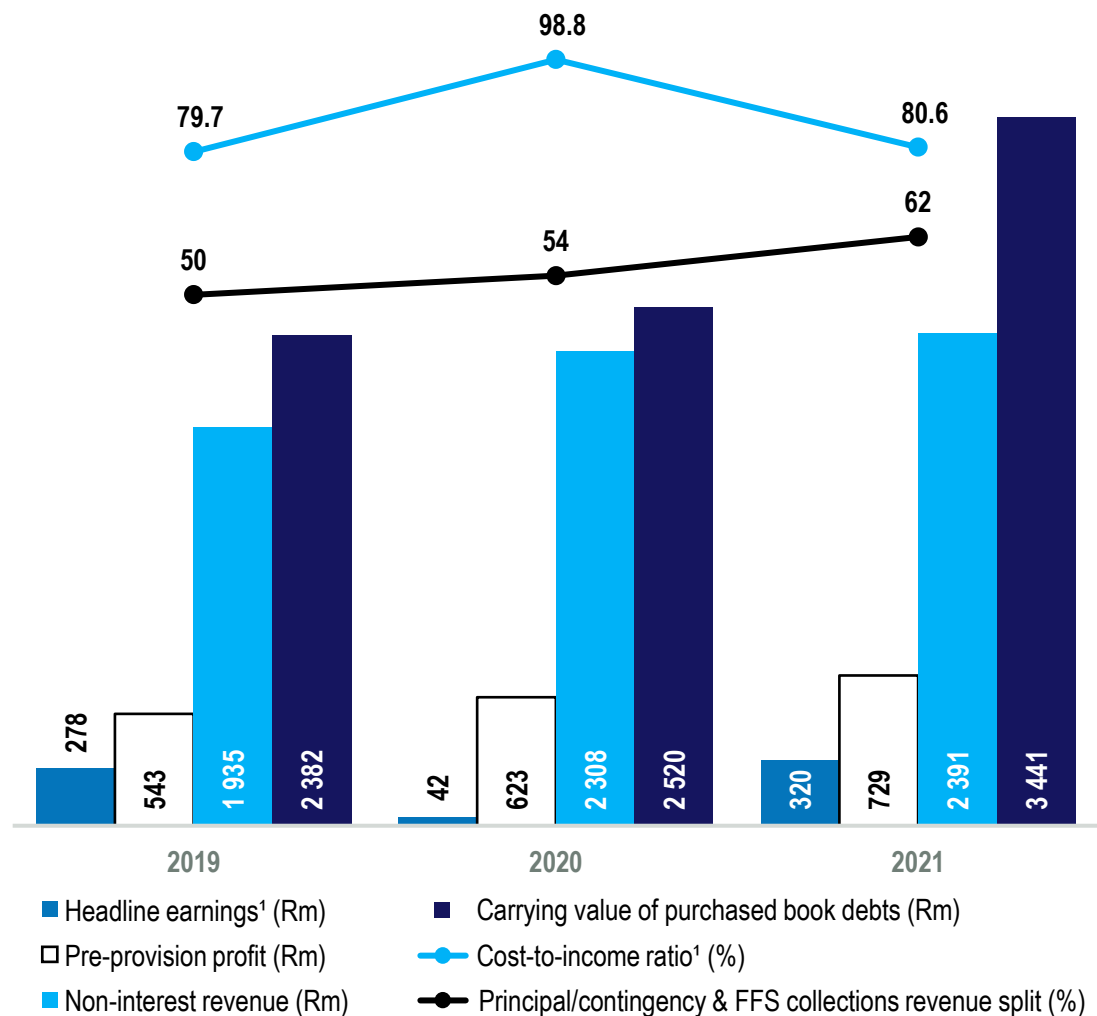
- ERC **▲** 23% to **R6.4bn** supporting strong annuity cash flows & predictable growth in future
- Average life of ERC **~4.14 years**
- Collection multiple targets when pricing NPL portfolios for acquisition
  - SA | Pre write-off & legal debt **~1.5 to ~2.0 times** | Faster activation, lower collection cost, earlier recovery
  - SA | Written off debt **>2 times** | Extended activation time, higher collection cost, longer recovery
  - Australia | **<2 times** | Shorter collection period, lower activation risk (high level of employment & 'right party contact'), lower cost of capital

ABILITY TO ADJUST PRICING METHODOLOGY TO PREVAILING ENVIRONMENT | ENSURES FUTURE NPL PORTFOLIOS 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

Demonstrated strong financial performance to recover to historical growth trajectory



- ▶ Pre-provision profit **↑ 17%** to **R729m** (FY21 vs FY19 **↑ 34%**)
- ▶ Headline earnings<sup>1</sup> **↑ 662%** to **R320m** (FY21 vs FY19 **↑ 15%**)
- ▶ Non-interest revenue **↑ 4%** to **R2.4bn** (FY21 vs FY19 **↑ 24%**)
  - Revenue from collection services **↑ 8%** (FY21 vs FY19 **↑ 23%**)
  - SA collections revenue **↑ 21%** (FY21 vs FY19 **↑ 31%**)
  - Australia collections revenue **↓ 18%** (FY21 vs FY19 **↑ 4%**)
- ▶ Core operating costs **↓ 16%**
  - Proactively restructured staff complement & infrastructure
    - › Implemented highly effective WFH capabilities
    - › **>1 200** agents working from home
    - › **↑** efficiency & productivity due to flexible working hours
    - › Disciplined cost management in FY21
  - Enabled adjustment to carrying value of purchased book debt at more conservative rate to pre COVID-19 levels (FY21: **R293m**; FY20: **R588m**; FY19: **R159m**)
    - › Improved quality of earnings
- ▶ Cost-to-income ratio improved to **80.6%** from **98.8%** (FY19: **79.7%**)
- ▶ Balance sheet remains robust
  - Strong free cash flow generation
  - **R5.5bn** of assets; **R2.0bn** of senior debt underpinned by **R1.8bn** of equity

1. Based on core headline earnings from continuing operations attributable to the group

## TCRS STRATEGIC GROWTH INITIATIVES

### POSITIONED TO FOCUS ON STRATEGIC GROWTH INITIATIVES & CAPTURE EMERGING OPPORTUNITIES

► Structured to deliver in three key areas

#### COLLECTION SERVICES

#### TRANSACTIONAL SERVICES

#### BUSINESS PROCESS OUTSOURCE SERVICES

#### ► Collection services

- Accelerated acquisition of NPL portfolios
  - › As sector dynamics in SA & Aus become clearer & return to pre COVID-19 levels of activity
  - › In an underdeveloped & growing SA market
  - › Small position in Aus & other international markets provides meaningful growth opportunity
  - › Co-investment in international NPL portfolios with local partners

#### ► Transactional services

- Creation of a more resilient & efficient payment & transaction process platform
- Diversified by payment activity, client & sector

#### ► Business process outsourcing services

- Leveraging TCRS's low-cost South African infrastructure
- Notable progress on resourcing to enable delivery of strategy

LEVERAGE SOUTH AFRICAN RAND DENOMINATED RESOURCES  
& TECHNOLOGY STACK, DATA & ANALYTICAL CAPABILITIES TO  
DRIVE LOCAL & GLOBAL GROWTH



05

# CONCLUSION

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

2021



1

## STRONG OPERATIONAL RECOVERY

FY21 OPERATIONAL ACTIVITY EXCEEDING PRE COVID-19 LEVELS

- ▶ Agile & flexible response to COVID-19, driven by culture of entrepreneurship, innovation & integrity with ability to navigate volatile dynamics
- ▶ No further operational adjustments required in FY21 to accommodate COVID-19 restrictions

2

## DECISIVE EARNINGS RECOVERY

- ▶ Combination of strong organic growth from SA Taxi & TCRS
- ▶ High-growth earnings from acquisition of WeBuyCars

3

## BUSINESS MODELS CONTINUE TO DEMONSTRATE RESILIENCE & RELEVANCE IN COVID-19

SA TAXI, TCRS & WeBuyCars

- ▶ Gained in relevance in COVID-19 environment
- ▶ Enhanced digital adoption | Accelerated by COVID-19
- ▶ Demonstrate growth potential despite ongoing effects of COVID-19

4

## RESUMED DIVIDEND PAYMENTS

DIVIDEND POLICY UNCHANGED

5

## PRUDENT CAPITAL MANAGEMENT APPROACH

VALIDATED IN COVID-19 PERIOD

6

## ROBUST BALANCE SHEET WITH AMPLE CAPACITY TO EXECUTE ON ORGANIC & ACQUISITIVE GROWTH

7

## CONTINUE TO ENHANCE ESE FRAMEWORKS, INCLUDING MEASURABLE ESE REPORTING

8

## ↑ SHAREHOLDING IN WeBuyCars FROM 49.9% TO 74.2%

- ▶ TC consolidating ↑ proportion of WeBuyCars earnings
- ▶ WeBuyCars to accelerate & support sustainably ↑ growth trajectory for TC

9

## TRANSACTION CAPITAL STRATEGICALLY WELL PLACED TO DELIVER:

- ▶ Trajectory of superior high-quality earnings in FY22 & beyond
- ▶ Organic earnings & dividend growth over medium-term at least in line with pre COVID-19 growth rates

01

# APPENDIX

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

# 2021







# CONTENTS



01	<b>TRANSACTION CAPITAL INVESTMENT CASE</b>	SLIDE 45
02	<b>WeBuyCars</b>	SLIDE 46-55
03	<b>SA TAXI</b>	SLIDE 56-65
04	<b>TRANSACTION CAPITAL RISK SERVICES (TCRS)</b>	SLIDE 66-70
05	<b>CAPITAL MANAGEMENT</b>	SLIDE 71-73
06	<b>ECONOMIC, SOCIAL &amp; ENVIRONMENT IMPACT</b>	SLIDE 74-79
07	<b>GLOSSARY</b>	SLIDE 80-82





Transaction Capital

Identifies, invests in & operates a diversified portfolio of **high-potential, digitally advantaged & context-relevant businesses**, in defensive & high-stigma market sectors with historically low levels of stakeholder trust

Identifies, develops & partners with **expert, co-invested & entrepreneurial founders & managers** of businesses, in building & scaling highly competitive, efficient & **decentralised operating platforms** that manage its assets

Develops its business platforms with unique value propositions, **diversified & resilient revenue streams**, & best-of-breed **data, technology & processing capability** to provide distinct competitive advantages

Mobilises an **optimal balance of equity & debt capital** to fund the growth of business platforms & their underlying assets

**Institutionalises best governance practices**, which deepens our reputation as a trusted business & social partner, & supports the formalisation of our market sectors

As business platforms are established for organic growth, **identifies new opportunities** to redirect capital resources to **deepen vertical integration & expand into adjacent market segments, related asset classes & new geographic markets**, thereby **growing its addressable market** & earnings base

Which positions the group for **sustainable high-quality earnings growth**, & the delivery of a **meaningful social impact**

02

APPENDIX

**WeBuyCars**

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

2021





# POSITIONING STATEMENT

Entrepreneurial, founder-led & proudly South African; leveraging ~20 years of experience in proprietary vehicle, price & consumer data with artificial intelligence

WeBuyCars has **no brand affiliation** & offers a diverse range of vehicles for sale

In an industry characterised by low levels of consumer trust, WeBuyCars' consistently **high satisfaction levels** have built a trusted brand

Sellers receive a **fair offer price**, driven by proprietary market data with immediate cash settlement. Buyers have access to **full disclosure** on the condition of the vehicle



