Transaction Capital

INTEGRATED REPORT

FOR THE YEAR ENDED 30 SEPTEMBER

2021

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This icon refers the reader to pages or other reports in our reporting suite with more information.

TRANSACTION CAPITAL'S PRIMARY SDGs

Your feedback is important to us and we welcome your input.

Please contact us:
www.transactioncapital.co.za/contacts.php

OUR REPORTING SUITE

Available at **www.transactioncapital.co.za.**

This report

Our primary report to stakeholders communicating the group's ability to create shared value over the short, medium and long term.

Governance report

Sets out comprehensive disclosure on the group's governance structures, processes and policies in the context of recommended King IV principles.

Risk report

Sets out the group's approach to risk management and identifies material risks, opportunities and appropriate mitigation measures.

Sustainability report

Sets out detailed data-led economic, social and environmental (ESE) disclosure to provide stakeholders with an objective view of the group's impact.

Annual financial statements

Presents the group's audited consolidated and company annual financial statements, including the audit committee and social and ethics committee reports.

Notice of annual general meeting and summarised financial statements

Sets out the notice of the annual general meeting (AGM) and supporting documentation, and the summarised consolidated annual financial statements.

FRAMEWORKS APPLIED	This report	Governance report	Risk report	Sustainability report	Annual financial statements	Notice of annual general meeting and summarised financial statements
The International Integrated Reporting <IR> Framework	✓					
Companies Act, 71 of 2008, as amended (Companies Act)	✓	✓			✓	✓
JSE Limited Listings Requirements	✓	✓	✓		✓	✓
King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)	✓	✓	✓	✓	✓	✓
International Financial Reporting Standards (IFRS)	✓				✓	✓
United Nations Sustainable Development Goals (SDGs)	✓			✓		
Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	✓			✓		

01

INTRODUCTION

GROUP PROFILE

Transaction Capital identifies, invests in and operates a diversified portfolio of high-potential businesses, in markets where historically low levels of client service and stakeholder trust provide compelling opportunities for disruption. Our businesses apply their specialised expertise and technology and data advantages to provide competitive and innovative solutions that deliver outstanding commercial benefits to clients and drive the development of our industries. This, in turn, enables the group to consistently generate strong financial returns for our stakeholders.

We partner with expert, entrepreneurial and significantly co-invested management teams to scale and grow unique, vertically integrated businesses. Deliberately positioned in relation to socioeconomic dynamics in defensive market segments, our businesses are strategically and operationally relevant, resilient and agile. Over many years they have proven their ability to align their operating models, financial structures and growth plans to prevailing socioeconomic realities and emerging opportunities.

Our businesses are robustly governed and aligned to the group's culture of entrepreneurship and integrity, which underpins their ability to respond effectively and ethically to complex market dynamics. As trusted partners, they collaborate with their stakeholders to create net positive socioeconomic returns with enduring benefits. This enhances their growth, risk and sustainability profiles and secures the group's ability to sustainably deliver shared value outcomes.

Transaction Capital

The business models of SA Taxi, WeBuyCars and Transaction Capital Risk Services (TCRS) are highly relevant in an operating context redefined by COVID-19. With the group's support, they continue to refine their competitive value propositions and expand their total addressable markets, while diversifying their revenues and deepening efficiencies.

TC Ventures and TC Global Finance have been established to support the group executive office in fulfilling and accelerating the group's acquisitive growth strategy. TC Ventures seeks out investments in innovative, high-growth and entrepreneurial South African businesses, with a focus on fintech disruptors, while TC Global Finance leverages the group's unique relationship with its founders to identify and grow international value-accretive investments.

tcventures

TC Global Finance

SA Taxi
driving our nation forward

SA Taxi is a vertically integrated business platform utilising specialist capabilities, enriched proprietary data and technology to provide developmental finance, insurance and other services to empower small and medium-sized minibus taxi operators, thus supporting the sustainability of the minibus taxi industry.

SHAREHOLDING

74.5%

SA Taxi AUTO PARTS
SA Taxi AUTO REPAIRS
SA Taxi DIRECT
SA Taxi FOUNDATION
SA Taxi PROTECT
SA Taxi REWARDS
ROADCARE *We Care...*

we buy cars

WeBuyCars is South Africa's trusted trader of used vehicles through its data and technology-led vertically integrated physical and e-commerce infrastructure.

SHAREHOLDING

74.2%

Transaction Capital Risk Services

TCRS combines its unique technology, data and analytics competencies to provide a range of digitally enabled business services as a trusted partner to a global client base and contribute to the financial sustainability of the communities we serve.

SHAREHOLDING

100%

COLLECTION SERVICES	TRANSACTIONAL SERVICES	BUSINESS PROCESS OUTSOURCE SERVICES
Transaction Capital Recoveries	Transaction Capital Payment Solutions	
recoveriescorp connect. engage. succeed.	Accsys A Transaction Capital Company	
	FIHRST A Transaction Capital Company	

ABOUT THIS REPORT

Our integrated report (this report) provides insight into Transaction Capital's business model, governance processes and strategy, and evaluates our commercial and ESE outcomes, which drive our prospects for enterprise value creation over time.

SCOPE AND BOUNDARY

This report covers the financial year (FY) from 1 October 2020 to 30 September 2021, and includes material developments to the date of board approval. It covers the group holding company and its divisions, set out in the group profile on page 04, and other businesses in which the group has significant interests. While Transaction Capital (the group) operates primarily in South Africa, this report also assesses our operations in Australia and our growth strategy in select international markets.

This report is aimed primarily at providers of financial capital, to inform their assessment of Transaction Capital's ability to create enterprise value over the short, medium and longer term. It therefore includes insight into the quality of our relationships with key stakeholders whose interests and expectations affect the group's creation and preservation of enterprise value, and the shared value outcomes we aim to deliver to our stakeholders over time.

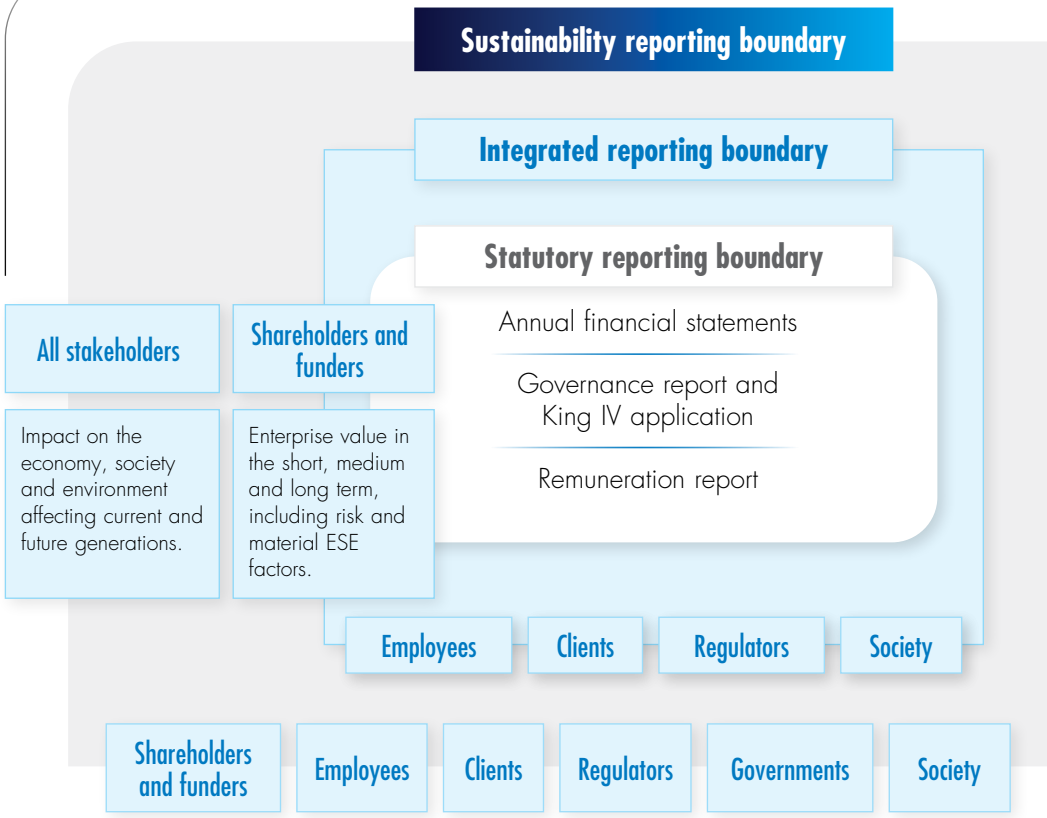
OUR DEFINITION OF VALUE

Transaction Capital aims to deliver shared-value outcomes for our stakeholders by consistently generating strong commercial returns, while simultaneously creating net positive socioeconomic returns with enduring benefits.

Page 8:
How we create value.

The respective boundaries, and intended audience, for the group's suite of reporting publications are depicted below.

OUR INTEGRATED REPORTING BOUNDARY



The publications supplementary to the integrated report are available at **www.transactioncapital.co.za.**

REPORTING APPROACH

We aim to provide stakeholders with comprehensive, transparent and balanced reporting, and to constantly improve the accessibility and usefulness of our reporting publications. We intend to make greater use of digital formats to account to and communicate with our stakeholders, including episodic disclosures about strategic developments delinked from the group's interim and year-end reporting cycle. As such, readers will find more video content available in this year's integrated report online.

Based on internal and external feedback, including a formal review of our 2020 integrated report by an independent expert benchmarked against best practice, we have made key improvements to this year's report. Although the structure of the report remains broadly similar, we have been more deliberate in demonstrating the group's value creation process, specifically how our strategy, planning and decision-making align to integrated thinking, and our use of and impact on the six capitals as inputs to and outcomes of our business activities.

REPORTING FRAMEWORKS

This report is prepared in accordance with IFRS, the JSE Listings Requirements and the South African Companies Act. We believe it adheres in all material respects to the International <IR> Framework of the Value Reporting Foundation.

Transaction Capital conforms to the principles contained in King IV.

PROCESS DISCLOSURES

Group executive management is extensively involved in preparing this report. The group executive office is responsible for planning and compiling this report, led by the group chief financial officer (CFO). The group chief executive officer (CEO) reviews and approves the approach taken and all content in this report, including the veracity of forward-looking assertions. The reporting team is supported by an independent provider with expertise in integrated reporting advisory and editorial services.

Group internal audit provides a detailed audit of all financial and non-financial indicators presented in this report, with the external auditors providing assurance as per the independent auditor's report (available in the audited annual financial statements online).

Group executive management is confident that this report covers all factors deemed to be material to the group's ability to sustainably deliver shared value outcomes to our stakeholders in the short, medium and longer term.

MATERIALITY

The group's material matters are set out on page 12. They represent a synthesis of factors that key stakeholder relationship owners within the group deem most relevant to the group and its stakeholders in pursuit of our strategic objectives. In 2021, the materiality determination process was conducted by an independent service provider using questionnaires provided to key stakeholder relationship owners. Analysis of the questionnaire outputs followed a clear and transparent process for data inclusion, exclusion, analysis and evaluation, to ensure the rigour of the process and produce results that are evidence-based and verifiable.

