



Transaction Capital Limited
(Incorporated in the Republic of South Africa)
Registration number: 2002/031730/06
JSE share code: TCP
ISIN: ZAE000167391
(“Transaction Capital”, “the Company” or “the Group”)



TransCapital Investments Limited
(Incorporated in the Republic of South Africa)
Registration number: 2016/130129/06
Bond company code: TCII

OPENING OF ACCELERATED BOOKBUILD

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY OTHER STATE OR JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

1. INTRODUCTION

Transaction Capital announces its intention to conduct a non pre-emptive cash placing of up to 33 093 389 new ordinary shares in the authorised but unissued share capital of the Company (the "Placing Shares") to certain institutional investors (the "Placing"), which represents approximately 5% of the Company's existing issued ordinary share capital base. The Placing Shares will be issued by the Company under and in accordance with its existing general authority to issue shares for cash, granted by shareholders at the annual general meeting of the Company held on 5 March 2021.

The Placing is being conducted through an accelerated bookbuild process (the "Bookbuild"), which will be launched immediately following this announcement. Goldman Sachs International and Investec Bank Limited (the "Managers") are acting as joint bookrunners in respect of the Placing.

2. RATIONALE AND USE OF PROCEEDS

Transaction Capital continues to actively identify investment opportunities in adjacent markets and related asset classes, in which its technology, proprietary data and analytics capabilities enable it to generate attractive risk-adjusted returns.

In September 2020, Transaction Capital concluded a transaction to become a 49.9% non-controlling shareholder in We Buy Cars Proprietary Limited (“WeBuyCars”) and has recently concluded agreements to increase its shareholding to a controlling stake of 74.9%, subject to, *inter alia*, regulatory approval (details of which can be found in the SENS announcement released on 27 May 2021).

The capital raised in this Placing will be used in part to finance this acquisition, with the balance being used to fund investment opportunities identified both through the divisions of the Group as well as our TC Ventures strategy. In addition, this capital will further enhance our financial flexibility and strategic agility to execute on opportunities resulting from market dynamics pursuant to the COVID-19 pandemic.

3. BALANCE SHEET STRENGTH

Transaction Capital's balance sheet remains well capitalised and liquid, with undrawn debt facilities of R900 million at a holding company level. The Group's liquidity position is underpinned by our conservative capital strategy which has been tested and validated throughout the COVID-19 period.

Available facilities at SA Taxi and Transaction Capital Risk Services ("TCRS") provide the capacity and liquidity to fund the organic growth initiatives underway in both SA Taxi and TCRS. SA Taxi is adequately capitalised, with ample liquidity available in undrawn debt facilities to fund expected loan origination into the 2022 financial year. At TCRS, as market dynamics become clearer, the acquisition of non-performing loan portfolios ("NPL portfolios") in South Africa, Australia and Europe may provide opportunities to accelerate capital deployment plans within the division. TCRS's funding requirements for the acquisition of NPL portfolios into the 2022 financial year are already secured.

4. UPDATE ON TRADING ENVIRONMENT

Our divisions, SA Taxi and TCRS, and our investment in WeBuyCars, continue to demonstrate resilience and relevance despite the effects of COVID-19 on the market environment. Notwithstanding uneven rates of recovery in their markets, they are well positioned to drive organic growth. Their highly relevant business models and leading positions in defensive market sectors, alongside the diversification across and within each of them, underpin our expectations for growth and returns in the 2021 financial year, and beyond.

The recent announcement of lockdown Level 4 in South Africa has not had a material impact on any of the divisions in the Group. Based on our current assessment of operating conditions and growth prospects, headline earnings per share for the full 2021 financial year should exceed 2019 levels, with the Group resuming dividend payments.

Shareholders are referred to Transaction Capital's interim results announcement released on SENS on 12 May 2021 for a detailed report of the Group's trading environment and short to medium term prospects.

5. THE PLACING

The Placing is offered to qualifying investors (with the criteria set out in the Important Notes Section below) and will not be offered to the public in any jurisdiction. The Placing is not an offer to the public as contemplated under the South African Companies Act, No.71 of 2008, as amended (the "South African Companies Act"), having regard to the provisions of section 96(1)(a) and 96(1)(b) of the South African Companies Act.