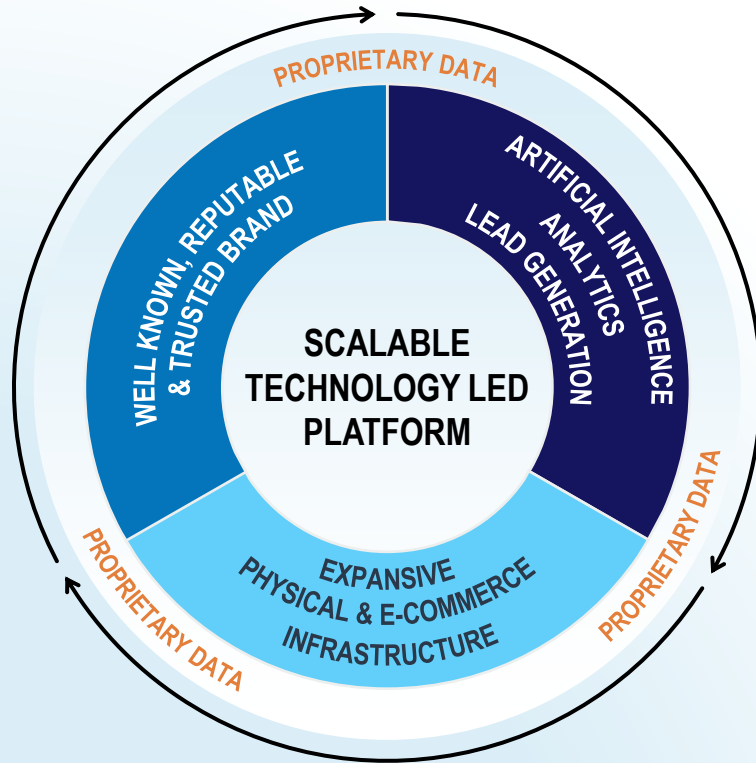
WeBuyCars

IS SOUTH AFRICA'S  
TRUSTED TRADER  
OF  
USED VEHICLES  
THROUGH ITS  
DATA &  
TECHNOLOGY-LED  
VERTICALLY INTEGRATED  
PHYSICAL  
& E-COMMERCE  
INFRASTRUCTURE



- WeBuyCars uses **artificial intelligence technology** to adjust pricing according to the value & demand of a vehicle
- WeBuyCars extends its offering beyond buying & selling vehicles as a principal, & offers **finance, insurance, tracking & other allied products** as an agent
- A **differentiated buyer & seller** of used vehicles, serving clients through e-commerce & physical infrastructure
- E-Commerce activities include an established **B2B** e-commerce offering with proven, but nascent **B2C** e-commerce activities commenced





### 1. PROPRIETARY DATA

- ▶ Leveraging **~20 years** of vehicle, price, consumer & other data with AI & machine learning
- ▶ Continuously enriched with buying & selling transactional data obtained from internal & external sources

### 2. ARTIFICIAL INTELLIGENCE (AI), ANALYTICS & LEAD GENERATION

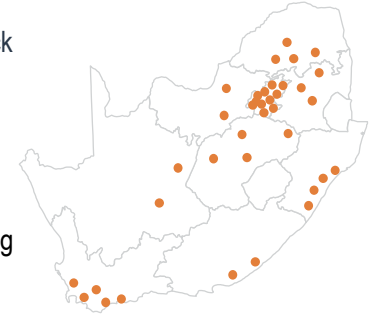
- ▶ AI & machine learning applied to
  - Ensure vehicles bought & sold at a fair price
  - Adjust pricing according to value & demand, preserving margins & high stock turn
- ▶ Lead generation to target high-quality online prospects

### 3. TECHNOLOGY

- ▶ Online channel & e-commerce infrastructure enhances customer experience
  - 1<sup>st</sup> mover advantage in used vehicle e-commerce market
  - ~30% of sales online in FY21
    - › Improves efficiency & reliability of service
    - › Scalable technology led platform reducing costs per unit

### 4. EXPANSIVE INFRASTRUCTURE

- ▶ Holding a large variety & quantum of stock
- ▶ **PHYSICAL INFRASTRUCTURE**
  - Nationwide presence
  - 8 vehicle supermarkets, 27 buying pods, >190 national buyers
  - **New (9<sup>th</sup>)** vehicle supermarket opening in Gauteng in **December 2021**
- ▶ **E-COMMERCE PLATFORM**
  - Trusted brand facilitating peace of mind transacting via online auctions
  - Established **B2B** platform with vehicle dealerships
  - Early stage **B2C** activities commenced



### 5. WELL-KNOWN, REPUTABLE & TRUSTED BRAND

- ▶ In an industry where trust & customer satisfaction has been low
- ▶ Effective advertising campaigns (spend >R100m per year)
- ▶ Consistently high satisfaction levels
- ▶ Peace of mind transacting
  - Buyers have access to full disclosure
    - Transparent vehicle appraisal report (e.g. DEKRA<sup>1</sup>)
    - High resolution photos
  - Sellers receive a fair price
    - On-line channel
    - Instant offer driven by AI, & not buyer sentiment
    - Immediate cash settlement
- ▶ Reputation, brand & trust enhances lead generation

1. Independent DEKRA report, a vehicle inspection certification providing information on the mechanical & technical status of the vehicle

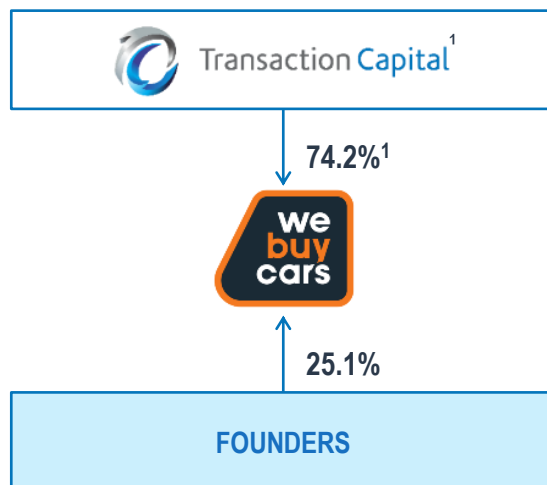


# TRANSACTION CAPITAL INCREASED SHAREHOLDING IN WeBuyCars FROM 49.9% TO 74.2%

A quality business with high cash conversion rates & strong organic growth prospects



WeBuyCars SHAREHOLDING STRUCTURE POST SUCCESSFUL CONCLUSION OF THE PROPOSED TRANSACTION



Refer to SENS on 21 September 2021 for more detail

## ESTIMATED TOTAL INVESTMENT OF ~R3.4 BILLION

- ▶ Initial **49.9%** investment of **R1.8 billion**
- ▶ Additional **24.3%** investment of **R1.6 billion**
  - Based upon assumed WeBuyCars FY21 & FY22 earnings & TC's future share price
- ▶ PE multiple<sup>2</sup> ~**8.9x**

## OPTIONS IN PLACE TO ACQUIRE REMAINING **25.1%**

- ▶ **25.1%** to be acquired in various tranches at specific intervals during FY23, FY24 & FY26
- ▶ Put option to acquire **7.5%** in FY23
- ▶ Put or call option to acquire **7.5%** in FY24
- ▶ Put or call option to acquire remaining shareholding in FY26

## CONTINGENT CONSIDERATION UNTIL FINALISATION OF FY22 EARNINGS

- ▶ **15%** of **10.5x** amount by which FY22 earnings growth exceeds **16.7%** of FY21 earnings up to **21%**, plus
- ▶ **15%** of **5.25x** amount by which FY22 earnings growth exceeds **21%** of FY21 earnings

## PURCHASE CONSIDERATION

- ▶ PE multiple ~**9x** – ~**10.5x**
  - Based upon assumptions made in respect of, WeBuyCars profit after tax for 12 month period ending 30 September
- ▶ Net value of property improvements & acquisitions
- ▶ Amount in excess of working capital of WeBuyCars profit after tax
- ▶ Embedded value of insurance cell captive arrangement with Guardrisk

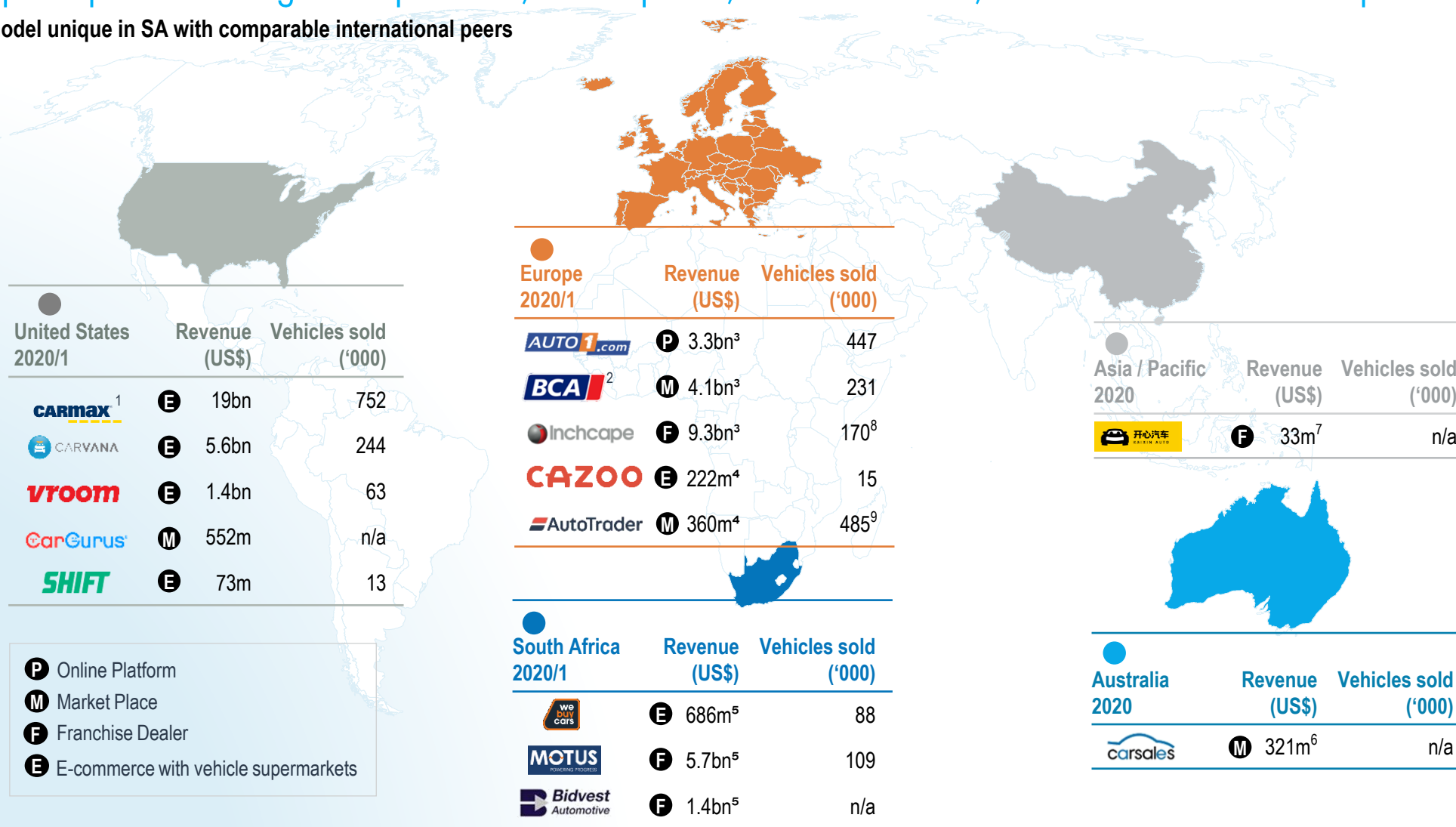
EXPECT FUTURE EARNINGS FROM WeBuyCars TO EXCEED EXPECTATIONS AT TIME OF MAKING INITIAL INVESTMENT | GIVEN FAVOURABLE MARKET TRENDS  
TC'S EARNINGS GROWTH RATE ACCELERATED BY CONSOLIDATING ↑ PROPORTION OF WBC HIGH-GROWTH EARNINGS