On completion, the material matters were assessed against the group strategy, with high correspondence found between the material matters and the group's strategic priorities and board deliberations. The material matters thus represent the critical drivers of value that inform our strategic decision-making and are most likely to influence our providers of financial capital in their assessment of the group's ability to create enterprise value over time.

The material matters provided the basis for preparing this report, specifically the interviews conducted with the CEO, chief investment officer (CIO) and divisional CEOs. Other information in this report was drawn from board and sub-committee reports and management presentations, including market disclosure related to the group's year-end results and other relevant SENS announcements.

The material matters were considered and approved by the board in November 2021.

COMBINED ASSURANCE

Both the audit and the risk and technology committees are responsible for monitoring the appropriateness of the combined assurance model and apply a co-ordinated approach to assurance activities. Combined assurance includes monitoring and oversight across executive and senior management and internal and external audit, as well as the board and its sub-committees.

The external auditors, Deloitte & Touche, have issued an unmodified opinion on the annual financial statements. The audit was conducted in accordance with International Standards on Auditing. The scope of the audit was limited to the information set out in the annual financial statements and does not extend to the content of this report.

BOARD RESPONSIBILITY

The board acknowledges its responsibility to ensure the integrity of this report. Accordingly, it believes it appropriately and sufficiently addresses all material matters and fairly presents the integrated performance of the group, and its strategy to create enterprise value over the short, medium and longer term, within the stated scope and boundary.

As part of its internal audit plan, group internal audit has been tasked with assessing the integrated report against the 19 requirements of the International <IR> Framework, and providing an assessment to the board on the extent to which these requirements have been applied. The review was undertaken in accordance with the International Standard on Related Services 4400 Agreed-upon Procedures Engagements, with procedures agreed on between group internal audit and management.

Based on this assessment, the board is satisfied that this report is presented in accordance with the International <IR> Framework in all material respects, and has noted opportunities identified by group internal audit for improvements to enhance the integrated report further.

BOARD APPROVAL

The board approved this report on 10 January 2022.

CHRISTOPHER SEABROOKE	DAVID HURWITZ	SEAN DOHERTY
Chairman of the board	Group CEO	Group CFO

DISCLAIMER

This report contains certain forward-looking statements based on the beliefs or expectations of Transaction Capital's directors and other members of its senior management about the group. These include statements concerning plans, objectives, goals, strategies or future events, which are other than statements of historical facts. Forward-looking statements are based on current views and assumptions, and involve known and unknown risks, uncertainties and other factors. Consequently, no guarantee or assurance can be given that forward-looking statements will prove to be accurate, and readers are advised not to place undue reliance on them.

02

OUR VALUE STORY

HOW WE CREATE VALUE

Our definition of value

Transaction Capital aims to deliver shared-value outcomes for our stakeholders by consistently generating strong commercial returns, while simultaneously creating net positive socioeconomic returns with enduring benefits.

How we consider value against each capital

INTELLECTUAL CAPITAL

We consider intellectual capital to be our core competitive advantage, which directs how other forms of capital are utilised to create shared value outcomes for our stakeholders. This includes:

- Expertise applied to actively invest in and operate a diversified portfolio of unique, high-potential businesses in market segments where historically poor service and low trust provide opportunities for digitally enabled innovation and disruption.
- An entrepreneurial culture that drives growth and innovation, overlayed with mature governance structures and processes that defend stakeholder trust and provide competitive advantage in our markets.
- Specialist expertise and digital competencies (including artificial intelligence (AI)) drive superior data, leading-edge technology and analytics capabilities that enable accurate pricing and mitigation of risk, generate business and client insights and support innovation in developing products and services, as well as operational efficiencies.
- An iterative strategic process that enables live decision-making and centres on continuous learning to achieve sustainable profitable growth and shared value creation.

HUMAN CAPITAL

- An engaged board of directors that challenges management to think long term about balancing profit with socioeconomic and environmental impacts, to ensure a net positive socioeconomic return.
- High specialism achieved by hiring skilled people with experience of managing diverse portfolios and focusing these skills on highly specialised portfolios.
- An empowered workforce that delivers against defined group and divisional strategies and embraces our entrepreneurial, high-performance, ethical and inclusive culture enables us to effectively deliver market-leading value propositions to clients.
- Attracting, retaining and developing people whose skills are aligned to our intellectual capital requirements enable us to appropriately plan for succession, which includes recruiting and developing graduates to build our internal talent pipeline.

NATURAL CAPITAL

- While our direct impact on the natural environment is low, our indirect impacts in SA Taxi are significant in the sale and refurbishment of minibus taxis to service the minibus taxi industry. Our efforts are focused on modernising the minibus taxi fleet and exploring alternative vehicle variants, including electric vehicles (EVs). However, limited infrastructure for alternative vehicle variants exists in South Africa, which will make progress on this initiative contingent on developments across the mobility and energy sectors.

FINANCIAL CAPITAL

- Track record of high-quality earnings growth with high cash conversion rates.
- Prudent and pre-emptive capital management approach that enables operational resilience in difficult socioeconomic conditions, and capacity to invest in longer-term organic and acquisitive growth initiatives.
- Optimal balance of equity and debt capital supports sustainable growth.
- Debt capital structure diversified by funder type, capital pool, funding structure and geography.
- Measurable socioeconomic returns that enable access to developmental finance institution (DFI) funding.

SOCIAL AND RELATIONSHIP CAPITAL

- Maintaining good relationships with our stakeholders and delivering net positive socioeconomic returns support access to funding, enable us to broaden our addressable markets and partner for innovation. This strengthens our reputation as an invested and accessible social partner in pursuing national transformation and developmental objectives.
- Expanding into new and adjacent markets through industry partnerships and collaboration.

MANUFACTURED CAPITAL

SA Taxi:

- Repair and refurbishment facilities and sales channels deepen vertical integration in the minibus taxi industry and enable an attractive value proposition to clients.
- Telematics infrastructure enables accurate determination of credit and insurance risk.

WeBuyCars:

- Database of buying and selling together with AI enable accurate pricing of vehicles.
- Physical and digital vehicle trading infrastructure improves access for dealerships and individual clients looking to buy or sell a vehicle.

TCRS:

- Master Data Universe (MDU) and associated algorithms enhance omni-channel collections activity.
- Digital infrastructure further allows for a mix of work-from-home and office-based activity, ensuring continued collections capability.

A summary of our value proposition to our key stakeholders

Page 18: Stakeholder engagement.

SHAREHOLDERS AND FUNDERS

- Shareholders: Quality earnings growth and capital appreciation even in difficult economic conditions.
- Funders: Reliable risk-adjusted returns.
- Measurable ESE impact.

EMPLOYEES

- Fair remuneration and benefits, including access to wellness and support services.
- Career progression within a growing group.
- A positive and inspiring work environment.
- Safe working conditions.
- Being part of an organisation that delivers net positive socioeconomic returns.

CLIENTS

- Access to products and services that are innovative, cost-effective and differentiated, delivered through efficient operational infrastructure driven by technology and augmented with rich data insights that help to secure their profitability and the sustainability of their industries.
- A trusted and respected partner with an ethical and responsible approach to doing business.

REGULATORS

- A compliant and supportive sector participant.
- A committed partner in achieving transformational and developmental objectives.

SOCIETY

- Formalising our industries through strong governance practices, driving their development through sophisticated offerings, and are active in initiatives that contribute to their sustainability.
- Improving mobility access and safety for South Africans.
- Providing affordable and trustworthy access to private vehicle ownership for first-time vehicle owners.
- Supporting credit market stability.
- Growth in tax revenue, employment opportunities and supplier base through continued growth of divisions.

BUSINESS MODEL

Transaction Capital's capital inputs (at 30 September 2021) reflect the stocks of value available to the group for future value creation:

Stakeholders impacted

INPUTS

	CONSTRAINTS
INTELLECTUAL CAPITAL ▸ Unique mix of founder-led innovation and business development, with professional management skills. ▸ 25 years of experience in building and developing businesses around unconventional assets. ▸ Proprietary data sets combined with leading technology and analytics capabilities. ▸ Developing international business through TC Global Finance, driving quality deal origination and risk management in conjunction with founders.	Ensuring sufficient sector and geographic experience to pursue local and international opportunities for growth strategies.
FINANCIAL CAPITAL ▸ Total equity: R11.1 billion. • Issued in 2021: R1.4 billion. ▸ R870 million of undrawn debt facilities available at holding company level. ▸ Undrawn debt facilities available to fund loan originations at SA Taxi and acquisition of non-performing consumer loan portfolios (NPL portfolios) at TCRS in FY2022.	Volatility in capital markets. Operating environment creating affordability constraints.
HUMAN CAPITAL ▸ Owner-manager culture. ▸ Partner with expert, entrepreneurial and significantly co-invested management teams. ▸ Empowered, entrepreneurial and proven leadership. ▸ Incentive structures linked to performance and value drivers. ▸ 5 119 employees.	Competing for scarce skills with financial services and technology companies. Competing for employment equity candidates with specialist skills.
MANUFACTURED CAPITAL ▸ SA Taxi: Monthly refurbishment capacity of >400 vehicles, ~24 000m² workshop space. ▸ WeBuyCars: Eight vehicle supermarkets with capacity for 5 747 vehicles. ▸ TCRS: MDUs and workforce management tools.	Muted rebound in economic growth in South Africa, with downside risk given new COVID-19 variant and slow economic reform. SA Taxi: Original equipment manufacturer (OEM) supply below demand (allowing strategy to focus on quality renewed taxis (QRTs)).
SOCIAL AND RELATIONSHIP CAPITAL ▸ Diverse and growing range of clients across divisional market segments. ▸ Embedded ESE framework supports access to DFI funding. ▸ Strategic partnership with the South African National Taxi Council (SANTACO). ▸ Good reputation in sectors in which we operate.	Income inequality, poverty, unemployment and lack of service delivery persistent in South Africa.
NATURAL CAPITAL ▸ Procuring electricity, water and waste services from municipalities and service providers. ▸ Grey water harvesting systems in WeBuyCars. ▸ Environmental impact assessments in 2021.	South Africa's dependency on coal along with electricity supply disruptions due to loadshedding. Water scarcity and eroding infrastructure.

BUSINESS ACTIVITIES

The core activities of the group to support continued capital appreciation, appropriate risk-adjusted returns and net positive socioeconomic returns of the high-potential businesses in which we invest are shown below. These core activities strengthen Transaction Capital's ability to deliver shared-value outcomes over the longer term.

FOUNDATIONAL GOVERNANCE

Institutionalised governance is foundational in bringing institutional form and integrity to the entrepreneurial growth that is a hallmark of the group.

OUTPUTS

KEY PRODUCTS AND SERVICES OUTPUTS BY OUR DIVISIONS

SA Taxi

Empower small and medium-sized enterprises (SMEs) through financial inclusion, including credit extension and insurance.

- **R14.0 billion** gross loans and advances (↑15%).
- **4.3%** credit loss ratio.

