

JOINT MEDIA RELEASE - 08 September 2020

TRANSACTION CAPITAL SUBSCRIBES FOR A NON-CONTROLLING 49.9% INTEREST IN WeBuyCars, INVESTING INTO ITS THIRD ADJACENT MARKET

- *Transaction Capital has a proven track record of creating value by identifying, pricing and investing in businesses in resilient markets, that have the potential to achieve scale and leading positions in their market segments*
- *WeBuyCars is a uniquely positioned, highly competitive and entrepreneurial founder-led business, with an impressive 20-year track record*
- *The transaction will immediately be value accretive for Transaction Capital, converting interest income on undeployed capital into operating earnings, and accelerating Transaction Capital's earnings growth rate*

Transaction Capital has concluded an agreement to subscribe for a non-controlling 49.9% interest in WeBuyCars.

Uniquely positioned in its market segment, WeBuyCars is a highly competitive and entrepreneurial founder-led business, with an impressive 20-year track record. As an experienced buyer and seller of used vehicles, it trades through its vertically integrated, data and technology-led e-commerce and physical infrastructure, supported by a national footprint that includes seven "vehicle supermarkets", and 19 "buying pods".

WeBuyCars will continue to operate as an independent business within its specialised market, adjacent to SA Taxi, with this investment establishing Transaction Capital's third market vertical. As such, the investment carries no integration risk for Transaction Capital.

Transaction Capital has demonstrated resilience in its agile responses to the volatile dynamics accompanying COVID-19. Its operational, financial and strategic flexibility has enabled it to quickly align operating models, financial structures and growth plans to prevailing economic realities and emerging opportunities, with operational activity in most instances nearing pre-lockdown levels. This has enabled Transaction Capital to carefully assess potential opportunities for capital deployment occasioned by the current dislocation in markets.

Commenting on the investment, Transaction Capital's CEO, David Hurwitz said: ***"This investment is an exceptional opportunity to own a significant interest in a trader of used vehicles in South Africa, serving its clients through both an e-commerce and physical dealership infrastructure. The investment in WeBuyCars will be immediately value accretive, converting interest income on our undeployed capital into higher yielding operating earnings, accelerating Transaction Capital's earnings growth rate. Options are in place, which if exercised and implemented, after regulatory approval, would result in Transaction Capital increasing its interest in WeBuyCars at a future date."***

As a well-known and reputable brand, WeBuyCars provides a reliable, affordable and convenient alternative to selling or buying a vehicle. With vehicle valuations determined by artificial intelligence and not individual buyer sentiment, sellers can be certain of a fair price and immediate cash settlement on acceptance of the offer. With no affiliation to any particular make of vehicle, WeBuyCars offers an extensive range of popular vehicle brands and a simple, seamless buying experience. Buyers are given independent vehicle condition reports and high-resolution photos to facilitate their purchase decisions.

WeBuyCars competes with dealership groups that are either affiliated to OEMs, which limit the brand optionality and pricing flexibility they can offer; and independent dealership groups that can offer greater choice of brands but have limited available stock and tend to attract low levels of consumer trust. Newer entrants to the market have generally been online marketplaces that facilitate buying and selling of vehicles between trade and private customers, and earn a commission, subscription and/or advertising fees, but do not carry inventory.

As a buyer, distributor and retailer of vehicles, also offering finance, insurance and other allied products and services, WeBuyCars provides a uniquely composed offering across the value chain with a credible brand and high levels of trust, optionality, convenience and competitive pricing. WeBuyCars currently buys more than 6 000 vehicles a month on average from private consumers, allowing it to offer a wide variety of vehicles for sale. Buyers are not restricted to any particular make of vehicle or limited in their choice of affordable options.

Commenting on the investment, WeBuyCars CEO, Faan van der Walt said: ***“Over the years we have been approached by many high-profile buyers interested in partnering with us. Transaction Capital’s entrepreneurial ownership mindset, underpinned by the ongoing involvement of its founders, makes the group a good shareholder for founder-led businesses like WeBuyCars.”***

In South Africa there are a total of 10.8 million¹ new and used passenger vehicles in circulation. This vehicle ‘car parc’ has grown steadily, increasing the size of the overall market at around 5% to 6% per year over the last decade, despite the contraction in new vehicle sales. New vehicle sales are forecast to fall 31% to 372 000 vehicles in 2020 before recovering by 20% to approximately 450 000 vehicles in 2021 (10% below 2019 levels). In comparison, only about 3% of total vehicles (approximately 350 000) are written off every year, resulting in vehicle ‘car parc’ growth. The large used segment of the market, which conservatively trades more than one million used vehicles a year, has shown a compound annual growth rate of 1.7% over the last five years. This steady growth has been achieved despite the segment being fragmented and inefficient, characterised by low levels of consumer trust.