1. Simplified transaction structure. TC via TC Motor Holdings, a 99% owned subsidiary of TC. The Empire Family Trust which represents Terry Kier (SA Taxi CEO) owns 1% in TC Motor Holdings  
2. Based on the estimated earnings of WeBuyCars for the 12 months ending 30 September 2021

# GLOBAL LISTED PEERS

A mix of market participants including online platforms; market places; franchise dealers; e-commerce with vehicle supermarkets

WeBuyCars business model unique in SA with comparable international peers



Source: Euromonitor e-commerce sales excluding sales taxes for FY 2019, Company data is sourced from company financials

1. Carmax information reported as at 28 February 2021

2. BCA Group was delisted in 2019, figures as of March 2019

3. EUR amounts translated at a EUR/US FX rate of 1.1547 as of 31 Oct 2021

4. GBP amounts translated at a GBP/USD FX rate of 1.3694 as of 31 Oct 2021

5. Rand amounts converted at a ZAR/US FX rate of 0.0658 as of 31 Oct 2021. Motus revenue reported for new & used vehicle sales. Bidvest as at June 2021

6. AUS amounts converted at a AUS/US FX rate of 0.7532 as of 31 Oct 2021, FY ended 30 June 2021

7. Kaixin Auto previously a subsidiary of Auto Ren subsidiary, owned by Haitoache | 31 December 2020






8. Vehicles calculated as 1% of 17m vehicles per annum

9. Average monthly live vehicle stock

# WeBuyCars STACKS UP WELL AGAINST COMPARABLE INTERNATIONAL PEERS

Profitability surpasses comparable peers, supported by efficient inventory management & effective advertising spend



					
BUSINESS MODEL	<ul style="list-style-type: none"> <li>▶ E-commerce &amp; physical model</li> <li>▶ F&amp;I products as an agent</li> <li>▶ Stockholder</li> </ul>	<ul style="list-style-type: none"> <li>▶ E-commerce &amp; physical model</li> <li>▶ F&amp;I products as an agent</li> <li>▶ Stockholder</li> </ul>	<ul style="list-style-type: none"> <li>▶ E-commerce &amp; physical model</li> <li>▶ Vertically integrated</li> <li>▶ On-balance sheet financing</li> <li>▶ Stockholder</li> </ul>	<ul style="list-style-type: none"> <li>▶ E-commerce &amp; physical model</li> <li>▶ Vertically integrated</li> <li>▶ On-balance sheet financing</li> <li>▶ Stockholder</li> </ul>	<ul style="list-style-type: none"> <li>▶ E-commerce model</li> <li>▶ Vertically integrated</li> <li>▶ Finance &amp; other products</li> <li>▶ Stockholder</li> </ul>
VEHICLES SOLD PER YEAR	88 271	62 981	244 111	751 862	14 981
PHYSICAL PRESENCE <sup>1</sup>	<ul style="list-style-type: none"> <li>▶ South Africa</li> <li>▶ 8 vehicle supermarkets; 27 buying pods</li> <li>▶ No refurbishment activities</li> </ul>	<ul style="list-style-type: none"> <li>▶ United States</li> <li>▶ 1 vehicle supermarket</li> <li>▶ 1 refurbishment centre (in-progress)<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>▶ United States</li> <li>▶ 27 branches<sup>5</sup></li> <li>▶ 21 refurbishment centres</li> </ul>	<ul style="list-style-type: none"> <li>▶ United States</li> <li>▶ 216 branches</li> <li>▶ 96 refurbishment centres</li> </ul>	<ul style="list-style-type: none"> <li>▶ Europe</li> <li>▶ 5 storage sites, 17 customer centres (25+ planned for future)<sup>6</sup></li> <li>▶ 5 refurbishment centres</li> </ul>
REVENUE 2-YEAR CAGR <sup>2</sup>	32.0%	26%	69%	2%	N/A
RETURN ON SALES <sup>3</sup>	5.1%	5.3%	14.2%	12.5%	(2%)
MEASUREMENT PERIOD	12 months ended 30 September 2021	12 months ended 31 December 2020	12 months ended 31 December 2020	12 months ended 29 February 2021	12 months ended 30 September 2020

1. Company website & latest investor presentations

2. WeBuyCars revenue CAGR for the year ended 30 Sept 2019 to 30 Sept 2021, Carvana revenue CAGR for the year ended 31 December 2018 to 31 December 2020, Vroom revenue CAGR for 2018 to 2020, Cazoo recently listed

3. Return on sales calculated as profit after tax divided by revenue

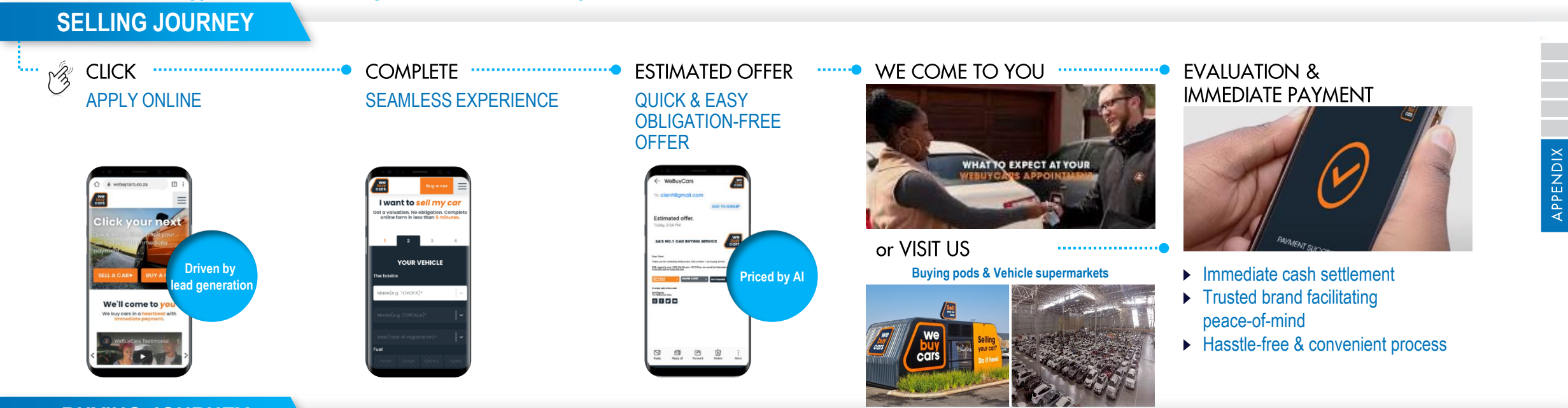
4. Vroom's business model currently relies on outsourcing refurbishment centres through partnerships throughout the United States

5. Car vending machines

6. Cazoo Analyst presentation – May 2021

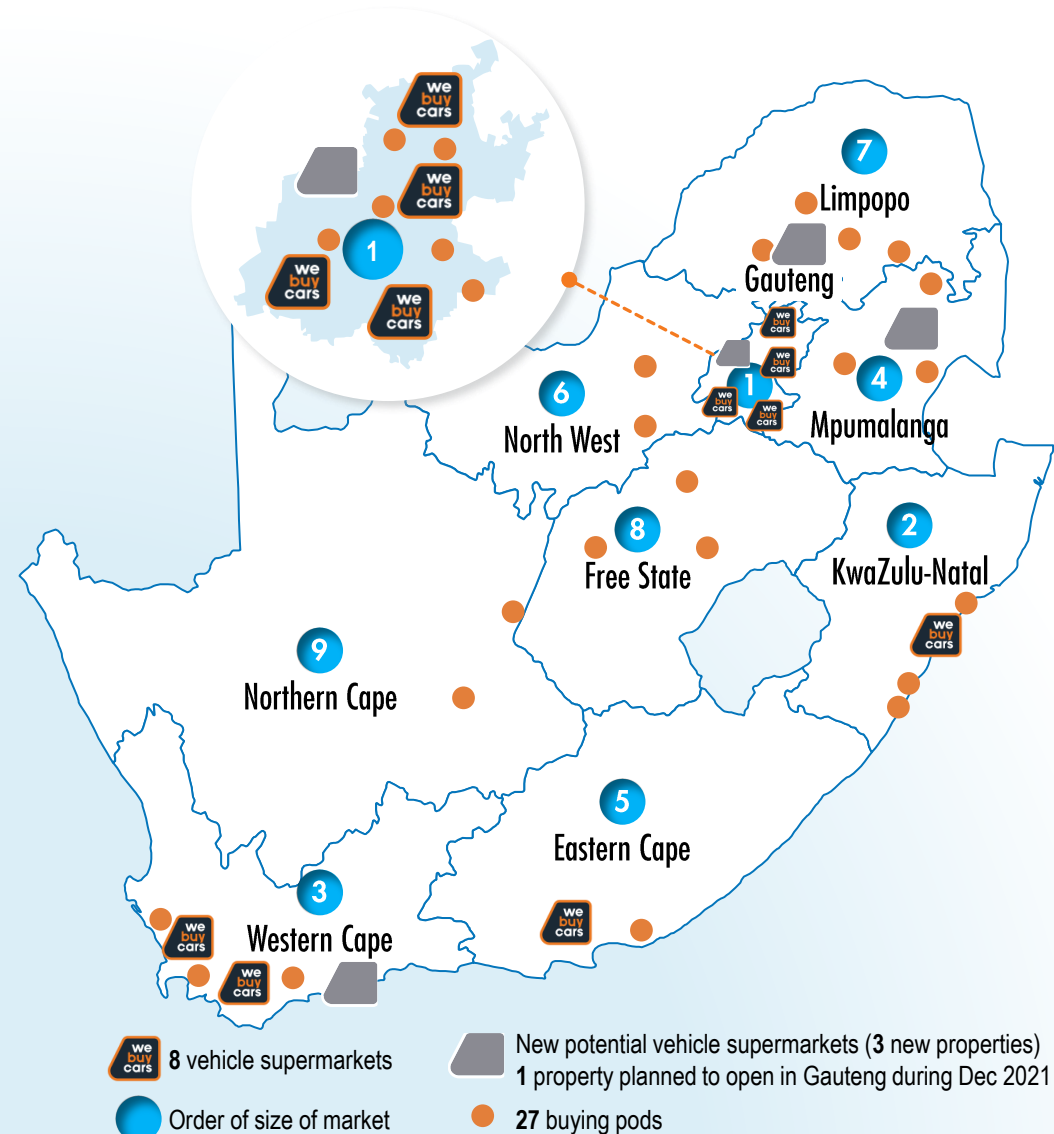
# FRICTIONLESS, VERTICALLY INTEGRATED E-COMMERCE PLATFORM

Data & technology led | Creating differentiated experience



# WeBuyCars NATIONAL FOOTPRINT

Vertically integrated e-commerce & physical infrastructure



## E-COMMERCE PLATFORM

- ▶ 100% data driven processes | Proprietary pricing algorithms
- ▶ Online solution allows to buy, sell, exchange or finance vehicle & offers F&I products