Provide innovative insurance products to taxi operators.

- **R1.0 billion** gross written premiums (↑12%).

Repair and/or refurbish minibus taxis.

- **>3 600** vehicles repaired or refurbished.

Provide rewards to taxi operators.

- **R3.3 million** rewards earned.

WeBuyCars

Enable safe and trusted used car buying and selling experience to both individual customers and dealerships.

- **~92 000** vehicles purchased (↑51%).
- **~88 000** vehicles sold (↑49%).

TCRS

Acquire NPL portfolios.

- **R3.4 billion** carrying value of purchased book debts (↑37%).

Collect NPLs as agent.

- **R6 115 million** contingency and fee-for-service (FFS) collections (↑85%).

Payment services and account management.

- **R155.2 billion** processed in electronic transactions (↑15%).

GROUP EMISSIONS AND WASTE

- **8 821** tonnes carbon dioxide equivalent (tCO_2e) scope 1 and 2 greenhouse gas (GHG) emissions (↓5%).
- **67** tonnes of waste generated in operations (↓40%).

OUTCOMES

INTELLECTUAL CAPITAL

- Growth of proprietary datasets (which enable enhanced analytics capabilities) informed investment decisions and supported the development of new products and services.
- Added the founder-led business of WeBuyCars as a new market vertical.
- In SA Taxi, the application of leading-edge analytics to real-time vehicle mobility datasets has mitigated credit and insurance risk, and supported operational adjustments.
- In TCRS, the MDUs have supported accurate book pricing and operational efficiency.
- In WeBuyCars, AI and machine learning has ensured vehicles are bought and sold at a fair price, driving profitability and consumer trust.

Shareholders and funders • Clients

FINANCIAL CAPITAL

- **147.9 cents** core headline earnings per share (HEPS) (↑15% applying 2019 as a pre COVID-19 base).
- **1 375.4 cents** net asset value (NAV) per share (↑56%).
- **15.1%** core headline return on equity (ROE) (2020: 5.4%).
- **R29.2 billion** market capitalisation (↑77%).
- Dividend payments resumed at **52 cents** per share.

Shareholders and funders

HUMAN CAPITAL

- **R1.4 billion** paid in salaries and benefits (↑1%).
- A diverse workforce in South Africa (**89% black** and **64% female** representation).
- Focus on increasing diversity of governing bodies, with targets included as qualitative measures in the short-term incentive (STI) structures of key executives.
- **29%** total employee turnover rate (2020: 34%).
- **16%** voluntary employee turnover rate (2020: 16%).
- **26 hours** average training per employee (↑53%).

Shareholders and funders • Employees • Regulators • Society

MANUFACTURED CAPITAL

SA Taxi

- Increased refurbishment capacity by **4 000m²** (↑20%).
- Supporting ability to refurbish >400 vehicles per month.

WeBuyCars

- Physical footprint expanded through one additional vehicle supermarket adding **~850 bays** in FY2021, and the purchase of The Dome in Gauteng adding **~1 100 bays** in December 2021.
- Growth in e-commerce platform now accounting for **~30%** of total sales – with a longer-term focus to expand business-to-consumer (B2C) capabilities.

Shareholders and funders • Employees • Clients

SOCIAL AND RELATIONSHIP CAPITAL

- **R363 million** direct and indirect tax contributions.
- Broad-based black economic empowerment (B-BBEE) ratings:
  - Group: **Level 3** | SA Taxi: **Level 3** | TCRS: **Level 1**
- **R13 million** corporate social investment spend.
- **SA Taxi**
  - **R152.2 million** dividend paid to SANTACO to date.
  - **76%** of SA Taxi customers classified as previously under-banked.
  - Financing provided to **100%** black-owned and **24%** female-owned SMEs.
  - **2.1 million** commuter trips per day provided by SA Taxi's financed fleet.
- **TCRS**
  - NPL portfolios purchased released **~R7 billion** risk-weighted assets, which strengthen clients' balance sheets by accelerating cash flow and removing non-performing loans.
  - Rehabilitated **~180 000** debtors in the year.

Shareholders and funders • Employees • Clients • Regulators • Society

NATURAL CAPITAL

- **5%** decrease in scope 1 and 2 GHG emissions (as measured in tCO_2e).
- Absolute scope 1 and 2 GHG emission reduction targets aligned to well below 2°C classification.
- By replacing older, predominantly petrol vehicles with newer, mostly diesel vehicles, SA Taxi contributes to reducing the carbon footprint of the minibus taxi industry by **9.9%**.
- Grey water harvesting systems in WeBuyCars facilities provide sufficient supply to wash cars for eight months of the year.

Clients • Society

OPERATING CONTEXT

The aspects of the group's operating environments presented below are features that are relevant to Transaction Capital's ability to create value for its stakeholders and advance its strategic initiatives. Notwithstanding the challenging operating environment, our highly defensive, context-relevant businesses are able to withstand difficult economic conditions and realise opportunities associated within their respective markets.

See pages 73, 82 and 94 for details of the specific market contexts of WeBuyCars, SA Taxi and TCRS respectively.

GLOBAL CONTEXT

GLOBAL GROWTH REBOUNDING AS COUNTRIES EMERGE FROM IMPACT OF COVID-19

- Growth trending above pre-pandemic levels[1].
- Uneven rates of recovery, with the pandemic's social and economic impact revealing unique pressures particular to each region and country.
- Global manufacturing upturn remains constrained by supply chain disruptions and input shortages[2].

COVID-19 CONTINUES TO IMPACT ECONOMIES GLOBALLY

- Despite global vaccination efforts, prolonged and severe third wave in 2021.
- Fourth wave emerged in some countries towards end of 2021 calendar year.
- Gave impetus to the 'great resignation', with some developed countries seeing elevated rates of employees resigning.
- Unemployment, poverty and inequality exacerbated in many countries, particularly in developing economies.

RESPONSES TO COVID-19 HAVE SPEEDED UP THE ADOPTION OF DIGITAL TECHNOLOGIES BY SEVERAL YEARS[3]

- Technologies related to the fourth industrial revolution (4IR), particularly those supporting automation, AI and the internet of things, have become much more advanced, less expensive and easier to deploy than they were a decade ago[4].
- Quicker adoption of new technologies by consumers.

COP26 HELD IN NOVEMBER 2021 HIGHLIGHTED URGENCY OF MEETING GLOBAL COMMITMENTS

- Reaffirmed the long-term global goal to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.
- Recognising that this would significantly reduce the risks and impacts of climate change[5].

1. *OECD Economic Outlook, Interim Report September 2021.*
2. *JP Morgan Global Manufacturing Purchasing Managers' Index, 1 October 2021.*
3. *McKinsey & Company: How COVID-19 has pushed companies over the technology tipping point—and transformed business forever.*
4. *PwC: The fourth industrial revolution: a recovery plan for today's economic storm.*
5. *Glasgow Climate Pact, UNFCCC Authors, 13 November 2021.*

SOUTH AFRICA

Economic growth rebounding, but off a low base

- GDP expected at 5.1% in 2021, largely due to global demand, higher commodity prices and easing of COVID-19 lockdown restrictions.
- Forecasts see GDP growth moderating to 1.8% in 2022, 1.6% in 2023 and 1.7% in 2024.
- Inadequate electricity supply remains a constraint on economic recovery in the near term.
- Strength of economic recovery also dependent on the COVID-19 vaccination rollout, which will help reduce the risk of future waves and associated disruptions to economic activity.
- Low interest rate environment persisting, with repo rate stable at 3.5% during FY2021.
  - 25 basis points rise in November 2021 to 3.75%, with an expectation for further increases in the medium term.
- Ongoing currency volatility and persistent weakness driving up prices of imported consumer goods such as new vehicles.

Lockdown measures boosted digital adoption in South Africa, but challenges remain

- Inhibitors to digital transformation include poor connectivity, lack of digital literacy and a low level of access to suitable technology, such as smartphones[1].

Despite areas of recovery, social context remains challenging

- Socioeconomic risks remain prevalent and persistent across the spectrum of risks that drive social instability, including polarisation, income inequality, poverty, unemployment, accountability failures and lack of service delivery.
  - 10 days of civil unrest experienced in the South African provinces of KwaZulu-Natal and Gauteng in July 2021.
- Unemployment critically high at 34.4%, reaching its highest level in 12 years[2].
  - Number of discouraged work-seekers up to 3.3 million (2020: 2.5 million).
  - Youth unemployment (<25 years) at 64.4%.
- Loss of key skills due to emigration.
- National tax base shrinking, and growing demands on social security.
  - For income bands defined as 'middle-class' and above (representing ~90% of the tax base), surveys show that between 2017 and June 2020, this segment of the adult population declined from 6.1 million to 2.7 million individuals (a 56% reduction), while the number of ultra-poor individuals, earning below minimum wage, increased by 6.6 million individuals (or 54%)[3].
  - Number of people dependent on social security grants continues to grow, and already exceeds the number of people employed.
- Despite improvements in household debt-to-income ratio and the cost of servicing debt, over-indebtedness is expected to persist and the impact of the pandemic continues to be felt.
  - ~Two thirds of consumers indicting that household finances have not recovered to pre COVID-19 levels[4].
- Credit extension showing signs of recovery but lenders more conservative.

Key regulatory developments

- **Protection of Personal Information (POPI) Act** – effective 1 July 2021, it governs the processing of personal information relating to individuals and entities.
- **Competition Commission** – published final report on 7 April 2021 on market inquiry into land-based public passenger transport.
- **Other notable draft guidelines and bills**:
  - Awaiting publication of final amendments to the Financial Intelligence Centre Act.
  - Proposed amendments to the Companies Act Amendment Bill.

See the governance report page 25 for details of key regulatory developments.

AUSTRALIA

Economic growth rebounding but recovery remains uneven

- GDP growth of 4.5% forecast for 2021.
- Historically low interest rates.
- Higher levels of job creation driving unemployment down to 4.6%, recovering to pre-pandemic levels.
- Rising incomes and a declining savings rate will support consumption[5].
- Similar to many other economies, supply of business-relevant skills not sufficient to meet the needs of businesses, affecting growth strategies.

Australian consumers still facing increased economic pressure

- Government support programmes, debt moratoria and insolvency suspensions are being lifted after being in place for all of FY2021. However, banks and other consumer-facing entities showing greater leniency on outstanding credit, impacting the sale of NPL portfolios and the volume of collection matters coming to market.
- Australian government's aggressive COVID-19 elimination strategy was characterised by severe lockdown restrictions implemented in response to small outbreaks of COVID-19 cases in various regions. As vaccination rates increase, lockdown restrictions are expected to ease.

EUROPE

Faster than expected economic rebound[6]

- Despite mounting headwinds, EU economy is projected to keep expanding over the forecast horizon, achieving a growth rate of 5% in 2021, 4.3% in 2022 and 2.5% in 2023.
- Global supply chain disruptions weighing on economic activity, particularly its highly integrated manufacturing sector.
- Reintroduction of COVID-19 restrictions impacting economic activity remain a risk.
- Similar to many other economies, supply of business-relevant skills not sufficient to meet the needs of businesses, affecting growth strategies.