When asked about the resilience of the used car sector within the automotive industry, van der Walt explained: ***“Personal vehicles remain a necessity for many South Africans, given long travel distances and limited public transport options, and vehicle ownership is an aspiration deeply rooted in South African culture. However, new vehicle sales have contracted for seven years, impacted by adverse economic conditions and changes in consumer buying patterns. As consumers’ disposable income has come under strain, and a weakening Rand has pushed up new vehicle prices, more consumers are opting to trade down from new to used vehicles.”***

Favourable trends amplified by COVID-19, both in marked shifts in what consumers can afford and their growing preference for online channels, are likely to accelerate growth in the used vehicle segment. Although the adoption of e-commerce in the vehicles market has been slower than in other categories (such as electronics), experts estimate that e-commerce adoption in South Africa has leap-frogged some five years into the future as the desire for contactless services has escalated. Industry players that offer the most trustworthy, secure and credible e-commerce platforms will gain significant competitive edge in the vehicles market in the coming years.

“WeBuyCars’ established B2B e-commerce capability, which connects to a variety of dealerships, and our proven but nascent B2C functionality, underpins our longer-term growth prospects. Significant potential exists to drive penetration and uptake of our B2C offering, as on-line and e-commerce trading will drive higher levels of efficient and reliable service, while dissolving physical and geographic barriers. Over time, we expect that e-commerce in the South African vehicles market will gain traction,” added van der Walt.

1. Lightstone - vehicle parc consists of passenger & light commercial vehicles

Opportunities to further penetrate the used vehicle value chain underpin WeBuyCars' strong organic growth prospects. An assessment of the WeBuyCars' international peer group shows that leading international participants in this market segment with the highest valuation multiples are fully integrated along the entire used vehicle value chain.

This investment is a vote of confidence – from the leaders of both Transaction Capital and WeBuyCars – in South Africa's economic recovery and longer-term growth prospects. Transaction Capital believes that WeBuyCars can develop and grow into another exceptional South African business and reach its full potential notwithstanding the difficult economic conditions that will be with all South Africans for some time to come.

For the 2020 financial year, Hurwitz expects that Transaction Capital will deliver subdued profits due to the disruption caused by COVID-19. However, with its operating divisions, SA Taxi and TCRS, well placed to build on their long-term track record for earnings growth and attractive risk-adjusted returns, he sees a return to the group's long-term trend of strong organic earnings and dividend growth (above 2019 pre COVID-19 levels) for the 2021 financial year and beyond. Hurwitz added: ***"We are confident and excited about the prospect of acquiring an interest in WeBuyCars, which will support an even higher growth and returns trajectory as WeBuyCars fully realises its medium-term growth potential."***

About Transaction Capital

Transaction Capital is an active investor in and operator of alternative assets in credit related and specialised market verticals, with a near 20-year track record for high-quality earnings growth and attractive risk-adjusted returns.

ENDS

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APPENDIX

USED VEHICLE MARKET CONTEXT & ENVIRONMENT

USED VEHICLE INDUSTRY IS RESILIENT, DEFENSIVE & GROWING DESPITE SOUTH AFRICA'S ECONOMIC CLIMATE

SOUTH AFRICA'S VEHICLE PARC¹

IN SOUTH AFRICA THERE ARE 10.8 MILLION VEHICLES¹

- Personal vehicles remain a necessity for many South Africans
 - Long travel distances
 - 38% use personal vehicles, 21% walk, 40% use public transport, 1% other modes
 - Vehicle ownership is an aspiration rooted in South African culture
- New vehicle sales are driven by
 - Economic environment
 - Prices sensitive to exchange rates
 - Banks appetite to financing
- New vehicle sales trends
 - Shift from new to used vehicles
 - Average length of ownership Δ
 - Lower value vehicles purchased in challenging economic environment