**30%**  
E-COMMERCE  
SALES  
FY20: 14%

**28% (FY20: 14%)**  
DEALERSHIPS  
**2% (FY20: 0%)**  
PRIVATE CONSUMER

**~5 000**  
ONLINE  
LISTINGS

**~3 million**  
WEBSITE VISITS  
PER MONTH  
FY20: **↑ 58%**

## VEHICLE SUPERMARKETS

- ▶ Vehicles sold directly to private consumers & other dealerships | Highly visible, modular & modern

**8**  
VEHICLE  
SUPERMARKETS  
FY20: 8

**5 747**  
PARKING BAYS  
~**6 850** including Dome  
FY20: **3 944**

**>190**  
NATIONAL BUYERS  
FY20: ~150

**1 209**  
EMPLOYEES  
FY20: 1 010

**5 122**  
AVERAGE VEHICLES SOLD PER MONTH  
FY20: 4 217

**24 days**  
DAYS TO SALE PER VEHICLE  
FY20: 27 days

## BUYING PODS

- ▶ Enable cost effective vehicle buying interaction & vehicle handover | Highly visible, modular & modern

**27**  
BUYING  
PODS  
FY20: 20

**2 023**  
AVERAGE VEHICLES  
BOUGHT PER MONTH  
FY20: 1 422

**9**  
PROVINCE  
PRESENCE  
FY20: 9

**AUGUST 2021**  
LAUNCH OF NEWLY  
DESIGNED BUYING PODS



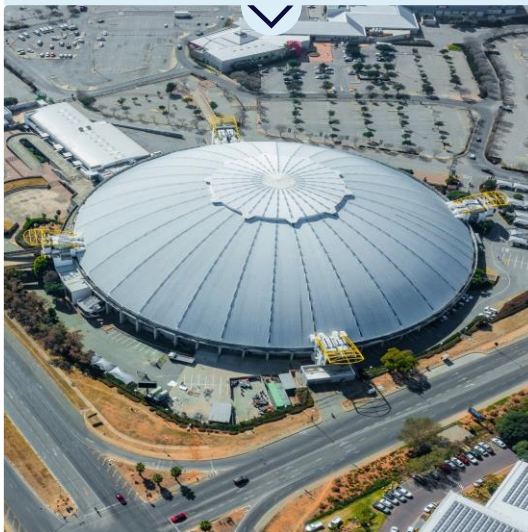
# WeBuyCars NEW INITIATIVES

Vertically integrated business model | expanding national presence & e-commerce offering



## VEHICLE SUPERMARKET IN DEVELOPMENT

~1 400 PARKING BAYS



## NEWLY LAUNCHED VEHICLE BUYING POD IN GAUTENG

27 BUYING PODS NATIONWIDE



## NEW DELIVERY TRUCKS INTRODUCED IN GAUTENG

LAUNCHED AUGUST 2021



## EXPANSION OF NATIONAL FOOTPRINT

- ▶ Acquisition of the **Dome** in Northgate, Johannesburg during **July 2021**
- ▶ One of biggest used vehicle supermarkets in the World | Capacity: ~1 400 parking bays
- ▶ WeBuyCars Dome to open in **December 2021**
- ▶ Launch of new high quality designed **buying pod** in Gauteng | Modular & modern
- ▶ **↑** national market presence in all **9** provinces
- ▶ Cost effective buying process
- ▶ Introduction of WeBuyCars **delivery trucks**
- ▶ Adoption of international trend to deliver online vehicle sales to consumers
- ▶ **↑** market presence & marketing campaign on national roads

# WeBuyCars PARTNERSHIP INITIATIVES

Vertically integrated business model | finance, insurance & allied products offering improved annuity income



## FINANCE PARTNERS



- ▶ Presence of banks in all WeBuyCars vehicle supermarkets
  - WeBuyCars earns commission on successful financing deals
- ▶ WeBuyCars to offer F&I products as principal in future

## INSURANCE PARTNERS



Vehicle insurance



Insurance License Provider for credit life



- ▶ Warranty
- ▶ Scratch & dent
- ▶ Tyre & rim
- ▶ Credit shortfall



Credit life launched July 2021

## OTHER VALUE-ADDED PRODUCTS & SERVICES



Tyres partner



- ▶ Warranty
- ▶ Service plans
- ▶ Scratch & dent
- ▶ Tyre & rim
- ▶ Credit shortfall

## VEHICLE TRACKING & RECOVERY PARTNER



- ▶ Tailored vehicle tracking & recovery solutions
- ▶ Provide quick, on-site fitment of tracking devices

ENHANCE EXISTING ARRANGEMENTS WITH PARTNERS & ADD RELEVANT NEW ALLIED PRODUCTS WITH NEW & EXISTING PARTNERS

03

# APPENDIX SA TAXI

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

# 2021



World Finance Sustainability Awards  
in category of Most Sustainable Company  
in the Mobility Industry



Inaugural social bond issuance on JSE's  
sustainable segment through Transsec 5



# POSITIONING STATEMENT

An innovative & pioneering business model with operations expanding throughout the **financial services & asset value chain**

A unique blend of **vehicle procurement, retail, repossession & refurbishment** capabilities, with **financing & comprehensive insurance** competencies for focused vehicle types

**Innovative technology**, valuable client & market insights developed from overlaying granular telematics, credit, vehicle & other data to enable precise & informed origination, collection decisioning & **proactive risk management**

**Enabling financial inclusion** by proficiently securing funding from both local & international debt investors to judiciously extend developmental credit to SMEs that may otherwise not easily have access to credit from traditional financiers

**SA TAXI**

IS A **VERTICALLY INTEGRATED BUSINESS PLATFORM** UTILISING **SPECIALIST CAPABILITIES**, **ENRICHED PROPRIETARY DATA & TECHNOLOGY** TO PROVIDE **DEVELOPMENTAL FINANCE, INSURANCE & OTHER SERVICES** TO **EMPOWER SME MINIBUS TAXI OPERATORS**, THUS SUPPORTING THE **SUSTAINABILITY OF THE MINIBUS TAXI INDUSTRY**



Providing complementary business services that **assist SMEs to maximise cash flow** & protect their income-generating asset, thus improving their ability to succeed

Empowering under-served & emerging SMEs to build their businesses, which in turn creates further **direct & indirect employment opportunities**

Contributing to the **recapitalisation & sustainability of the minibus taxi industry** – a critical pillar of the public transport sector servicing the majority of South Africa’s working population

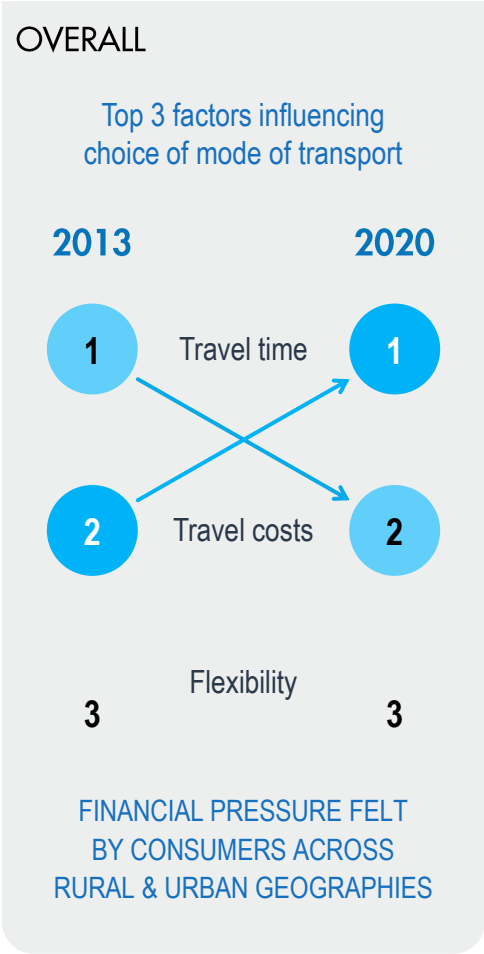




# ENVIRONMENT FOR MINIBUS TAXI OPERATORS (FY20 PRE COVID-19)

Minibus taxis are the preferred mode of public transport due to competitive pricing, accessibility & reliability

LOWER LSM CONSUMERS SPEND ~40% OF MONTHLY HOUSEHOLD INCOME ON PUBLIC TRANSPORT FARES  
COMMUTER TRIPS VIA BUS & RAIL OFTEN TRAVEL FIRST & LAST KM UTILISING MINIBUS TAXIS



TRAVEL FOR WORK PURPOSES <sup>1</sup>	Minibus taxi	Bus	Train	Personal vehicles (drivers)	Walk
% using as main mode of transport <sup>2</sup>	28%	6%	1%	43% <sup>3</sup>	21%
2020 Monthly cost	R960	R745	R581	R2 180	-
7-year CAGR	9.3%	6.7%	6.6%	9.7%	-
Accessibility <sup>4</sup>	89.8%	89.3%	59.1%	-	-
	88.5% of people walked for less than 15 minutes to access public transport (⬆ from 85.3% in 2013)				
Reliability <sup>5</sup>	93.7%	95.3%	73.5%	-	-
	93.3% of people waited for less than 15 minutes for public transport (⬆ from 89.7% in 2013)				
Passenger load during COVID-19	>70%	0% - 50%	0% - 50%	-	-
Efficiency (travel time minutes)	63	84	107	44	31