1. *The world is flat: COVID-19 becomes the driving force for 4IR, Barry Dwolatzky and Mark Harris.*
2. *Stats SA: Quarterly Labour Force Survey Q2 2021 versus Q2 2020.*
3. *Drawn from a study by the University of Cape Town's Liberty Institute of Strategic Marketing, based on National Income Dynamics Survey.*
4. *TransUnion Consumer Pulse survey Q3 2021.*
5. *OECD, Australia Economic Snapshot: Economic Survey of Australia (September 2021).*
6. *European Commission Autumn 2021 Economic Forecast.*

MATERIAL MATTERS

We consider material matters to be those factors most relevant to Transaction Capital's ability to sustainably deliver shared value outcomes.

In determining our material matters, we consider factors that may create and preserve value for our stakeholders, but also erode value if not effectively managed. These include immediate and longer-term factors within and outside of our control. We also give due consideration to the erosion of certain stocks of value in executing our strategy, which require carefully considered trade-off decisions. Our material matters thus represent the critical drivers of value that inform our strategic decision-making and are most likely to influence our providers of financial capital in their assessment of the group's ability to create enterprise value over time.

The material matters were considered and approved by the board in November 2021.

MATERIAL MATTERS

01 MATERIAL THEME
Maintain track record of consistent growth

Related capitals: FC IC MC

LINK TO STRATEGY AND RISKS

Drive innovation and leverage market positioning to comprehensively and efficiently meet evolving client needs.

STRATEGIC LEVER: ORGANIC GROWTH
1 2 5 7

Deepen vertical integration, achieve scale in new products and enter adjacent and new markets, including select international market segments. Achieve this by co-investing with partners, leveraging our low-cost rand-denominated infrastructure, and harnessing data and technology capabilities.

STRATEGIC LEVERS: ORGANIC GROWTH ACQUISITIVE GROWTH
KEY ENABLER: DATA, TECHNOLOGY AND ANALYTICS
1 2 4 6

Pursue appropriately priced acquisitions to enter adjacent and new markets, enhance our capabilities and drive innovation to accelerate growth.

STRATEGIC LEVER: ACQUISITIVE GROWTH
4 6

MATERIAL MATTERS

02 MATERIAL THEME
Enhance agility in dynamic markets

Related capitals: IC HC FC SC MC

LINK TO STRATEGY AND RISKS

Maintain clear focus on strategic and operational agility in a volatile operating environment.

STRATEGIC LEVER: ORGANIC GROWTH
KEY ENABLERS: DATA, TECHNOLOGY AND ANALYTICS RISK OPTIMISATION AND CAPITAL MOBILISATION
1 2 5 6

Leverage digital capabilities and platforms to enhance agility.

STRATEGIC LEVERS: ORGANIC GROWTH ACQUISITIVE GROWTH
KEY ENABLER: DATA, TECHNOLOGY AND ANALYTICS
1 3 4

OUR CAPITALS

- IC INTELLECTUAL CAPITAL
- HC HUMAN CAPITAL
- FC FINANCIAL CAPITAL
- SC SOCIAL AND RELATIONSHIP CAPITAL
- MC MANUFACTURED CAPITAL
- NC NATURAL CAPITAL

STRATEGY

STRATEGIC LEVERS:
- Organic growth
- Acquisitive growth

KEY ENABLERS:
- Data, technology and analytics
- Risk optimisation and capital mobilisation
- People

OUR RISKS

1. Operating environment
2. Affordability constraints (SA Taxi)
3. Cyber and information security
4. Acquisitive strategy execution
5. OEM supply (SA Taxi)
6. Capital
7. Liquidity
8. Regulatory compliance
9. People
10. Climate

03
MATERIAL THEME

Retain, support and develop our people, and attract the right skills

Related capitals: IC HC FC

MATERIAL MATTERS

	LINK TO STRATEGY AND RISKS	
Support and develop employees in a challenging professional and personal context to maintain performance levels.	**KEY ENABLER:** PEOPLE	1 9
Deepen our entrepreneurial, innovative and solutions-driven culture to drive business growth and pursue new business opportunities.	**STRATEGIC LEVER:** ORGANIC GROWTH **KEY ENABLER:** PEOPLE	1 8 9
Enhance retention and attraction mechanisms, especially for leaders and key skills, to support business growth and meet transformation objectives.	**STRATEGIC LEVER:** ORGANIC GROWTH **KEY ENABLER:** PEOPLE	1 9

04
MATERIAL THEME

Retain strategic flexibility through sophisticated risk and capital management

Related capitals: FC IC NC

MATERIAL MATTERS

	LINK TO STRATEGY AND RISKS	
Maintain prudence and credibility in our capital management approach to secure continued access to capital and reduce funding costs.	**KEY ENABLER:** RISK OPTIMISATION AND CAPITAL MOBILISATION	1 2 6 7 10
Focus on cost control, and maintain efficient capital and cash flow approach.	**KEY ENABLERS:** DATA, TECHNOLOGY AND ANALYTICS RISK OPTIMISATION AND CAPITAL MOBILISATION	1 6 7
Remain responsive to the dynamic risk environment to prevent value erosion and maximise opportunities.	**KEY ENABLER:** RISK OPTIMISATION AND CAPITAL MOBILISATION	1 2 4 5 7 8 10

05
MATERIAL THEME

Ensure integrity through good governance

Related capitals: IC HC SC NC

MATERIAL MATTERS

	LINK TO STRATEGY AND RISKS	
Maintain progressive governance standards as the underpin of a sustainable business that consistently delivers shared-value outcomes.	Due to the oversight function performed by the board, all strategic objectives relate to this material matter.	8 9 10

MATERIAL RISKS AND OPPORTUNITIES

The group's risk management approach aims to prevent value destruction through deliberate planning, arranging and controlling of activities and resources to minimise the negative impact of risks to tolerable levels. It also entails maximising the potential opportunities and positive impacts of risks to achieve the group's strategic objectives and enhance value creation.

Material risks represent dynamic risks that require active management and arise from the current operating context.

See the risk report for details of our risk framework and the governance of risk.

RISKS AND OPPORTUNITIES

Management of opportunities has become integral to how we manage risk, by modifying the risk response planning process. This gives equal status to opportunities and threats, and seeks to manage them proactively to achieve the attendant benefits.

See the risk report for details of our risk mitigation and associated opportunities, and approach to risk management.

OUR RISK MANAGEMENT RESPONSE DURING COVID-19

COVID-19 has tested the group's people and its business model, operational processes and governance systems, as well as its relationships with stakeholders, like never before. The group responded to the crisis with speed and agility, informed by our comprehensive risk framework that provided deep insight into the risk landscape and its impact on our operations. It also supported our ability to adapt to shifts in our markets and the broader socioeconomic context.

RISK APPETITE

Our risk appetite reflects the level of risk deemed acceptable by the board before implementing mitigating actions, while risk tolerance refers to the group's strategic capacity to accept or withstand risk.

Risk appetite has been determined by setting exposure limits at three levels based on the residual risk exposure:

LEVEL 1 — Any calculated risk exposure that requires no further management mitigation. The risk exposure does not appear to present a material or significant threat to the group and remains within our risk appetite.

LEVEL 2 — A threshold range where the risk exposure exceeds our risk appetite but remains within risk tolerance. It requires management to make a conscious decision about risk tolerance versus risk mitigation.

LEVEL 3 — Exposures above our risk tolerance that are considered a material risk and must be supported by a comprehensive mitigation plan and timeline for implementation.

The current group risk tolerance score is set at 10 (out of a score of 20).

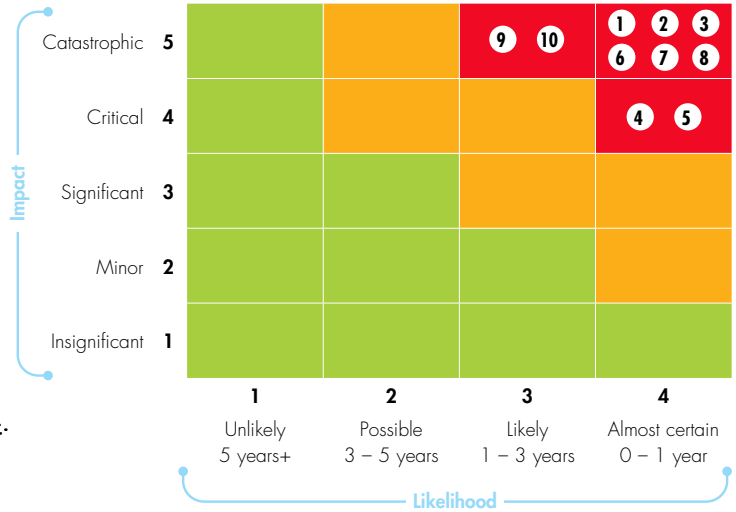
Material risks

1. Operating environment
2. Affordability constraints (SA Taxi)
3. Cyber and information security
4. Acquisitive strategy execution
5. OEM supply (SA Taxi)
6. Capital
7. Liquidity
8. Regulatory compliance
9. People
10. Climate

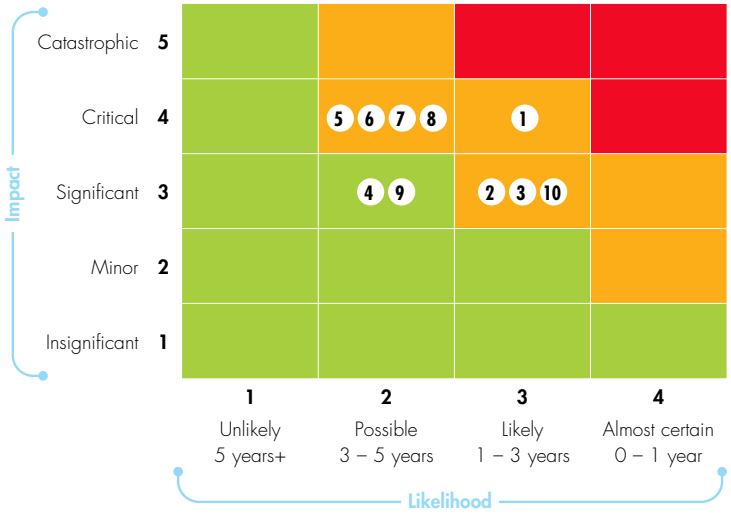
The heat maps below reflect risks that exceed the risk tolerance and are considered material to the group for the year under review:

LEVEL 1 | LEVEL 2 | LEVEL 3

INHERENT RISK



RESIDUAL RISK



OUR MATERIAL RISKS + OUR MATERIAL MATTERS

1 Operating environment

Although business sentiment has improved as the rollout of vaccination programmes for COVID-19 gain momentum, there remains a high degree of uncertainty regarding the pace of economic recovery in emerging markets. Factors such as low economic growth, high levels of unemployment, political instability, social unrest and uncertainty around COVID-19 are key risks to Transaction Capital's expectations for growth and returns.