VEHICLE PARC GROWING DESPITE NEW VEHICLE SALES ∇ OVER LAST 10 YEARS

CAGR

- 9 year Δ 5.6%
- 5 year Δ 2.4%

AVERAGE AGE² Δ

- ~10 years
- Dec 2017 | 9.73 years
- Mar 2020 | 10.08 years

REPLENISHMENT RATE

INTO PARC

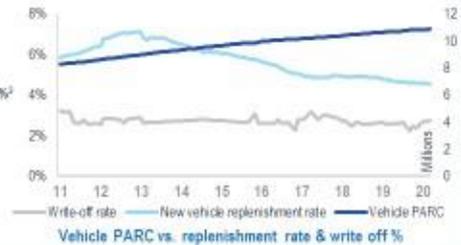
372 000 vehicles
2020e new vehicles sales ∇ 31%³

EXCEEDS

WRITE-OFF RATE

OUT OF PARC

350 000 vehicles
Consistently at ~3% per year



USED VEHICLE MARKET IS RESILIENT & GROWING DESPITE DIFFICULT ECONOMIC ENVIRONMENT

VEHICLE SALES PER YEAR⁴

-500 000
NEW VEHICLES | 48% FINANCED⁵

2.4 times
USED-TO-NEW SALES RATIO

-1.2 million⁵
USED VEHICLES | 32% FINANCED

NEW VEHICLE SALES ∇

- Economic environment
- Price increases

USED VEHICLE SALES Δ

- New vehicle sales ∇
- Banks adding liquidity into used vehicle market as they grow their books

USED VEHICLE SALES BY AGE OF PARC (YEARS)



1 Lightstone - vehicle parc consists of passenger & light commercial vehicles;
2 Lightstone - Parc data

3 2020 estimated new vehicle sales <https://www.moneyweb.co.za/news/first-news/new-car-sales-to-drop-to-17-year-low-on-pandemic/>

4 Consumers financed per the NCR in 2019, excluding business-to-business | WeBuyCars - 30% to ~30% of sales to customers (excluding dealerships) are financed

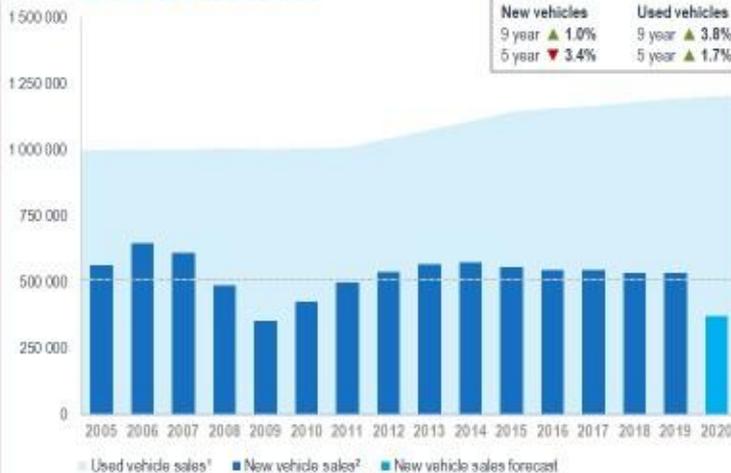
5 Estimate applying Transaction E-sals (double counting eliminated) & Lightstone data

USED VEHICLE MARKET CONTEXT & ENVIRONMENT

USED VEHICLE MARKET IS RESILIENT & GROWING DESPITE DIFFICULT ECONOMIC ENVIRONMENT

USED VEHICLE SALES PER YEAR ~1.2 MILLION (9 year CAGR Δ 3.8% | 5 year CAGR Δ 1.7%)

NEW VS USED VEHICLE SALES



CAGR

Category	9 year	5 year
New vehicles	Δ 1.0%	∇ 3.4%
Used vehicles	Δ 3.8%	Δ 1.7%

USED VEHICLE SALES ARE DRIVEN BY:

- Economic environment
- COVID-19 risks
- New vehicle prices Δ | driven by exchange rates

∇ New vehicle sales
 Δ Used vehicle sales

What is happening to used car prices right now?