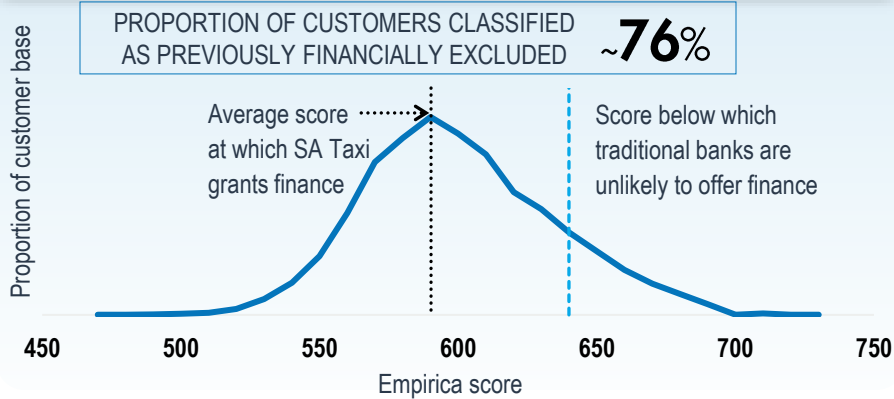


# SA TAXI MARKET POSITIONING

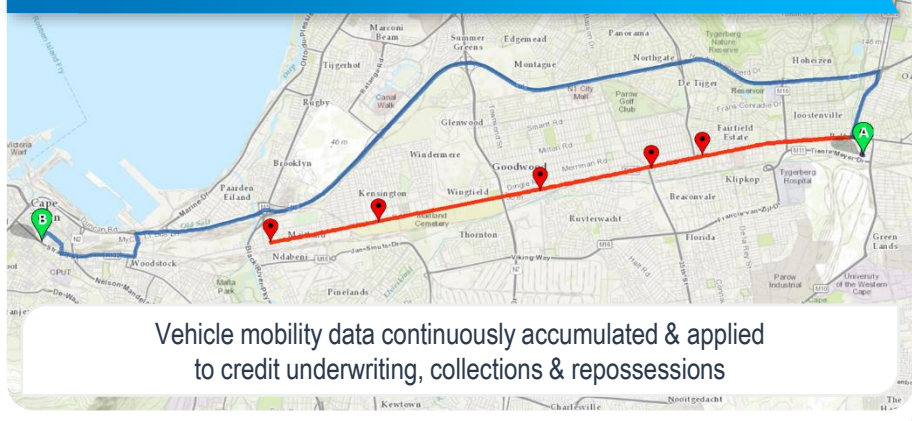
Vertically integrated business model



## DEVELOPMENTAL CREDIT DRIVING POSITIVE SOCIAL IMPACT INCLUSIVE GROWTH | ECONOMIC TRANSFORMATION



## PROPRIETARY DATA & ANALYTICS ENHANCES SA TAXI'S COMPETITIVE ADVANTAGE



## SA TAXI FINANCE

**14.0 billion**  
GROSS LOANS & ADVANCES  
↑ **15%**

**12.25% to 26.75%**  
RISK BASED PRICING  
INTEREST RATE RANGE  
FY20: **14.5% - 26.75%**

**20%**  
GROSS LOANS & ADVANCES  
STAGE 3  
FY20: **26%**

**35 381**  
LOANS  
ON BOOK  
↑ **8%**

**7.9%**  
AVERAGE COST  
OF BORROWING  
FY20: **9.8%**

**4.3%**  
CREDIT  
LOSS RATIO  
FY20: **7.3%**

**~1.3**  
VEHICLES  
PER CLIENT  
FY20: **~1.2**

**12.0%**  
NET INTEREST  
MARGIN  
FY20: **11.8%**

**7.7%**  
RISK-ADJUSTED  
NET INTEREST MARGIN  
FY20: **4.5%**

- ▶ Gross loans & advances ↑ **15%** to **R14.0bn**
- ▶ Vehicle demand > Vehicle supply | Applications exceeding pre COVID-19 levels
- ▶ Number of loans originated ↑ **37%** | Recovered to FY19 levels
  - Lower loan approval rates | Conservative credit quality focused on experienced taxi operators
  - Constrained originations in 2H21 due to COVID-19 restrictions, civil unrest & taxi conflict
- ▶ Continued ↑ in sale & finance of QRT's | Refurbishment capacity ↑
  - QRT loan originations ↑ **62%** | New vehicle loan originations ↑ **24%**
- ▶ Toyota vehicle prices ↑ **4.0%** in FY21 | Further ↑ **2.5%** in October 2021
- ▶ Recovery in vehicle repossessions (FY21: **294**; FY20: **220**; FY19: **257**)



# SA TAXI MARKET POSITIONING

Vertically integrated business model



## NEW MINIBUS TAXI



## PRE-OWNED MINIBUS TAXIS | WeBuyCars' VEHICLE SUPERMARKET



## SA TAXI DIRECT

- ▶ SA Taxi Direct sells new minibus taxis & QRT's
- ▶ SA Taxi's QRTs:
  - Rebuilt to a high-quality
  - Trusted product in the minibus taxi industry
  - Provides a reliable & affordable alternative in this challenging environment (vs. purchasing a new minibus taxi)

~**R1 021 million**  
VEHICLE TURNOVER IN FY21  
↑ **63%**

~**6%**  
AVERAGE RETAIL  
MARGIN PER VEHICLE

- ▶ Vehicles sold through SA Taxi Direct results in:
  - Product margin earned
  - ↑ take up of SA Taxi insurance & allied products
  - Improved credit performance via a better-informed customer

## DEALERSHIP NETWORK

- ▶ **POLOKWANE (LIMPOPO)** opened in October **2018**
- ▶ Established in **MIDRAND (GAUTENG)** in **2015**
- ▶ Successfully piloted initiative to sell QRT's through WeBuyCars' vehicle supermarket in **WESTERN CAPE & KWAZULU-NATAL** in **2021**

**SA Taxi's dealership network** expanded through WeBuyCars' nationwide vehicle supermarket footprint limiting capital spend

# SA TAXI MARKET POSITIONING

Vertically integrated business model



## SA TAXI AUTO REPAIRS | AUTOBODY



## SA TAXI AUTO REPAIRS

**~24 000m<sup>2</sup>**  
WORKSHOP  
FACILITIES  
FY20: ~20 000m<sup>2</sup>

**>3 600**  
MINIBUS TAXIS  
REBUILT PER YEAR  
FY20: ~3 000

**>75%**  
RECOVERY RATES ON REPOSSESSION,  
REFURBISHMENT & RESALE

**>70**  
REFURBISHMENT LIFTS  
FY20: >42

**~667**  
EMPLOYEES  
FY20: ~400

**~47**  
TRAINED MECHANICS  
FY20: ~40

## SA TAXI AUTO REPAIRS | MECHANICAL



- ▶ One of the largest autobody repair & mechanical refurbishment facilities in Southern Africa
- ▶ Focusing exclusively on minibus taxis
- ▶ Rebuilding high quality renewed minibus taxis, mitigates credit risk & insurance losses
  - loss given default
  - Cost of refurbishment remain low
    - › efficiencies in SA Taxi Auto Repairs
    - › efficient parts procurement via SA Taxi Auto Parts
  - quality of repair
  - value of repossessed vehicles
  - recovery on repossession
- ▶ Refurbishment capacity
  - Support QRT supply to SA Taxi's dealerships





# SA TAXI MARKET POSITIONING

Vertically integrated business model



APPENDIX

## TELEMATICS & TECHNOLOGY



Telematics utilised for insurance underwriting, premium pricing & prevention & detection of loss events

## SA TAXI AUTO REPAIRS



SA Taxi's competitive advantage  
Manage its cost of claim ▼ allowing for competitive premium pricing

## SA TAXI PROTECT

>33 000  
INSURANCE  
CLIENTS

MAJORITY OF FINANCED CLIENTS  
CHOOSE TO BE INSURED BY SA TAXI<sup>1</sup>

CELL CAPTIVE  
THROUGH GAURDRISK

>2.0  
PRODUCTS PER CLIENT

>100  
BROKER NETWORK  
TO EXPAND TOTAL ADDRESSABLE MARKET

R1 015 million  
GROSS WRITTEN PREMIUM  
IN FY21  
▲ 12%

COST OF CLAIM REMAIN LOW  
VIA SA TAXI AUTO REPAIRS  
& SA TAXI AUTO PARTS

ADOPTED IFRS 17 IN FY19  
ACCOUNTING FOR INSURANCE (IFRS 17) NOW ALIGNED TO FINANCE (IFRS 9)

- ▶ Competitive priced insurance premiums
  - Premiums in comprehensive vehicle insurance remained stable
  - Premiums ▲ across special risk products
- ▶ ▲ customer acquisition in open market via direct marketing & >100 broker network
- ▶ Stable penetration of SA Taxi's growing financed portfolio
- ▶ Broadened product offering (credit life & other)
- ▶ Efficiencies in operations
- ▶ ▼ cost of part procurement
- ▶ Savings via salvage of parts
- ▶ Opportunity to ▼ cost of claim further
  - Currently all claims are repaired by external autobody partners



1. 100% of taxis financed by SA Taxi are fully insured, the majority of SA Taxi's financed clients independently elect to be insured by SA Taxi



# SA TAXI MARKET POSITIONING

Vertically integrated business model



## SA TAXI AUTO PARTS | SALVAGE



## SA TAXI AUTO PARTS | RETAIL



## SA TAXI AUTO PARTS

LAUNCHED MARCH 2018 | SALVAGE OPERATIONS ESTABLISHED THEREAFTER

COST OF REFURBISHMENT  
REMAINS LOW

- ▶ Import & locally procure new parts from source at ↓ cost
- ▶ Salvage used parts from vehicles not economically viable to repair
- ▶ ↓ credit losses & cost of insurance claims

SUPPLY TO SA TAXI  
AUTO REPAIRS

~R333 million per year

.....> SUPPLIED TO SA TAXI AUTO REPAIRS  
FY20: ~R171m per year

SUPPLY TO EXTERNAL  
AUTOBODY REPAIRERS

~R75 million per year

RETAIL SALES REVENUE

.....> FY20: ~R29m per year

Opportunity to ↓ cost of insurance claim by supplying preferred autobody repairers servicing SA Taxi Protect

RETAIL TO MINIBUS  
TAXI OPERATORS

~R45 million per year

RETAIL SALES REVENUE

.....> FY20: ~R36m per year

Targeting existing clients & open market minibus taxi operators

- ▶ Exposes SA Taxi's brand & services to wider open market operators
- ▶ Cross sell organic growth opportunities

RETAIL OF  
SALVAGE PARTS

~R30 million per year

.....> SALES REVENUE

~360 vehicles per year

STRIPPED FOR SALVAGE PARTS



# SA TAXI MARKET POSITIONING

Vertically integrated business model | Ultimate intention to combine telematics, rewards, finance & credit into transaction-based account for operators

## SANTACO & SA TAXI DELIVERING SUSTAINABLE BENEFITS TO SA TAXI CLIENTS & THE INDUSTRY

- ▶ Direct benefits for the industry resulting from ownership transaction between SA Taxi & SANTACO
- ▶ Leverage industry's purchasing power to negotiate better pricing to benefit minibus taxi operators & associations, whether client of SA Taxi or not
- ▶ Telematics & data accumulated from transaction-based account to be used to drive behavioural change in the minibus taxi industry
  - Positive social impact enhancing commuter safety
  - Seek to cost of operating & servicing minibus taxis leading to enhanced taxi profitability & safer vehicles

## SA TAXI TRANSACTION-BASED ACCOUNT

- ▶ Continue to assess opportunities for vertical integration to broaden addressable market & support further organic growth
- ▶ Provides tailored rewards programmes within minibus taxi ecosystem
- ▶ Further programmes aimed at parts procurement under consideration
- ▶ Ultimate intention | Combine telematics, rewards, finance & credit into single transaction-based account relevant to SA's **>200 000** minibus taxi operators

## SA TAXI TRANSACTION-BASED ACCOUNT

### FUEL PROGRAMME



LAUNCHED  
APRIL 2018



JOINED  
DECEMBER 2020

**>15 000**  
CARDS  
ISSUED IN FY21

**~16.3 million**  
LITRES OF FUEL  
PURCHASED IN FY21

### TYRE PROGRAMME



LAUNCHED  
OCTOBER 2019

**~R1 800**  
ORIGINAL  
RETAIL PRICE

**~R1 449**  
REDUCED PRICE  
FOR TAXI OPERATORS<sup>1</sup>

**~44 000**  
NUMBER OF TYRES  
SOLD IN FY21

- ▶ Sold through Supa Quick & SA Taxi Auto Parts
- ▶ Safety specification designed specifically for minibus taxi industry

### PARTS PROGRAMME



LAUNCHED  
DECEMBER 2020

**>200**  
NUMBER OF STORES  
NATIONWIDE

**>5 000**  
UNIQUE PARTS  
SOLD



- ▶ Distributor of auto parts, spares & vehicle accessories
- ▶ Enable more affordable vehicle maintenance for safer minibus taxis





SA TAXI OPERATOR PROFILE

~1.3

VEHICLES PER CUSTOMER

4.4 years

AVERAGE AGE OF VEHICLE

49 years

AVERAGE AGE OF CUSTOMER

90%

TOYOTA VEHICLES

~28%

LOANS ORIGINATED TO REPEAT CUSTOMERS (DURING FY21)