The Placing Shares will be issued by the Company under and in accordance with its existing general authority to issue shares for cash, granted by shareholders at the annual general meeting of the Company held on 5 March 2021.

The price per ordinary share at which the Placing Shares will be placed (the "Placing Price") will be decided at the close of the Bookbuild. The timing of the closing of the Bookbuild, the Placing Price and allocations are at the discretion of the Company and the Managers. The Placing Price will be announced as soon as practicable on the Stock Exchange News Service of the exchange operated by the JSE Limited (the "JSE") after the close of the Bookbuild.

Pursuant to the terms of the placing agreement entered into between the Company and the Managers, the Company has agreed to customary lock-up arrangements for a period of 90 days from the closing date of the Placing.

The Placing Shares, when issued, will be credited as fully paid and will rank *pari passu* in all respects with the existing ordinary shares in the share capital of the Company, including the right to receive all dividends and other distributions declared, made or paid after the date of issue of the Placing Shares.

Subject to the approval by the JSE, listing and trading of the Placing Shares on the JSE is expected to commence at 09h00 on 9 July 2021 (or such time and/or date as may be agreed between the Company and the Managers). Investors will receive Placing Shares listed and trading on the JSE.

Hyde Park
8 July 2021

Joint Bookrunners
Goldman Sachs International
Investec Bank Limited

South African Legal Counsel to the Company
ENSAfrica

Foreign Legal Counsel to the Company
Bryan Cave Leighton Paisner LLP

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JSE Sponsor and Equity Markets Broker
Investec Bank Limited

Debt Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

IMPORTANT NOTES

This Announcement is for information purposes only and shall not constitute or form part of any offer or solicitation to purchase or subscribe for securities in South Africa, the United States or in any other jurisdiction in which such offer or solicitation would require approval of the local authorities or otherwise be unlawful (each a “Restricted Jurisdiction”). Neither this Announcement nor any copy of it may be taken, transmitted or distributed, directly or indirectly in or into the United States, Canada, Australia, Japan or any jurisdiction in which it would be unlawful to do so. The distribution of this announcement may be subject to specific legal or regulatory restrictions in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

In South Africa, the Placing will only be made by way of separate private placements to: (i) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act; and (ii) selected persons, acting as principal, acquiring Placing Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act ("South African Qualifying Investors").

This Announcement is only being made available to such South African Qualifying Investors. Accordingly: (i) the Placing is not an "offer to the public" as contemplated in the South African Companies Act; (ii) this Announcement does not, nor does it intend to, constitute a "registered prospectus" or an "advertisement", as contemplated by the South African Companies Act; and (iii) no prospectus has been filed with the South African Companies and Intellectual Property Commission ("CIPC") in respect of the Placing. As a result, this Announcement does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC, or any other South African authority.

Any forwarding, distribution, reproduction, or disclosure of any information contained in this announcement in whole or in part is unauthorised. Failure to comply with these restrictions may constitute a violation of the United States Securities Act of 1933, as amended (the "Securities Act"), or the applicable laws of other jurisdictions. Subject to certain exceptions, the securities referred to in this announcement may not be offered or sold in the United States, Australia, Canada, Japan or certain other jurisdictions or for the account or benefit of any national resident or citizen of certain jurisdictions.

The information contained in this Announcement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, 2002 (the "FAIS Act") and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Placing Shares or in relation to the business or future investments of the Company, is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this Announcement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. The Company is not a financial services provider licensed as such under the FAIS Act.

In terms of the Exchange Control Regulations of South Africa, any share certificates that might be issued to non-resident shareholders will be endorsed "Non-Resident". Any new share certificates, dividend and residual cash payments based on emigrants' shares controlled in terms of the Exchange Control Regulations, will be forwarded to the Authorised Dealer controlling their remaining assets. The election by emigrants for the above purpose must be made through the Authorised Dealer controlling their remaining assets. Such share certificates will be endorsed 'Non-Resident'. Dividend and residual cash payments due to non-residents are freely transferable from South Africa. Nothing in this Announcement should be viewed, or construed, as "advice", as that term is used in the South African Financial Markets Act, 2012, and/or FAIS Act by any of the Managers.