"While new car sales remain sluggish, used cars are bolstering dealer profits with some of the big groups reporting a record month in June... Consumer demand for second or third cars for commuting purposes so they can avoid using public transport and the increased risk of catching COVID-19"

CarDealer, July, 2020

New vehicle prices rise sharply above inflation despite sales slump

"The financial impact of the pandemic, which has seen the unemployment rate rising above 30% in South Africa, has resulted in consumers either forgoing vehicle purchases or looking to buy down from new to used vehicles"

Moneyweb, July 30, 2020

1 Source: eNATIS 2019

2 Source: <https://www.moneyweb.co.za/news/first-news/new-car-sales-to-drop-to-17-year-low-on-pandemic/>

LARGE & HIGHLY FRAGMENTED MARKET WITH VARIOUS PARTICIPANTS & 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 dealership groups
 - › Greater choice of brands, limited stock available, low levels of customer trust

ONLINE PLATFORMS & MARKET PLACES

- Do not carry inventory
- 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



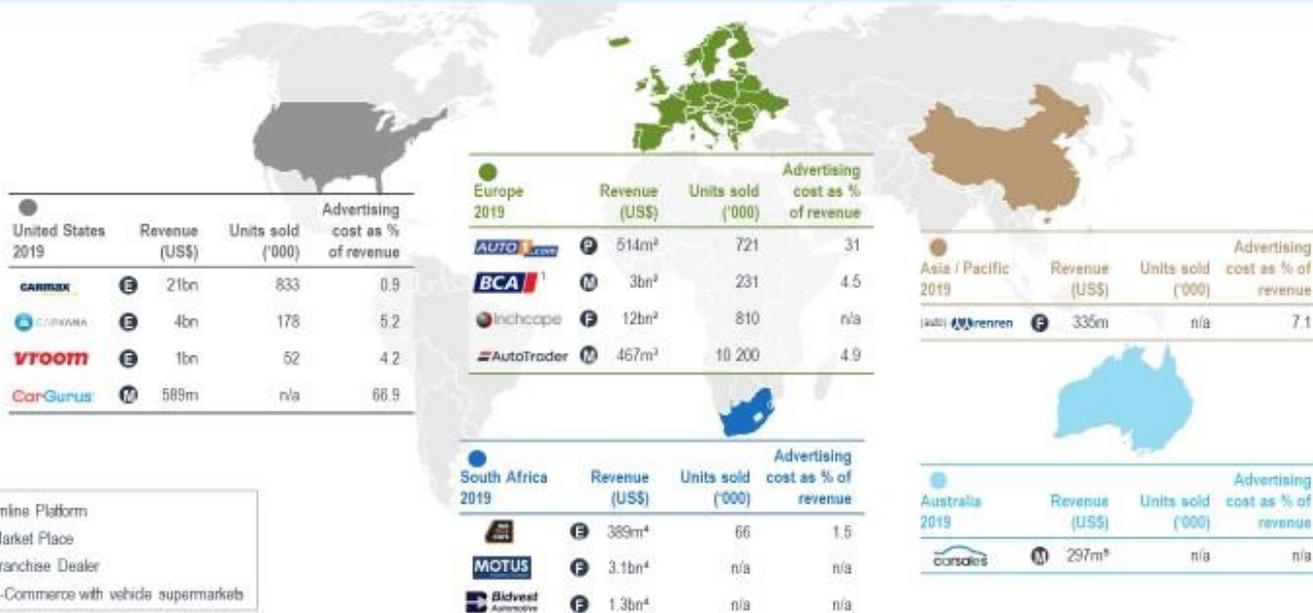
- Sells to dealerships & private customers
- Offers online experience & has physical presence (vehicle supermarkets & pods)
- Buys & sells variety of vehicles
 - › Many brands & models
 - › Age | 1 year old to over 20 years
 - › Price | -R40 000 to > R1 million
- Majority of vehicles sold
 - › Age | Older than 5 years
 - › Price | R40 000 to R160 000
- Sellers receive fair price, driven by artificial intelligence with immediate cash settlement

GROWTH OPPORTUNITIES IN A LARGE FRAGMENTED & DISRUPTED SOUTH AFRICAN MARKET

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: Euronext e-commerce sales excluding sales taxes for FY 2019. Company data is sourced from company financials.
 1. BCA Group was delisted in 2019, figures as of FY2019
 2. EUR amounts translated at a EUR/USD FX rate of 0.84981 as of 4 August 2020
 3. GBP amounts translated at a GBP/USD FX rate of 0.76609 as of 4 August 2020
 4. Rand amounts converted at a ZAR/USD FX rate of 17.403 as of 4 August 2020. Motus revenue reported above-excludes non-SA operations & aftermarket parts operations
 5. AUS amounts converted at a AUS/USD FX rate of 1.404 as of 4 August 2020