CREDIT PROFILE OF LOANS ON BOOK

71 months

AVERAGE LOAN TERM<sup>1</sup>

20%

GROSS LOANS & ADVANCES  
STAGE 3

~8 100

APPLICATIONS PER MONTH

>R6 000

MINIMUM MONTHLY OPERATOR PROFIT

49 months

AVERAGE REMAINING LOAN TERM

31%

AVERAGE APPROVAL RATE

4.3%

CREDIT LOSS RATIO

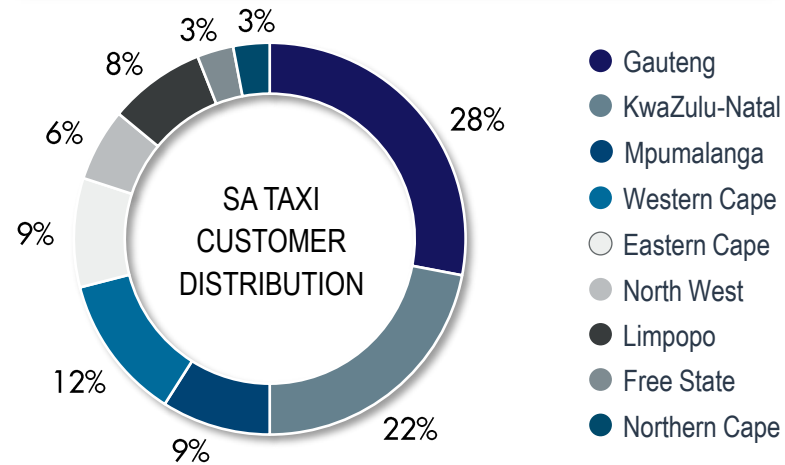
>75%

RECOVERY RATE ON REPOSSESSION

~715

LOANS ORIGINATED PER MONTH

SA TAXI GEOGRAPHIC DISTRIBUTION



TYPICAL NEW CREDIT AGREEMENT<sup>2</sup>

▶ Recommended retail price <sup>2</sup> (Toyota diesel incl. VAT)	R510 417	▶ Finance instalment	R12 461
▶ Interest charged	19.5%	▶ Insurance instalment (Comprehensive, credit life & other)	R2 979
▶ Term in months <sup>1</sup>	71	▶ Administration fee (incl. VAT)	R69
▶ Origination fee (incl. VAT)	R2 990	▶ Telematics fee	R294
		▶ Total monthly instalment	R15 803

1. Weighted average loan term at origination is 71 months  
2. Recommended retail price of a new Toyota HiAce diesel



04

# APPENDIX TRANSACTION CAPITAL RISK SERVICES

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

2021



**INVESTORS IN PEOPLE®**  
We invest in people Silver







# TRANSACTION CAPITAL RISK SERVICES

COMBINES ITS **UNIQUE**  
**TECHNOLOGY, DATA & ANALYTICS**  
COMPETENCIES  
TO PROVIDE A RANGE OF  
DIGITALLY ENABLED  
**BUSINESS SERVICES**  
AS A TRUSTED PARTNER  
TO A GLOBAL CLIENT BASE &  
**CONTRIBUTING** TO THE  
FINANCIAL SUSTAINABILITY  
OF **THE COMMUNITIES**  
WE SERVE

Investing into **best-in-class technology** to enhance our **hard-to-replicate digital backbone**, provide **data-driven insights** & create alternative revenue opportunities in adjacent market sectors

Providing **specialised & bespoke** business services, including **receivables management**, **payment processing & customer services**, through scalable & flexible low-cost operations

Responding **effectively & ethically** to the complex market dynamics in which we operate, leveraging our expertise together with South Africa's robust, **low-cost infrastructure & technology environment** to enter markets in other English-speaking countries, including **Australia, Europe & North America**

Supporting our clients' **commercial success** through collaboration with their stakeholders, creating **shared-value partnerships** that will enable **financially sustainable communities**



# TCRS MARKET POSITIONING

## Competitive advantages



### REPUTATION OF PERFORMANCE

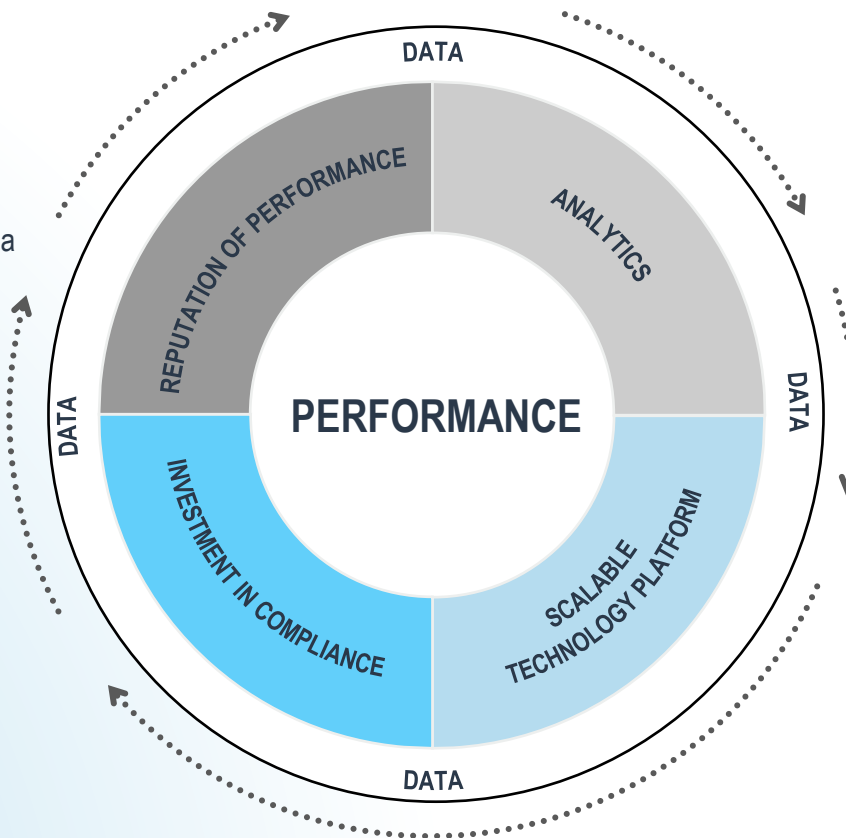
- ▶ Only local listed industry participant
- ▶ Diverse range of local & international stakeholders
- ▶ Ranked as 1<sup>st</sup> or 2<sup>nd</sup> best in **83%** of mandates in SA
- ▶ Ranked as 1<sup>st</sup> or 2<sup>nd</sup> best in **88%** of mandates in Australia
- ▶ Management & business information providing customised value add insights to clients, allowing TCRS to win more mandates

### INVESTMENT IN COMPLIANCE

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

### TCRS's PROPRIETARY DATA

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



### ANALYTICS

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

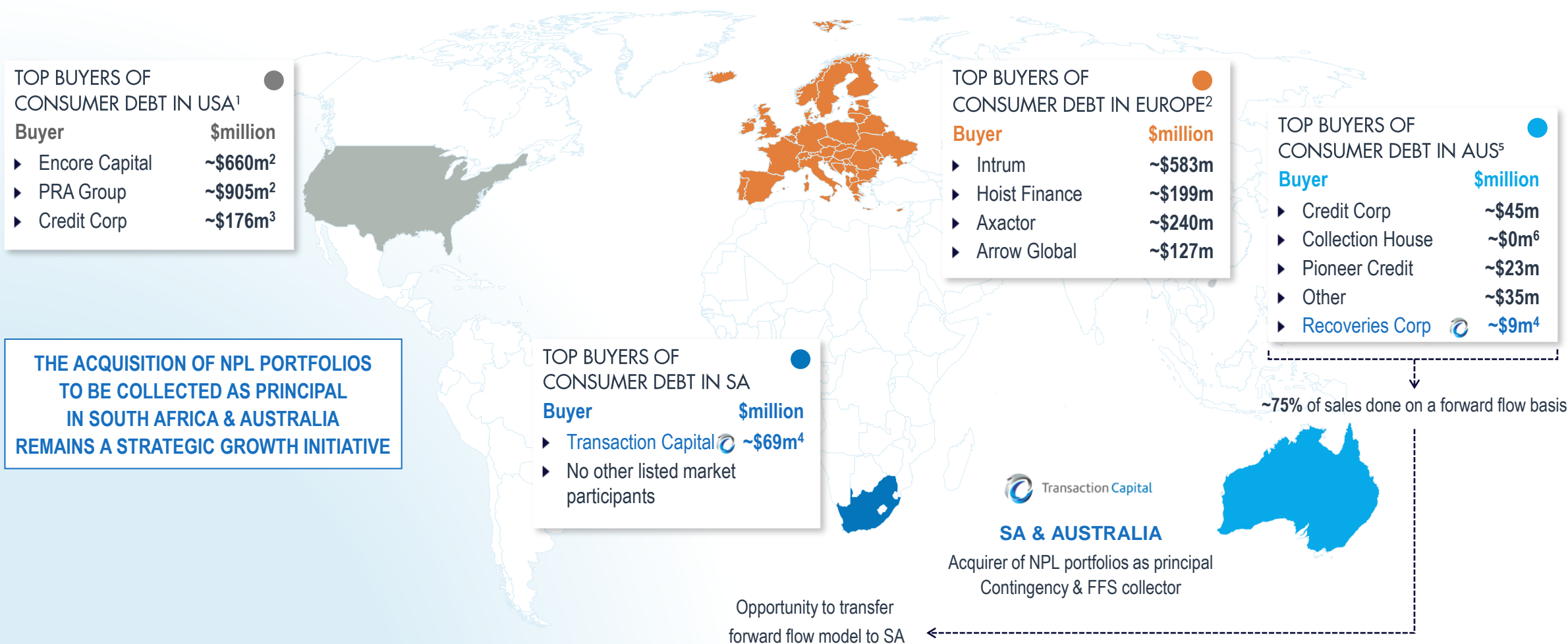
### SCALABLE TECHNOLOGY PLATFORM

- ▶ Dialer enhances scale of Contactability
  - Enabled over any omni-channel | **>1 200** WFH
    - › Implemented highly effective WFH capabilities
    - › No compromise to data security or access to technology
    - › **↑** efficiency & productivity per agent due to more flexible working hours with **↓** resources utilised
    - › **↓** infrastructure costs & cost of collection
    - › Strong value proposition to staff
  - **~40 million** outbound calls per month (FY20: **~40 million**)
  - **~7 million** voice interactions per month (FY20: **~7 million**)
  - **~659 000** payments received per month (FY20: **~632 000**)

# TCRS STRATEGIC GROWTH INITIATIVES TO CREATE VALUE



As market dynamics post COVID-19 become clearer, acquisition of NPL portfolios in South Africa & Australia provide opportunities to accelerate capital deployment for attractive risk-adjusted returns



All amounts reflected in US \$ millions unless stated otherwise. Sources: 1. TC's approach to enter into the select international markets excludes the USA

2. Company annual report for the full year ended 31 December 2020 | EUR amounts converted at a EUR/US FX rate of 1.1547 as of 31 Oct 2021 | SEK amounts converted at a SEK/US FX rate of 0.11633 as of 31 Oct 2021

3. Company annual report for the full year ended 30 June 2021 | AUS amounts converted at a AUS/US FX rate of 0.7532 as of 31 Oct 2021, FY ended 30 June 2021 | Credit Corp USA numbers include all markets except Australia (USA, Philippines & New Zealand)

4. Transaction Capital results for the full year ended 30 September 2021 | Rand amounts converted at a ZAR/US FX rate of 0.0658 as of 31 Oct 2021 | 5. Debt Sale Market Updated by Bravure Group 2020 | 6. Collection House book acquired by Credit Corp

# TCRS STRATEGIC GROWTH INITIATIVES TO CREATE VALUE



As market dynamics post COVID-19 become clearer, 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 in FY22 already secured

## ACQUISITION OF NPL PORTFOLIOS IN EUROPE

- ▶ 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 in NPL portfolios & platforms that enable participation in underwriting & management decisions
  - Invest directly on a bilateral basis
  - Co-investment in partnership with specialist credit managers
  - Build oversight frameworks that enable active management
- ▶ Revenue in hard currency