With highly relevant business models and leading positions in defensive market sectors, our divisions continue to refine their competitive value propositions, diversify their revenue streams and expand their total addressable markets.

STAKEHOLDER CONCERNS

- Inability to maintain a sustainable trajectory of superior high-quality earnings growth.
- Inadequate diversification of revenue by product and sector.

LINK TO MATERIAL MATTERS

1 Maintain track record of consistent growth
2 Enhance agility in dynamic markets
3 Retain, support and develop our people, and attract the right skills
4 Retain strategic flexibility through sophisticated risk and capital management

2 Affordability constraints (SA Taxi)

A challenging operating environment, exacerbated by the impacts of COVID-19, has placed the minibus taxi industry's profitability under strain.

For detail on the environment for SA Taxi operators, refer SA Taxi's divisional review on page 83.

SA Taxi applies leading-edge analytics to its real-time vehicle mobility datasets to manage credit and insurance risk. These datasets show the impact of the various levels of lockdown on the average activity of our minibus taxi fleet, and associated collections, benchmarked against pre COVID-19 levels.

All of our clients have been able to operate since June 2020, albeit with travel distances below pre COVID-19 averages. There have been three distinct periods during South Africa's lockdown in which the minibus taxi industry has experienced higher levels of disruption: during the initial lockdown of April and May 2020; for one week during January 2021 at the outset of the second wave of COVID-19; and, for two weeks during July 2021 when the third wave of COVID-19 coincided with civil unrest in KwaZulu-Natal and Gauteng, and taxi conflict in parts of the Western Cape. Although SA Taxi's telematics systems are not able to measure passenger load, these are also likely to have declined. These disruptions had a knock-on effect on SA Taxi's clients' ability to afford finance instalments and insurance premiums.

STAKEHOLDER CONCERNS

- Reduced credit quality of SA Taxi's loans and advances book.
- Collections performance of the loans and advances book and lapsing of insurance policies (specifically in the open market) due to affordability constraints.

LINK TO MATERIAL MATTERS

1 Maintain track record of consistent growth
2 Enhance agility in dynamic markets
4 Retain strategic flexibility through sophisticated risk and capital management

3 Cyber and information security

The group manages and maintains a significant volume of confidential personal information in its daily operations. Cybersecurity continues to be a priority as criminals become more sophisticated, with risks exacerbated by COVID-19 and a distributed workforce. Cybersecurity breaches and attacks pose a threat to our reputation and our ability to maintain business continuity.

The group maintains resilient and robust structures in a fast-changing security environment by making significant investments into cyber and information security, including implementing new systems and modifying protocols.

To date, cybersecurity risk has been well managed, with two breaches in the year under review.

STAKEHOLDER CONCERNS

- Protection of client and other personal information.
- Risk of business continuity and downtime.
- Impact on the reliability of reporting, which may negatively affect funders, shareholders and regulators.

LINK TO MATERIAL MATTERS

2 Enhance agility in dynamic markets

4 Acquisitive strategy execution

While most businesses were focused on managing risk at the expense of growth, Transaction Capital concluded the accelerated acquisition of a controlling 74.2% stake in WeBuyCars, establishing the group's third division.

STAKEHOLDER CONCERNS

- Inappropriate identification of target acquisitions and ineffective integration of businesses adversely affecting the returns and value proposition of the group.
- Failure to achieve growth and returns in new markets beyond South Africa.
- Inadequate diversification of revenue by geography.

LINK TO MATERIAL MATTERS

1. Maintain track record of consistent growth
2. Enhance agility in dynamic markets
4. Retain strategic flexibility through sophisticated risk and capital management

5 OEM supply (SA Taxi)

As a result of its specialised focus, the group is exposed to supply risk in SA Taxi due to its dependence on OEMs as suppliers of specific minibus taxi vehicles and parts.

STAKEHOLDER CONCERNS

- Reliance on OEMs for the supply of specialised vehicles and parts.
- Limited monthly supply of vehicles being insufficient to meet market demand.

LINK TO MATERIAL MATTERS

1. Maintain track record of consistent growth
2. Enhance agility in dynamic markets
4. Retain strategic flexibility through sophisticated risk and capital management

6 Capital

Transaction Capital remains well capitalised, with adequate access to liquidity. Undrawn debt facilities of R870 million at holding company level provide ample liquidity to execute on opportunities. This includes opportunities resulting from market dynamics related to the impact of COVID-19, investment opportunities identified through Transaction Capital and its divisions, and our TC Ventures and TC Global Finance strategies.

STAKEHOLDER CONCERNS

- Maintaining appropriate access to funding in a challenging operating environment.
- Increased cost of funding impacting net interest margin earned.
- Inappropriate allocation of capital resulting from sub-optimal capital management.

LINK TO MATERIAL MATTERS

1. Maintain track record of consistent growth
2. Enhance agility in dynamic markets
4. Retain strategic flexibility through sophisticated risk and capital management

7 Liquidity

Liquidity risk has been elevated to a material risk in the wake of the COVID-19 pandemic and the already adverse macroeconomic environment. During the year in review, collections on SA Taxi's gross loans and advances portfolio were impacted by the risk-adjusted level 3 and 4 restrictions, coupled with the civil unrest in certain parts of South Africa and minibus taxi industry conflict in the Western Cape.

These conditions were successfully navigated with the support of the group executive office.

STAKEHOLDER CONCERNS

- Inability to meet payment obligations as they fall due.
- Accessing liquidity on materially disadvantageous terms.

LINK TO MATERIAL MATTERS

1. Maintain track record of consistent growth
4. Retain strategic flexibility through sophisticated risk and capital management

8 Regulatory compliance

New legislation emerges or changes continually. The volume of new or amended regulations being promulgated, which have the potential for unintended consequences of pro-consumer regulations, poses a risk to the group.

Transaction Capital seeks to institutionalise best governance practices in its divisions and supports the formalisation of our market sectors. As these sectors are in markets with historically low levels of client service and stakeholder trust, robust governance and regulatory compliance provide compelling opportunities for disruption.

STAKEHOLDER CONCERNS

- Inability to respond to regulatory uncertainty and change effectively and efficiently, resulting in reputational and financial risk.
- The impact of regulatory uncertainty and change on the profitability of the business.

LINK TO MATERIAL MATTERS

- 3 Retain, support and develop our people, and attract the right skills
- 4 Retain strategic flexibility through sophisticated risk and capital management
- 5 Ensure integrity through good governance

9 People

Transaction Capital believes that all factors underpinning enhanced performance require the highest calibre of leadership and specialist technical expertise, and that stakeholders' interests are best served by aligning strategy, business model, structure, staffing and compensation. Moreover, without attracting, motivating and retaining the best available talent, even the best strategies, business models and structures will fail.

This is all the more relevant in the current environment, where the entrepreneurial flair of the group is augmented by the depth and quality of management teams across the organisation.

The wellbeing of our employees remains a critical priority.

STAKEHOLDER CONCERNS

- The ability to attract, retain and motivate high-calibre talent in a competitive skills market, compounded by emigration pressures, limited high-calibre resources and the high cost of talent.
- Competitive remuneration structures.
- The ability to achieve transformation targets, especially race and gender targets, at senior management levels.
- Physical and mental wellbeing of employees.

LINK TO MATERIAL MATTERS

- 3 Retain, support and develop our people, and attract the right skills
- 5 Ensure integrity through good governance

10 Climate

Transaction Capital recognises the rapidly changing global context and the risks associated with environmental and social factors, particularly climate change. The physical effects of climate change and environmental degradation, as well as the transition to a low-carbon and more circular economy, present both financial risk and certain opportunities to the group.

STAKEHOLDER CONCERNS

- SA Taxi's efforts to understand and minimise the environmental impact of the minibus taxi industry.

LINK TO MATERIAL MATTERS

- 4 Retain strategic flexibility through sophisticated risk and capital management
- 5 Ensure integrity through good governance

STAKEHOLDER ENGAGEMENT

Our stakeholder universe

Transaction Capital's focus on shared value requires that we remain cognisant of our role and responsibilities towards all stakeholders, and that we uphold strong moral and ethical standards in all our interactions.

King IV reaffirms the notion that organisations do not operate in a vacuum, but rather form an integral part of society. This makes an organisation accountable to all its stakeholders, now and into the future. Transaction Capital recognises that a process of stakeholder engagement is integral for understanding the reasonable expectations and interests of our stakeholders, as well as their information needs. Collaboration and regular engagement with our stakeholders are essential to the long-term sustainability of our business and assist with responsive and timely decision-making, both in terms of adjusting our medium-term strategy when necessary as well as in our day-to-day operations.

Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by Transaction Capital's activities, products, or services; or whose actions can reasonably be expected to affect the ability of Transaction Capital to implement its strategies or achieve its objectives.

Transaction Capital's sustainability policy governs the relationship and interaction with stakeholders, with the board and the social and ethics committee assuming responsibility for stakeholder engagement. The stakeholder engagement process takes place at all levels across the divisions and the group. Appropriate initiatives are implemented by each division and group function to ensure that we proactively identify and address the significant legitimate concerns of key stakeholders. Each division is required to report regularly on its stakeholder engagements at its respective board meetings and to the group's board.

The group ethics charter commits the group to providing stakeholders with relevant information on its approach and attitude to conducting business ethically, and the ESE framework serves as a mechanism to ensure more consistent communication to stakeholders on the group's ESE progress and performance.

SHAREHOLDERS AND FUNDERS

VALUE RELATIONSHIP

FOR US	FOR THEM
Accessible and affordable capital supporting the right balance of equity and debt funding, to fund organic and acquisitive growth.	**Shareholders:** Quality earnings growth and capital appreciation even in difficult economic conditions. **Funders:** Reliable risk-adjusted interest returns. Measurable ESE impact.

ENGAGEMENT STRATEGY

- Proactive ongoing communication to establish credibility and trust, and build shareholder confidence through demonstrating the strength of group management and the board.
- Ensuring transparency through consistent disclosure and consistency through quality of earnings.
- Providing high-quality, accurate and reliable financial and non-financial information via annual and interim results presentations and roadshows.
- Keeping stakeholders informed of material changes or developments via various in-person and virtual platforms, including SENS announcements, presentations and media releases.
- Providing stakeholders with timeous access to company information through informal telephonic and email updates.

QUALITY OF RELATIONSHIP

- The group's investor relations interactions are well-regarded by shareholders, and characterised by mutual benefit and trust. Risk to equity held in Transaction Capital is regarded as low, which is key to attracting new investors to support the group's growth.
- The group has access to sufficient debt facilities to fund its strategic organic growth initiatives. The ability to meet funding requirements for the subsequent financial year is a key indicator of relationship quality for the group.

SHAREHOLDERS AND FUNDERS *continued*

KEY ISSUES

COVID-19 impact on the operations of the group and its divisions.

OUR STRATEGIC RESPONSE

- Strong recovery in earnings, with the group returning to its long-term track record of growth in FY2021, applying FY2019 as the pre COVID-19 base.
- Our divisions quickly aligned their operating models, financial structures and growth plans to prevailing market realities and emerging opportunities.