This announcement does not constitute or form part of any offer or solicitation to purchase or subscribe for securities in the United States, Canada, Japan or Australia, or any jurisdiction in which such offer, solicitation or sale would be unlawful. The ordinary shares may not be offered or sold in the United States unless registered under the Securities Act or offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The ordinary shares have not been, and will not be, registered under the Securities Act or under the applicable securities laws of Canada, Japan or Australia. Subject to certain exceptions, the ordinary shares referred to herein may not be offered or sold in Canada, Japan or Australia or

to, or for the account or benefit of, any national, resident or citizen of Canada, Japan or Australia. There will be no public offer of securities in the United States, Canada, Japan and Australia.

Any offering of the Placing Shares to be made (i) in the United States will be made only to a limited number of "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A under the Securities Act ("Rule 144A") and, (ii) outside the United States in offshore transactions within the meaning of, and in reliance on, Regulation S under the Securities Act ("Regulation S"). QIBs purchasing shares will be required to execute an investor letter in a form provided to it and deliver the same to a Manager or one of its affiliates and to the Company in connection with its investment.

This announcement is for information purposes only and in Member States of the European Economic Area is directed only at persons who are qualified investors (as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). In the United Kingdom, this announcement is directed only at qualified investors (as defined above) who are also either: investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or high net worth entities falling within article 49(2)(a) to (d) of the Order, or are otherwise persons to whom it may lawfully be communicated.

Each Manager and its respective affiliates are acting solely for the Company and no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Placing and/or any other matter referred to in this Announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on the Managers or their affiliates by their respective regulatory regimes, neither of the Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the information contained in this Announcement or for any other statement made or purported to be made by or on behalf of such Manager or any of its respective affiliates in connection with the Company, the Placing Shares or the Placing. The Managers and each of their respective affiliates accordingly disclaim all and any responsibility and liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) in respect of any statements or other information contained in this Announcement and no representation or warranty, express or implied, is made by the Managers or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information contained in this Announcement.

The distribution of this Announcement and the offering of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or the Managers that would permit an offering of such shares or possession or distribution of this Announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and the Managers to inform themselves about, and to observe, such restrictions.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than the JSE.

Persons who are invited to and who choose to participate in the Placing by making an offer to take up Placing Shares, will be deemed to have read and understood this Announcement in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements and undertakings, contained herein. Each such placee represents, warrants and acknowledges that it is a person eligible to subscribe for the Placing Shares in compliance with the restrictions set forth herein and applicable laws and regulations in its home jurisdiction and in the jurisdiction (if different) in which it is physically resident.

This announcement has been issued by and is the sole responsibility of Transaction Capital. The financial information included in this announcement has not been reviewed or reported on by the Company's external auditors. No representation or warranty express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Managers or by any of their respective affiliates or their respective partners, directors, officers, employees or agents as to, or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

This Announcement does not represent the announcement of a definitive agreement to proceed with the Placing and accordingly, there can be no certainty that the Placing will proceed. Transaction Capital reserves the right not to proceed with the Placing or to vary the terms of the Placing in anyway.

NOTWITHSTANDING ANYTHING IN THE FOREGOING, NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE BY ANY PERSON ANYWHERE AND THE COMPANY HAS NOT AUTHORISED OR CONSENTED TO ANY SUCH OFFERING IN RELATION TO THE PLACING SHARES.

FORWARD LOOKING INFORMATION

This announcement contains (or may contain) certain forward-looking statements with respect to certain of Transaction Capital's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. Transaction Capital cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances a number of which are beyond Transaction Capital's control. These forward-looking statements reflect Transaction Capital's judgement at the date of this announcement and are not intended to give any assurance as to future results. Except as required by the JSE, or applicable law, Transaction Capital, each Manager and their respective affiliates expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. For further information on Transaction Capital, investors should review the Company's Annual Report hosted at www.transactioncapital.co.za

The information in this Announcement is subject to change without notice and, except as required by applicable law, the Company and the Managers do not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in this Announcement nor do they intend to do so.