## 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 NPL portfolios
- ▶ Expanding asset classes | NPL portfolios sold pre write-off, collected via legal process, sold on bilateral or recurring contractual basis

## 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



## SA & AUSTRALIA

Acquirer of NPL portfolios as principal  
Contingency & FFS collector



05

APPENDIX  
**CAPITAL  
MANAGEMENT**

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

2021

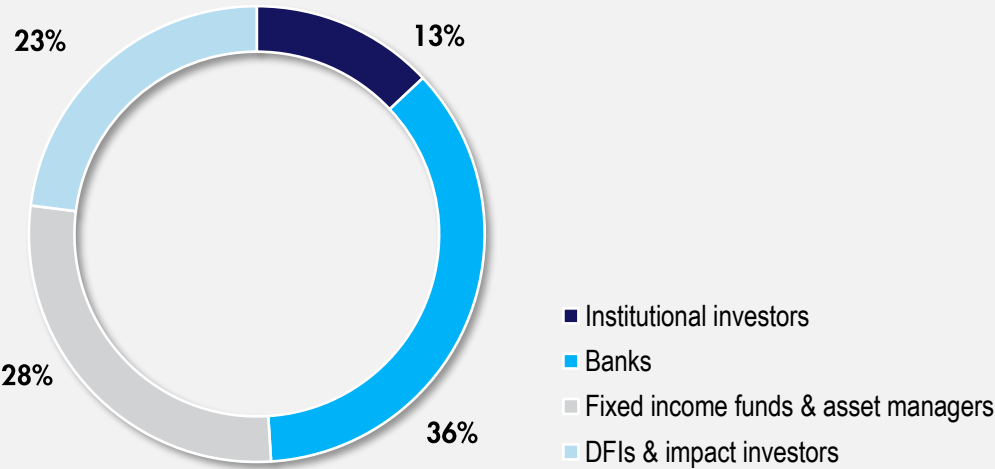


# DIVERSIFIED DEBT FUNDING STRATEGY

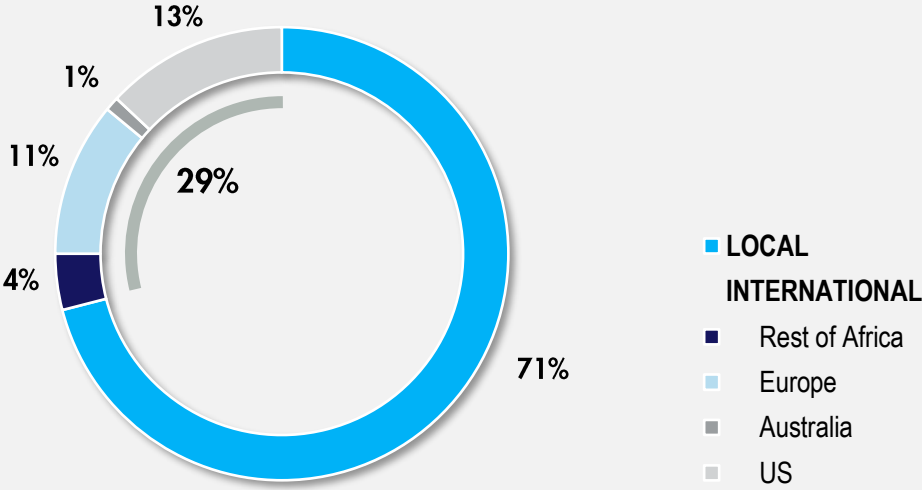
Group liquidity position remains robust, underpinned by a conservative debt structure



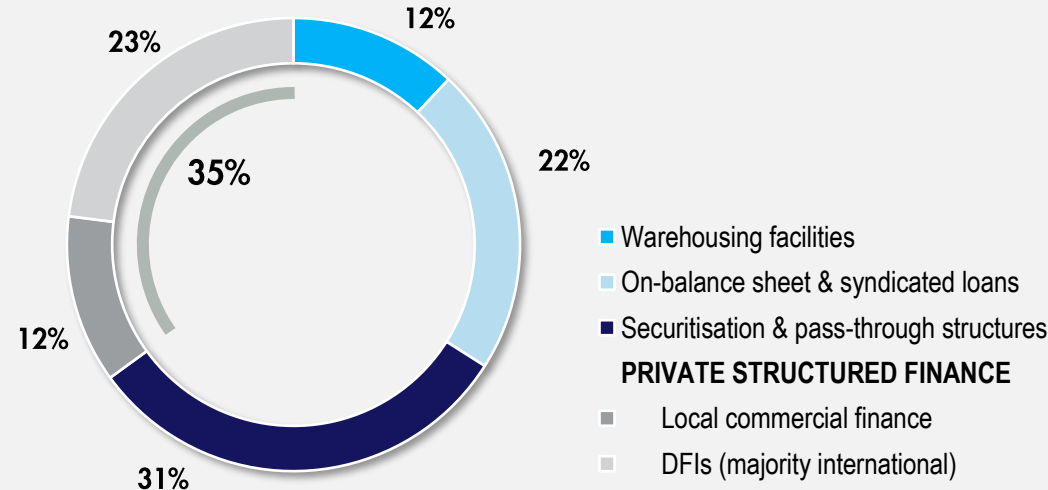
DIVERSIFICATION BY DEBT INVESTOR CATEGORY & CAPITAL POOL



DIVERSIFICATION BY GEOGRAPHY

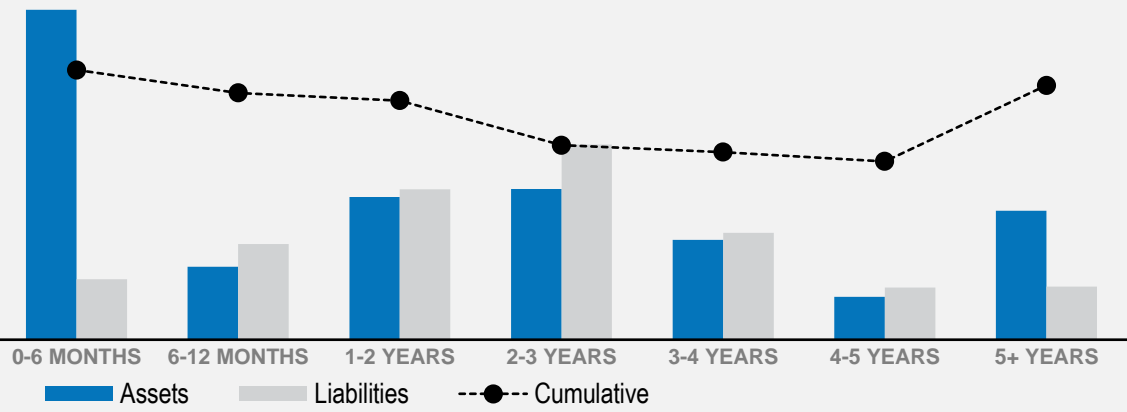


DIVERSIFICATION BY FUNDING STRUCTURE & INSTRUMENT





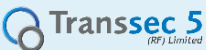








POSITIVE LIQUIDITY MISMATCH

At FY21 a positive asset-liability gap was observed for the group



# DIVERSIFIED DEBT FUNDING STRATEGY



DEBT STRUCTURE	PASS THROUGH STRUCTURES	WAREHOUSING FACILITIES	PRIVATE STRUCTURED FINANCE (MAJORITY INTERNATIONAL DFIs)	ON BALANCE SHEET & SYNDICATED LOANS
FY21 BALANCE OUTSTANDING	<b>R4.6 billion</b>	<b>R1.9 billion</b>	<b>R4.6 billion</b>	<b>R3.4 billion</b>
COMPOSITION	<b>~32%</b>	<b>~13%</b>	<b>~32%</b>	<b>~23%</b>
DEBT INVESTORS	<b>16 debt investors</b> <ul style="list-style-type: none"> <li>▶ Banks</li> <li>▶ Institutional investors</li> <li>▶ Fixed income funds &amp; asset managers</li> </ul>	<b>2 debt investors</b> <ul style="list-style-type: none"> <li>▶ Banks</li> </ul>	<b>16 debt investors</b> <ul style="list-style-type: none"> <li>▶ DFIs &amp; impact funders</li> <li>▶ Banks</li> <li>▶ Fixed income funds &amp; asset managers</li> </ul>	<b>10 debt investors</b> <ul style="list-style-type: none"> <li>▶ Banks</li> <li>▶ Institutional investors</li> <li>▶ Fixed income funds &amp; asset managers</li> </ul>
INSTRUMENTS	<ul style="list-style-type: none"> <li>▶ Rated &amp; listed securitisation notes</li> <li>▶ Private or bilateral loans &amp; debentures</li> <li>▶ Transsec 5 initial issuance of <b>R900m</b> in May 2021</li> </ul> <b>173bps</b> above 3-month JIBAR   Notes listed on JSE's sustainable segment	<ul style="list-style-type: none"> <li>▶ Asset-backed loans</li> </ul>	<ul style="list-style-type: none"> <li>▶ Private bilateral</li> </ul>	<ul style="list-style-type: none"> <li>▶ Syndicated loans</li> <li>▶ Overdraft &amp; working capital facilities</li> </ul>
COVENANTS	<ul style="list-style-type: none"> <li>▶ No accelerated repayment covenant</li> <li>▶ Interest rate step-up after year 5</li> <li>▶ No fixed repayment profile</li> <li>▶ Debt repayment matched to collections on asset pool</li> </ul>	<ul style="list-style-type: none"> <li>▶ No accelerated repayment covenant</li> <li>▶ Revolving structure</li> <li>▶ No fixed repayment profile</li> <li>▶ Debt serviced from collection on or sale of asset pool</li> </ul>	<ul style="list-style-type: none"> <li>▶ Fixed repayment profile</li> <li>▶ Debt serviced from collection on asset pool</li> </ul>	
	    		  	    

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# APPENDIX **ECONOMIC, SOCIAL & ENVIRONMENTAL IMPACT**

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

2021





## DELIVERING SHARED VALUE

- ▶ Business model operationalises commitment to sustainable & inclusive growth
  - Consistently generating **good commercial returns** for clients & across our industry value chains
  - Simultaneously creating **net positive socioeconomic returns** with enduring benefits
- ▶ **Economic, social & environmental (ESE) framework** in place
  - Societal purpose cascades into defined impact areas & supporting metrics, developed through extensive stakeholder engagement
  - Informs strategic & operational initiatives to ensure group's impacts are appropriately managed to enhance value creation for TC & its stakeholders
  - ESE targets included as a qualitative component for key executives' remuneration
- ▶ Commitment to **enhanced reporting** over time
  - **First sustainability report** issued in January 2021
    - › Sets out detailed data-led ESE disclosures
    - › FY21 Sustainability report to be published in January 2022
  - **Human rights & Environmental policies** adopted in FY21
    - Available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za)
  - Roadmap in place for adoption of the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**
    - › Base year carbon footprint completed
    - › GHG emission reduction targets adopted
    - › Climate-related risks & opportunities for the group analysed



Our societal purpose is to enable mobility access for millions of minibus taxi commuters through tailored developmental financing & support services for SMEs



Our societal purpose is to promote stable, functioning credit markets, facilitate financial rehabilitation & enable efficient payment systems

By targeting only the following Sustainable Development Goals (SDGs) that are aligned to our core operations & strategy, we are able to focus our efforts to make a measurable impact:



Transaction Capital increases its shareholding in WeBuyCars to

**74.2%**



- ▶ Investment matched all applicable acquisition criteria & aligned to TC's long-standing proposition to deliver good commercial & net positive socioeconomic returns
- ▶ WeBuyCars is a trusted & reputable brand in an industry where trust & customer satisfaction have traditionally been low
- ▶ TC stands to bring greater transparency & accountability to market through enhanced governance
- ▶ WeBuyCars directly supports a circular economy through trading of used vehicles
- ▶ In addition to six SDGs set out above, TC will consider WeBuyCars' ESE performance against SDGs 9 & 12
- ▶ Formalisation & operationalisation of WeBuyCars' ESE framework scheduled for FY22



SA TAXI'S VACCINATION CENTRE

- ▶ Launch of **SA Taxi Vaccination Centre** in **July 2021** in Midrand, Gauteng
  - ~16 000<sup>1</sup> Pfizer vaccines have been administered
- ▶ Vaccination service aimed primarily at servicing the minibus taxi industry
- ▶ With support of Department of Health & in partnership with minibus taxi industry, international development finance institutions & local healthcare providers
  - Distinguished example of successful public-private sector working relationship
- ▶ SA Taxi Vaccination Centre is TC's contribution to SA's goal of achieving herd immunity, preventing ongoing transmission & rebuilding our economy



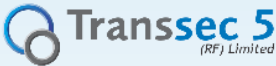
WORLD FINANCE SUSTAINABILITY AWARDS WINNER

- ▶ SA Taxi announced as winner in '**Most Sustainable Company in Mobility Industry**' category in recognition of:
  - Its social purpose of enabling mobility access for millions of commuters through tailored developmental financing & support services to SMEs
  - Its alignment to SDGs
  - Resilience of operations during COVID-19 pandemic



SUSTAINABLE BOND FRAMEWORK

- ▶ SA Taxi issued its **1<sup>st</sup>** bond backed by a **Sustainable Bond Framework**
  - Through **Transsec 5** initial issuance
- ▶ Milestones achieved:
  - Initial listing on sustainability segment of Johannesburg Stock Exchange
  - Largest single issuance to date (**R900 million**)
  - Lowest initial issuance weighted average cost of **173 basis points** above three-month JIBAR
- ▶ Sustainable Bond Framework available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za)



PROGRESS IN TCFD ADOPTION

- ▶ TC recognises rapidly changing global context & risks associated with environmental & social factors
  - Particularly climate change
- ▶ Progress in adopting the **recommendations of the TCFD**:
  - Base year carbon footprint assessment (FY20) completed
  - Assigned appropriate GHG emission reduction targets
  - Analysed climate-related risks & opportunities TC faces
  - Roadmap for TCFD adoption presented in FY21 Sustainability Report



1. Reported figure as at 12 November 2021



FACILITATING ECONOMIC DEVELOPMENT

Transaction Capital’s focus on traditionally under-served market segments where it can make a meaningful social impact supports economic growth & development



We empower SMEs through financial inclusion



We promote financial inclusion by providing sustainable & responsible loans to SMEs who might otherwise be denied access to credit

**R32.8 billion**

Loans originated since 2008, creating **95 855** SMEs

**~76%**

Proportion of SA Taxi’s clients classified as previously under-banked or financially excluded

**~590**

Average credit score for loans granted by SA Taxi

**versus**

**~640**

Average credit score for loans granted by banks

**15 464**

Direct jobs created by SA Taxi’s financed fleet in FY21

**25 773**

Indirect jobs created by SA Taxi’s financed fleet in FY21

We invest in previously excluded groups & under-served demographics

**100%**

Loans provided to black-owned SMEs

**24%<sup>1</sup>**

Loans provided to female-owned SMEs

**11%<sup>1</sup>**

Loans provided to SME owners under the age of 35

We provide support services to SMEs across the value chain

**28 461**

Financed SME clients

**30 324 & 11 309**

Insurance policies for financed & open market clients

**52 992**

SA Taxi rewards customers



We drive economic growth by promoting credit market stability



We support a sustainable supply of credit by unlocking value from our clients’ non-performing loans

**R3.5 billion**

in South Africa

**R2.7 billion**

in Australia

Value recovered for clients through contingency & fee-for-service collections in FY21

**R1.4 billion**

in South Africa

**R0.9 billion**

in Australia

Value recovered through principal collections in FY21

Selling their non-performing loan portfolios frees up operational capacity & capital within TCRS’s client base, enabling them to resume lending. **Our support for financial institutions:**

**R40.3 billion**

Original face value

**R25.3 billion**

Remaining face value

**R4.5 billion**

Capital outlay

**~R14 billion**

Provision release

**~R9 billion**

Risk-weighted asset release

**~R1.1 billion**

Regulatory capital release

TCRS’s non-performing loan portfolios acquired to collect as principal in FY21 related to **159 235** consumers, with an average outstanding balance of **R37 092**, which, according to our estimates, resulted in an average consumer credit provision & risk-weighted release of **R15 011** & **R12 156** respectively



SUPPORTING SOCIAL INCLUSION


**SA Taxi** promotes social inclusion by helping millions of commuters to access services & economic opportunities

We support a critical public transport service

<b>2.2 billion kilometres</b> Distance travelled by SA Taxi's financed fleet in FY21	<b>2.1 million</b> Commuter trips per day provided by SA Taxi's financed fleet	<b>76%</b> Proportion of work & educational public transport trips made via minibus taxi
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We are a trusted & respected partner

**28%** Proportion of repeat customers (indicating financed operator satisfaction levels)



**TCRS** rehabilitates debtors ethically & responsibly

We focus on the rehabilitation & education of debtors to enable expedited re-entry into the credit markets

<b>180 000</b> Average number of rehabilitated debtors in FY21, to the value of <b>R308 million</b>	Our monthly payment plans balance rehabilitation with affordability:
	<b>R1 070</b> Average payment amount before defaulting
	<b>R779</b> Promise to pay
	<b>R334</b> Amount finally agreed


We rehabilitate debtors ethically & collect responsibly

**R109** TCRS average fees per account versus **R1 176** maximum permitted per Debt Collectors Act

We are a trusted & respected partner

Ranked as **1<sup>st</sup>** or **2<sup>nd</sup>** best in **83%** of mandates in South Africa

Ranked as **1<sup>st</sup>** or **2<sup>nd</sup>** best in **88%** of mandates in Australia



BETTERING INDUSTRIES WE SERVE

**SA Taxi** works to better the public transport industry for all stakeholders

We form partnerships that promote inclusivity & safety of the industry



<b>R152.2 million</b> Total value of SANTACO dividend to date	<b>52 992</b> Number of SA Taxi rewards cards	<b>R3.3 million</b> rewards earned by the industry through SA Taxi's reward programmes
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**43 741**  
Bridgestone tyres sold to the industry at a reduced rate

**R2.2 million**  
Investments in taxi infrastructure in FY21

We promote formalisation of the industry

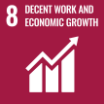
<b>R2.1 billion</b> Value of SA Taxi's VAT contribution	<b>R2.9 billion</b> Tax contributed to fuel levies by SA Taxi's fleet
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**TCRS** works to better financial intermediation for all stakeholders

We provide a range of services that support financial intermediation, which facilitates payment & salary flows

**R155.2 billion**  
Value of electronic transactions processed by Transaction Capital Transactional Services







WE HIRE INCLUSIVELY

Our employment practices contribute to socioeconomic transformation

The **Transaction Capital board** comprises 14 directors, of whom eight are non-executive directors & six are executive directors

**Four**  
Number of female directors

**Four**  
Number of black directors

Transaction Capital is **committed to job creation & driving transformation in its workforce**, including increasing the representation of previously under-represented groups & contributing to youth employment

<b>3 953</b> Total number of employees	<b>57%</b> Female employees	<b>89%</b> Black employees (South Africa)
<b>54%</b> Employees under the age of 35	<b>36%</b> Female employees as a % of total promotions	<b>65%</b> Low-skilled employees (South Africa)

10 REDUCED INEQUALITIES

We empower our people

We value our employees & invest in our staff's potential

**16%**  
Voluntary employee turnover rate

**26**  
Average training hours per employee per year

Implemented occupational health & safety (OH&S) management system as per **clear OH&S policy**

8 DECENT WORK AND ECONOMIC GROWTH

WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE

Group carbon footprint & reduction targets

13 CLIMATE ACTION

**Our carbon footprint**

**Methodology:** GHG Protocol  
**Consolidation approach:** Operational control

GHG emissions inventory – tCO <sub>2</sub> e (tonnes)	FY20 Base year
Scope 1: Direct emissions	1 850.22
Scope 2: Indirect emissions from purchased electricity	7 403.70
<b>TOTAL SCOPE 1 &amp; 2 EMISSIONS</b>	<b>9 253.92</b>
Scope 3: Indirect emissions (including SA Taxi's financed minibus taxi fleet)	420 805.62
<b>TOTAL SCOPE 1, 2 &amp; 3 EMISSIONS</b>	<b>430 059.54</b>

**Intensity metrics**

Scope 1 & 2 emissions per employee	<b>2.506</b>
Scope 1 & 2 emissions per m <sup>2</sup> of buildings	<b>0.215</b>

**Our reduction targets**

Transaction Capital supports the Paris Agreement's aim of limiting global warming to well below 2°C compared to pre-industrial levels & will pursue efforts to limit it to 1.5°C

**Methodology:** SBTi: Absolute Contraction Approach  
**Linear annual reduction rate:** 2.5%  
**Temperature alignment:** Well below 2°C  
**Target timeframe ambition:** FY25, FY30, FY35

13 CLIMATE ACTION

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# GLOSSARY

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

2021



AUS	Australia
B2B	Business-to-business (vehicle dealerships)
B2C	Business-to-consumer
CAGR	Compound annual growth rate
Core financial metrics	<ul style="list-style-type: none"> <li>Earnings from continuing operations excludes results from discontinued operations as reported on SENS on 13 May 2020</li> <li>Core financial ratios exclude once-off transaction costs &amp; are used by management as key metrics in the business. Refer to the 'Basis of preparation' section of the commentary in the FY21 results booklet for further detail</li> <li>Transaction Capital's core headline earnings from continuing operations attributable to the group includes R270 million from WeBuyCars, R413 million from SA Taxi, R320 million from TCRS, and R2 million from the group executive office</li> </ul>
COVID-19	The novel Coronavirus & the disease it causes

CPS	Cents per share
DEKRA Report	A vehicle inspection certification providing information on the mechanical & technical status of the vehicle
EBITDA	Earnings Before Interest, Taxes, Depreciation, & Amortisation
ERC	Estimated undiscounted remaining gross cash collections from NPL Portfolios over the next 120 months
FFS	Fee-for-service
F&I products	Finance, insurance based, tracking & other allied products
GEO	Group executive office
HEPS	Headline earnings per share
LSM	Living Standards Measure

**NPL portfolio** Non-performing consumer loan portfolios acquired by TCRS to be collected as principal

**Open market taxi operator** Minibus taxi operator not previously an SA Taxi client

**Product margin** Additional gross margin earned on value-added products & allied services including finance, insurance, tracking & other revenue

**QRT** SA Taxi's Quality Renewed Taxi

**Recoveries Corp** Recoveries Corporation, an Australian 100% owned subsidiary of TCRS

**Repo rate** Rate at which the South African Reserve Bank lends money to banks

**SA** South Africa

**SANTACO** South African National Taxi Council

**TC** Transaction Capital

**TCRS** Transaction Capital Risk Services

**TCTS** Transaction Capital Transactional Services

**Vehicle margin** Margin earned on trading (buying & selling) vehicles

**Vehicle Parc** Total number of vehicles in the market

**Vehicle supermarket** WeBuyCars vehicle warehouse & showroom

**WFH** Work from home

**2H21** Second half of the 2021 financial year



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