Q&A with David Hurwitz, group CEO | Divisional reviews | CFO's report

COVID-19 impact on gearing levels and liquidity, the requirement for additional provisions, and the return to normalised levels of collections and earnings.

OUR STRATEGIC RESPONSE

- The group's balance sheet remains well capitalised and liquid. With its strong balance sheet and high cash conversion rates, no capital strain is expected in funding the divisions' growth plans.
- Continued timely repayment of interest and principal debt.
- No breach on loan covenants. Ongoing processes to renegotiate covenants to ensure they are set at levels which are relevant for the current operating environment.
- SA Taxi remains well capitalised and has adequate access to liquidity. The division's funding requirements for loan origination into FY2022 are already secured.
- TCRS's funding requirements for the acquisition of NPL portfolios in South Africa and Australia are secured into FY2022.

CFO's report

Maintaining appropriate access to funding at an acceptable cost in an environment where funding may be difficult to obtain.

OUR STRATEGIC RESPONSE

- The group and its divisions maintain innovative funding structures that meet the requirements of current and prospective funders.
- In July 2021, Transaction Capital successfully completed an accelerated bookbuild, raising R1.2 billion of equity capital. The majority of the capital raised through the bookbuild was used to finance the acquisition of a controlling stake in WeBuyCars.

CFO's report

Board composition and independence.

OUR STRATEGIC RESPONSE

- The board comprises a majority non-executive directors, of whom the majority is independent as advocated by King IV.
- Appointment of Albertinah Kekana as an independent non-executive director in 2021 augments the board's skillset and strengthens independence.
- Non-executive director policy adopted in November 2021 will ensure that board tenure is managed effectively.
- Christopher Seabrooke stepping down as chairman of the board effective 31 December 2022.

Chairman's report

Remuneration policy enhancements and disclosure.

OUR STRATEGIC RESPONSE

- Enhancements to remuneration policy and disclosure, including:
  - Defined distribution of weightings for quantitative, qualitative and discretionary components of executives' short-term incentives.
  - Defined distribution of weightings for headline earnings per share and return on equity as long-term incentive hurdles.
  - Additional detail provided for sustainability targets included as a measure in the qualitative component of short-term incentives for key executives.
  - Detail provided on contractual terms and payments on termination of employment for executives.
  - One-off bonuses awarded for large transactions will be spread over a defined integration period and aligned with value.

Remuneration report

Progress in adopting the recommendations of the TCFD.

OUR STRATEGIC RESPONSE

- Completed a base carbon footprint assessment, assigned appropriate GHG emission reduction targets and analysed the climate-related risks and opportunities the group faces.
- TCFD roadmap published that sets out the group's progress and commitments.

CFO's report | Sustainability report

Employee wellness and engagement during the pandemic.

OUR STRATEGIC RESPONSE

- The physical and emotional wellbeing of our employees remains a critical priority.
- Employee assistance programmes are available as a matter of course in all our businesses.
- Continued leadership engagement sessions with employees.
- Detailed disclosure on our approach to employee wellness included in our sustainability report.

Sustainability report

Prospects and opportunities for WeBuyCars following Transaction Capital's acquisition of a controlling stake.

OUR STRATEGIC RESPONSE

- WeBuyCars has a leading position in South Africa's large and defensive used vehicle market, and the group anticipates that its future earnings will exceed our expectations at the time of making our initial investment.
- The structural elements underlying the used vehicle market in the South African environment make WeBuyCars' business model resilient and relevant.
- Working alongside WeBuyCars' founders and management, the group will maximise its growth potential through strategic initiatives including:
  - Enhancing unit economics and margins per vehicle sold by improving existing commercial arrangements with providers of finance and insurance (F&I) products, and adding relevant new products.
  - Leveraging SA Taxi's expertise and capabilities to enable WeBuyCars to extend its services to include a credit offering as principal.
  - Harnessing data and technology advantages to drive its e-commerce offering.

Q&A with David Hurwitz, group CEO | Divisional reviews: WeBuyCars

EMPLOYEES

VALUE RELATIONSHIP

FOR US	FOR THEM
A workforce that is aligned to group and divisional strategies and embraces our entrepreneurial, high-performance, ethical and inclusive culture, to effectively deliver market-leading value propositions to clients.	Fair remuneration and benefits, including access to wellness and support services, career progression within a growing group, a positive and inspiring work environment, safe working conditions, being part of an organisation that delivers net positive socioeconomic returns.

ENGAGEMENT STRATEGY

- Leadership engagement sessions with employees, including roadshows and presentations, to promote alignment with the group's vision and strategy.
- Digital tools for providing ongoing business information.
- Employee, culture and engagement surveys.
- Performance reviews and exit interviews.
- Reward and recognition programmes.
- Formal grievance mechanisms.

QUALITY OF RELATIONSHIP

Employee satisfaction surveys indicate generally high levels of employee satisfaction. Employee turnover rates at SA Taxi remain below national and sector averages. In TCRS, the high number of first-time job seekers employed in the call centre environment accounts for its higher employee turnover rate.

KEY ISSUES

Burnout and other mental health issues affecting our employees in response to the prolonged nature of the pandemic.

OUR STRATEGIC RESPONSE

- Enhancement of the employee value proposition and especially the support systems available to employees to counter burnout and other mental health issues affecting productivity, morale and retention.
- Maintained employee engagement across multiple platforms.
- Ongoing focus on adherence to COVID-19 protocols.
- Providing flexibility in work-from-home versus work-from-office by leveraging the success of TCRS's work-from-home strategy.
- Formalising processes, procedures and communication channels to set clear expectations for teams.
- SA Taxi employees awarded five additional leave days, over and above legislative entitlement ('Phola Days'), with similar initiatives implemented across the group.

Q&A with David Hurwitz, group CEO | Sustainability report

Rewards and recognition in a challenging professional and personal context.

OUR STRATEGIC RESPONSE

- Benchmarking and review of remuneration levels and benefits, including a formalised reward and remuneration structure.
- The remuneration committee resolved that the SA Taxi long-term incentives that only partially vested in 2021 could be deferred until November 2022, at the election of each employee.

Remuneration report

Opportunities for career development and progression.

OUR STRATEGIC RESPONSE

- Siya Phambili Leadership Development Programme in place at SA Taxi.
- TCRS has an active leadership and learnership division that focuses on skills development at all levels and provides support to staff to improve their skills and capabilities.
- Chartered accountant (CA) training programme launching in FY2022.
- Performance management across the group helps identify developmental gaps per employee to inform individual development plans.

Strategy | Sustainability report

CLIENTS

VALUE RELATIONSHIP

FOR US	FOR THEM
Income generated from providing products and services; opportunity to broaden our addressable markets by leveraging good relationships with clients; utilising our rich data, leading-edge technology and efficient operational infrastructure to improve and develop new products and services.	Access to products and services that are innovative, cost-effective and differentiated, delivered through efficient operational infrastructure driven by technology and augmented with rich data insights that help to secure their profitability and the sustainability of their industries; a trusted and respected partner with an ethical and responsible approach to doing business.

ENGAGEMENT STRATEGY

- Ongoing engagement in the normal course of business, as well as via interactions through call centres, client surveys, and complaint and dispute mechanisms.

QUALITY OF RELATIONSHIP

- Our relationships with clients are strong and based on mutual trust and benefit.
- TCRS's servicer quality ratings, as rated by GCR Ratings and which reflect a stable outlook, are: Primary Servicer: SQ1-(za) and Special Servicer: SQ1-(za). With information gathered on a national scale, the servicer quality ratings reflect the strength of TCRS's debt collection profile for both its principal and agency portfolios, supported by its robust fintech platform and strong financial profile.
- In SA Taxi, the proportion of repeat SA Taxi Finance customers has been introduced as an indicator of operator satisfaction, which was 28% in 2021 (2020: 28%).

KEY ISSUES

SA Taxi:

- **Payment arrangement requests due to the impact of COVID-19 on ability to pay loan instalments and insurance premiums.**
- **Better understanding of contracts and associated services, and improved feedback on queries raised.**
- **Increase in recommended retail price of new minibus taxis impacting operator profitability and affordability, exacerbated by high fuel prices and lower passenger volumes as a result of COVID-19.**

OUR STRATEGIC RESPONSE

- SA Taxi's strategic partner, SANTACO, facilitates a deeper understanding of client concerns and expectations.
- Personalised account relationship management, improved customer feedback and insurance and rewards education in place.
- SA Taxi's fully refurbished QRTs provide an affordable yet reliable alternative to buying a new vehicle.

Q&A with Terry Kier, SA Taxi CEO

TCRS:

- **Impact on collections activity due to COVID-19 related shutdowns.**

OUR STRATEGIC RESPONSE

- Successful transition to combined work-from-home and office-based model in both South Africa and Australia ensured continued collections activity without compromising data security or access to technology.

Q&A with David McAlpin, TCRS CEO

REGULATORS

VALUE RELATIONSHIP

FOR US	FOR THEM
Good standing with regulatory authorities, contributions to industry developments and promotion of an enabling regulatory environment, reputation as an accessible and invested social partner.	A compliant and supportive sector participant, a committed partner in achieving transformational and developmental objectives.

ENGAGEMENT STRATEGY

- Ongoing via statutory reporting and returns, as well as responding to and assisting with ad hoc regulatory queries and inspections.
- Ensuring necessary regulatory registrations, applications and approvals are made and obtained.
- Consulting on draft regulations.
- Participating in industry meetings with regulators and in industry forums.

QUALITY OF RELATIONSHIP

Generally good quality relationships where these exist, with room for further improvement.

KEY ISSUES

SA Taxi:

- **Progress against employment equity targets.**

OUR STRATEGIC RESPONSE

- Active engagement with Department of Labour to ensure more equitable and robust employment equity plan is developed and tracked.

Sustainability report

Group:

- **Compliance with POPI Act, which came into effect on 1 July 2021.**

OUR STRATEGIC RESPONSE

- A comprehensive POPI programme is in place, with governance frameworks, policies, controls and employee training successfully implemented across the group.

Governance report

SOCIETY

VALUE RELATIONSHIP

FOR US	FOR THEM
Positive relationships with industry stakeholders and relevant governmental departments, opportunity to deliver products and services underpinned by shared value, uninterrupted supply chains and value for money when procuring from suppliers.	We help to formalise our industries through strong governance practices, drive their development through sophisticated offerings, and are active in initiatives that contribute to their sustainability. We improve mobility access and safety for South Africans, provide affordable and trustworthy access to private vehicle ownership for first-time vehicle owners, and support credit market stability, growth in tax revenue, employment opportunities and supplier base through continued growth of divisions.

ENGAGEMENT STRATEGY

- Frequent engagements with industry leadership and relevant government departments.
- For suppliers, ongoing engagement as required to ensure access to necessary products and services on favourable terms.

QUALITY OF RELATIONSHIP

- Generally good quality relationships with industry, demonstrated by the willingness of industry to engage with Transaction Capital and its divisions.
- SA Taxi's collaboration with minibus taxi industry stakeholders and specifically through SANTACO (which holds a 25% share of SA Taxi) has deepened its ability to consult at all levels across the industry.
- SA Taxi maintains strong relationships with its original equipment manufacturer partners.
- Reputation as a responsible, caring and socially relevant corporate citizen that is committed to investing in and contributing to communities.

KEY ISSUES

Diversity and transformation in the workplace.

OUR STRATEGIC RESPONSE

- Transformation included as a key performance indicator for all executives.
- Transformation manager in place at SA Taxi to accelerate transformation in the context of employment equity, skills development, and diversity and inclusivity. SA Taxi achieved a Level 3 B-BBEE rating.
- TCRS is benefiting from a strong pipeline of employment equity candidates moving into various leadership roles. TCRS has maintained its Level 1 B-BBEE rating.

Sustainability report

For suppliers, timeous payment of commission and invoices for services rendered.

OUR STRATEGIC RESPONSE

- Payment processes in place to ensure timeous payment for services rendered within agreed service levels.

Taking action on climate change.

OUR STRATEGIC RESPONSE

- SA Taxi contributes to climate resilience by maximising value retention through its vertically integrated platform, thereby contributing towards a circular economy through its parts recycling and sale of pre-owned vehicles; by improving the environmental impact of the minibus taxi industry; and by reducing its operational environmental footprint.
- The group and its divisions continually work to reduce energy, water use and waste in its operations.
- Absolute GHG emission reduction target aligned to a 'well below 2°C' scenario adopted in the current year.

CFO's report Sustainability report

Minibus taxi industry concerns regarding the impacts of COVID-19.

OUR STRATEGIC RESPONSE

- SA Taxi reintroduced its mobile outreach programmes with the easing of lockdown restrictions.

Q&A with Terry Kier, SA Taxi CEO

SA Taxi's contribution to better public transport and job creation.

OUR STRATEGIC RESPONSE

- Financing and retailing safer new and quality refurbished minibus taxis and contributing to road safety campaigns.
- Greater formalisation of the minibus taxi industry facilitates commuter trust.
- SA Taxi invests in improving safety and driver behaviour to incentivise safer transportation and reduce the number of vehicle accidents.
- SA Taxi specifically focuses on developing black-owned SMEs in the minibus taxi industry.

Q&A with Terry Kier, SA Taxi CEO Divisional reviews: SA Taxi

Ability to rehabilitate indebted consumers experiencing tough economic conditions.

OUR STRATEGIC RESPONSE

- TCRS ESE framework includes metrics to report on its debtor rehabilitation efforts.

Sustainability report

STRATEGY

Transaction Capital's robust earnings performance in FY2021 supports our view that the group can maintain a sustainable trajectory of superior high-quality earnings growth in FY2022, and beyond. The group continues to actively identify growth opportunities in adjacent markets and related asset classes, in which its best-in-class technology, proprietary data and analytics capabilities enable it to generate attractive returns. Our divisions have quickly aligned their operating models, financial structures and growth plans to prevailing market realities and emerging opportunities.

This section provides an overview of our strategic levers for growth, and a summary of performance and focus areas for each of the group's key strategic enablers. In refining how we articulate our strategy in the integrated report, we have updated the categories of our strategy and provided a comparison for the categories applied in FY2020, as illustrated alongside.

See the divisional reviews starting on pages 69, 79 and 90 for details of WeBuyCars, SA Taxi and TCRS respectively.

See page 32: Q&A with David Hurwitz, group CEO, for details of our strategic progress over the year.

See Page 56: CFO's report for details of financial performance.

STRATEGIC LEVERS
Drive incremental and new growth

ORGANIC GROWTH

Apply our competencies to create **new positions within adjacent and new market segments**, and **new geographies.**

Drive growth through:
- Technology and **e-commerce.**
- Proprietary **data** sets.
- **Shared-value** creation.

2020: STRATEGIC OBJECTIVE 1
ORGANIC GROWTH

ACQUISITIVE GROWTH

Acquisitions and partnerships for **diversification and innovation** in sectors where our competencies provide compelling opportunities for growth.

2020: STRATEGIC OBJECTIVE 4
ACQUISITIVE GROWTH

KEY ENABLERS
Foundation for consistent and responsible growth

DATA, TECHNOLOGY AND ANALYTICS

Leverage data, technology and analytics to:
- Scale and support highly competitive and efficient operating platforms that deliver sustainable and profitable growth.
- Inform product and service development and enhance customer experience.

2020: STRATEGIC OBJECTIVE 3
DATA, TECHNOLOGY AND ANALYTICS

RISK OPTIMISATION AND CAPITAL MOBILISATION

Assess, mitigate and price risk. Access and deploy capital optimally and efficiently in funding growth in our diversified portfolio of high-potential businesses.

2020: STRATEGIC OBJECTIVE 2
RISK AND CAPITAL MANAGEMENT

PEOPLE

Develop, engage and reward employees and executives to engender an entrepreneurial, high-performance, ethical and inclusive culture.

2020: STRATEGIC OBJECTIVE 5
PEOPLE

STRATEGIC LEVER 1 ORGANIC GROWTH

Apply our competencies to create new positions within adjacent and new market segments, and new geographies.

Drive growth through:

- Technology and e-commerce.
- Proprietary data sets.
- Shared-value creation.

LINK TO MATERIAL THEMES

1. Maintain track record of consistent growth
2. Enhance agility in dynamic markets
3. Retain, support and develop our people, and attract the right skills
5. Ensure integrity through good governance

LINK TO MATERIAL RISKS

1. Operating environment
2. Affordability constraints (SA Taxi)
5. OEM supply (SA Taxi)
6. Capital
7. Liquidity

CAPITALS APPLIED

IC Leverage culture of entrepreneurship to drive innovation and growth; Apply enhanced analytics capabilities to our proprietary datasets to inform investment decisions and support the development of new products and services.

FC Strong balance sheet with adequate access to liquidity.

HC Highest calibre of leadership and specialist technical expertise; Expert, entrepreneurial and significantly coinvested management teams; Robust talent development and succession planning initiatives.

MC Ongoing group-wide investment in technology infrastructure; WeBuyCars' expansion of its physical footprint of vehicle supermarkets and buying pods; SA Taxi's expansion of its refurbishment infrastructure.

+ OUR MATERIAL THEMES

+ OUR MATERIAL RISKS

WeBuyCars

Favourable structural market conditions, with a more relevant business model in the COVID-19 environment.

TARGET TO INCREASE VOLUME OF VEHICLES TRADED TO 15 000 PER MONTH

MEDIUM-TERM STRATEGY

- Harnessing data and technology to drive e-commerce offering.
- Continued expansion of physical footprint over the next 24 months.
- Continued enhancement of brand awareness, trust and customer experience.

ENHANCE UNIT ECONOMICS AND MARGIN POTENTIAL

SHORT- TO MEDIUM-TERM STRATEGY

- Increase take-up rate of F&I products and enhance existing arrangements with providers of F&I products.
- Offer personal vehicle finance as principal.

Page 72: WeBuyCars' strategic growth initiatives.

SA Taxi

Positioned to resume long-term track record of growth.

REALISING FULL VALUE IN THE MINIBUS TAXI VERTICAL

SHORT- TO LONG-TERM STRATEGY

- Continue assessing opportunities for further vertical integration.
- Develop bespoke products for the minibus taxi industry through industry partnerships and collaboration.
- Leverage over 20 years of intellectual property (IP) to expand into new or adjacent market verticals.
- Broaden SA Taxi's total addressable market and support future organic growth.

Page 81: SA Taxi's strategic growth initiatives.

TCRS

Positioned to focus on strategic growth initiatives and capture emerging opportunities.

Structured to deliver in three key areas:

COLLECTION SERVICES

SHORT-TERM STRATEGY

- Accelerated acquisition of NPL portfolios:
  - Significant opportunity in an underdeveloped and growing South African market, with no other listed entities.
  - A small position in Australia and other international markets provides a meaningful growth opportunity.
  - Co-investment in international NPL portfolios with local partners.

TRANSACTIONAL SERVICES

SHORT- TO MEDIUM-TERM STRATEGY

- Development of a more resilient and efficient payment and transaction process platform.

BUSINESS PROCESS OUTSOURCING SERVICES

SHORT- TO MEDIUM-TERM STRATEGY

- Leverage TCRS's South African rand-denominated resources and technology stack, data and analytics capabilities to drive local and global growth.

Page 93: TCRS's strategic growth initiatives.

STRATEGIC LEVER 2 ACQUISITIVE GROWTH

Acquisitions and partnerships for diversification and innovation in sectors where our competencies provide compelling opportunities for growth.

LINK TO MATERIAL THEMES

1 Maintain track record of consistent growth

2 Enhance agility in dynamic markets

5 Ensure integrity through good governance

LINK TO MATERIAL RISKS

4 Acquisitive strategy execution

6 Capital

CAPITALS APPLIED

IC Ability to identify opportunities to expand into adjacent market segments; Leveraging the group's unique relationship with its founders to identify and grow international value accretive investments; Ability to apply robust due diligence and stringent criteria when evaluating potential acquisitions.

FC Prudent and pre-emptive capital management approach ensures the group has the capacity to invest in longer-term organic and acquisitive growth initiatives.

HC Dedicated teams and resources in place to assess and pursue opportunities; Sufficient executive and management headroom to lead negotiations and integration of successful acquisitions.

SC Leveraging the group's reputation and the founders' extensive networks to attract and pursue opportunities.

OUR MATERIAL THEMES

OUR MATERIAL RISKS

Group

Transaction Capital targets quality assets in focused market segments, in line with defined acquisition criteria. Targets are considered as either bolt-on acquisitions within existing divisions, or as new pillars.

TC GLOBAL FINANCE

MEDIUM- TO LONG-TERM STRATEGY

TC Global Finance is leveraging the group's unique relationship with its founders to identify and grow international value-accretive investments. It is focused on transformational deals in specific sectors internationally.

The group and our founders will be co-invested in these international opportunities, with both parties directly aligned with shared exposure to risk and upside potential. Their direct investment, involvement and responsibility for this initiative de-risks this international expansion significantly.

TC VENTURES

MEDIUM- TO LONG-TERM STRATEGY

TC Ventures was established in FY2021 to seek out investments in innovative, high-growth and entrepreneurial South African businesses, with a focus on fintech disruptors. It will drive our expansion into new market segments within and beyond South Africa's borders.

See page 32: Q&A with David Hurwitz, group CEO, for further details of TC Global Finance and TC Ventures.

ACQUISITION CRITERIA

Transaction Capital applies **stringent criteria** when evaluating **potential acquisitions** to ensure that they will **enhance its specialist capabilities**

1 2 3 4

WHAT WE LOOK FOR IN POTENTIAL ACQUISITIONS

1 BUSINESS MODEL

- Scalable business model with a proven track record.
- Focused business with potential for high return on equity.
- Driven by systems, data and analytics, and ability to augment these with Transaction Capital's technology capabilities.
- Ease of integration into Transaction Capital's existing divisions.
- Ability to enhance Transaction Capital's current value proposition to clients.
- Scalable business platforms whose competitiveness and value can be developed and enhanced by Transaction Capital.

2 CULTURE

- Alignment with Transaction Capital's values.
- Client- and solutions-orientated.
- Entrepreneurial management who are co-invested.
- Strong relationships with clients.
- Experienced teams whose skills will complement those of the group.

3 CAPABILITIES

- Deep knowledge of its industry and chosen market sectors.
- Strong management team.
- Business platforms that can be developed and scaled.
- IP and expertise that can augment Transaction Capital's existing capabilities and facilitate access to new verticals.

4 MARKET POSITION

- Established platforms with robust organic growth.
- Delivering predictable, quality earnings with high cash conversion rates.
- Niche market participant within Transaction Capital's existing or adjacent market sectors.
- Potential for consolidating market position.
- Strong organic and acquisitive growth prospects.
- International targets that will grow the portfolio, diversify risk and contribute hard currency earnings.

STRATEGIC ENABLER 1 DATA, TECHNOLOGY AND ANALYTICS

Leverage data, technology and analytics to:

- Scale and support highly competitive and efficient operating platforms that deliver sustainable and profitable growth.
- Inform product and service development and enhance customer experience.

LINK TO MATERIAL THEMES

1. Maintain track record of consistent growth
2. Enhance agility in dynamic markets
4. Retain strategic flexibility through sophisticated risk and capital management
5. Ensure integrity through good governance

LINK TO MATERIAL RISKS

1. Operating environment
3. Cyber and information security

CAPITALS APPLIED

IC	Enables accurate pricing and mitigation of risk; Generates business and client insights; Supports innovation, product development and operational efficiencies.
FC	Ongoing investments to maintain and update infrastructure, and purchase new technologies and systems.
HC	Attracting and retaining scarce technology and data science skills.
MC	Maintaining technology infrastructure.

OUR MATERIAL THEMES

OUR MATERIAL RISKS

ENHANCED DIGITAL INITIATIVES AND TRANSFORMATION, WITH DIGITAL ADOPTION ACCELERATED BY COVID-19.

WeBuyCars

APPLIES DIGITAL CAPABILITIES TO RESPOND TO SHIFTING CONSUMER BUYING PATTERNS.

- In purchasing used vehicles, digital lead generation, online applications and AI-led pricing are used to target high-quality prospects.
- Sales driven by e-commerce, where AI adjusts pricing dynamically according to vehicle value and market demand.
- Increase in e-commerce adoption, with ~30% of vehicles sold via WeBuyCars' e-commerce platform (FY2020: ~14%, FY2019: 0%).

SA Taxi

APPLIES LEADING-EDGE ANALYTICS TO REAL-TIME VEHICLE MOBILITY DATASETS.

- Mitigates credit and insurance risk.
- Monitors the industry's recovery, with operations adjusted in line with industry activity.

TCRS

PROVIDES DIGITALLY DRIVEN BUSINESS SERVICES THROUGH LEADING-EDGE DATA, TECHNOLOGY AND ANALYTICS COMPETENCIES.

- Ongoing digital optimisation.
- Work-from-home yielding higher productivity and flexible working hours.
- Positive consumer response to non-voice and digital channels.

FUTURE FOCUS

The board constituted the risk and technology committee as a newly formed sub-committee of the board in September 2021. This committee will ensure that appropriate steps are taken to realise the group's growth objectives, supported by effective IT, technology and digital strategies that are aligned to international best practice. This includes ensuring that the divisions continue to apply their data, technology and analytics capabilities to optimise their value proposition, manage risk and lead in their market sectors.

Further, the committee will assess the structure of the group's digital infrastructure on an ongoing basis to ensure it remains commercially relevant and well-resourced, and that IT investment and expenditure are optimised across the group.

In the divisions:

- WeBuyCars continues to apply its AI and data capabilities to lead generation across both the buying and selling of vehicles, and will leverage this proprietary data to underwrite credit risk.
- SA Taxi continues to apply its rich data and analytics capabilities to support minibus taxi operators and the broader industry, and develop new products that can further benefit operators and commuters.
- TCRS is focusing its resources on delivering against the division's vision to create a global technology services business that leverages off its South African technology platform and call centre IP.

STRATEGIC ENABLER 2

RISK OPTIMISATION AND CAPITAL MOBILISATION

Assess, mitigate and price risk. Access and deploy capital optimally and efficiently in funding growth in our diversified portfolio of high-potential businesses.

LINK TO MATERIAL THEMES

- 2 Enhance agility in dynamic markets
- 4 Retain strategic flexibility through sophisticated risk and capital management
- 5 Ensure integrity through good governance

LINK TO MATERIAL RISKS

- 1 Operating environment
- 2 Affordability constraints (SA Taxi)
- 4 Acquisitive strategy execution
- 5 OEM supply (SA Taxi)
- 6 Capital
- 7 Liquidity
- 8 Regulatory compliance
- 10 Climate

CAPITALS APPLIED

- **IC** Conservative approach to risk and capital management appropriate to the group's business model and operating environment.
- **FC** Optimal balance of equity and debt capital to fund the growth of business platforms and their underlying assets; Diversified debt funding strategy across geography, capital pool, debt investor and funding mandate.
- **SC** Measurable socioeconomic returns.

OUR MATERIAL THEMES

OUR MATERIAL RISKS

RISK OPTIMISATION

GROUP

- Roadmap in place for adoption of the recommendations of the TCFD.

CREDIT RISK MANAGEMENT

SA TAXI

- Collections on the loans and advances book nearing pre COVID-19 levels and expected to recover over a longer period.
- Continued growth in loan book, with initiatives taken to preserve credit quality.
- Credit loss ratio remained above the upper end of our target range and provisions maintained for the impact on collections to protect the balance sheet.
- Refurbishment capabilities continue to limit loss in the event of default, with efficiencies in SA Taxi Auto Repairs and SA Taxi Auto Parts' cost-efficient procurement of parts supporting the recovery of the credit loss ratio.

See page 60: CFO's report for details of SA Taxi's financial and operational performance.

FUTURE FOCUS

- QRT strategy to provide minibus taxi operators with an affordable yet reliable alternative to buying a new vehicle.
- Due to COVID-19 lockdowns restricting activity in repossessions, continued focus on reducing arrears as repossessions resume.
- Implementing a curing policy for clients demonstrating consistency in payment behaviour.
- Parts procurement and refurbishment efficiencies to further reduce loss in the event of default.

INSURANCE RISK MANAGEMENT

SA TAXI

- Strong growth in gross written premiums, supported by strategy to broaden its client base via direct marketing and its broker network, targeting open market clients.
- As expected, COVID-19 resulted in higher credit life claims and lapse rates, necessitating adjustments to the product and pricing to reduce the high claims ratio.

See page 60: CFO's report for details of SA Taxi's financial and operational performance.

FUTURE FOCUS

- Further reduce cost of repair through efficiencies via SA Taxi Auto Repairs and SA Taxi Auto Parts.
- Restructure the credit life product to provide appropriate cover for SA Taxi clients at an affordable price point.
- Develop additional value-adding products for existing SA Taxi clients.

RISK OPTIMISATION AND CAPITAL MOBILISATION *continued*

RISK OPTIMISATION *continued*

INVESTMENT RISK MANAGEMENT

TCRS

- Collections on NPL portfolios owned as a principal in South Africa were in line with initial expectations, with lower costs yielding improved margins. Collections on NPL portfolios owned as a principal in Australia performed satisfactorily.
- Estimated remaining collections up 23% to R6.4 billion.
- Carrying value of purchased book debt amortised at a more conservative rate than pre COVID-19, strengthening the balance sheet and improving quality of earnings.
- Continued diversification across sectors, clients and geographies will further lower concentration risk and support good performance and returns in different market conditions.

See page 61: CFO's report for details of TCRS's financial and operational performance.

FUTURE FOCUS

- Continue to enhance the sophistication of the South African collections market through investment in technology and by working with its clients to develop new and innovative products.
- Continued investment, with selected partners, into European NPL portfolios.
- As the Australian economy and market returns to pre COVID levels, increase NPL acquisitions to pre-pandemic levels.
- Continued development of a business process outsourcing (BPO) business that leverages TCRS's low-cost South African infrastructure to earn hard currency and capital-light revenues, as South Africa becomes a global BPO destination of choice and TCRS takes advantage of the 'great resignation' in developed economies.
- Continued development of Transaction Capital Transaction Services to generate capital-light revenues for the group.

CAPITAL MOBILISATION

GROUP

- Prudent capital management approach validated in COVID-19 period.
- Robust balance sheet with ample capacity to execute on organic and acquisitive growth.
- Group liquidity position remains robust, underpinned by a conservative debt structure.
- Resumed dividend payments, supported by strong performance and robust balance sheet.

WEBUYCARS

- Maintains a strong balance sheet with low levels of debt.

SA TAXI

- Issued first bond backed by a sustainable bond framework through its Transsec 5 initial issuance in May 2021.
- Adequate liquidity available in undrawn debt facilities to fund expected loan origination throughout FY2022.

TCRS

- Robust balance sheet with funding requirements for the acquisition of NPL portfolios in South Africa and Australia in FY2022 already secured.

See page 63: CFO's report for details of capital management.

FUTURE FOCUS

Capital management initiatives over the medium term:

- Further diversify funders in TCRS, by leveraging our ESE framework as a measurable way of demonstrating the division's positive social impact.
- Optimise the group's mix of funding structures to reduce cost of funding.
- Further diversify the group's shareholder base, with a specific focus on attracting international shareholders.
- Maintain and enhance our good standing with debt and equity investors through positive operational and financial performance and transparent reporting.
- Use the group's domestic medium-term note programme to raise funding at a holding company level to further diversify funding mix.

STRATEGIC ENABLER 3 PEOPLE

Develop, engage and reward employees and executives to engender an entrepreneurial, high-performance, ethical and inclusive culture.

LINK TO MATERIAL THEMES

- 3 Retain, support and develop our people, and attract the right skills
- 5 Ensure integrity through good governance

LINK TO MATERIAL RISKS

- 1 Operating environment
- 8 Regulatory compliance
- 9 People

CAPITALS APPLIED

IC Managing our people to engender an entrepreneurial, high-performance, ethical and inclusive culture; Providing ongoing training and development to enhance our skills base; Effective ethics governance framework.

FC Applying compensation as a critical determinant of organisational performance and sustainability; Investment in training, skills development and employee wellness.

HC Board and leadership succession planning and development; Providing a positive and inspiring work environment, and safe working conditions.

SC Driving transformation initiatives across the group, including in the diversity of our workforce.

+ OUR MATERIAL THEMES + OUR MATERIAL RISKS

Group

- Implementing a structured handover process for a new chairman to lead the board from 31 December 2022.

See page 38: Chairman's report.

- Appointed new independent non-executive director, further augmenting the board's skills and diversity.
- Reassessed and updated all ethics-related policies in line with best practice and institutionalised formal training with regards to these policies within the group.
- Launched a CA training programme as a group-wide initiative, with the first intake in FY2022.
- Ongoing investment in skills development and training across the group.

WeBuyCars

- Succeeded in attracting and retaining key skills and developing succession depth in its management structures.
- Provided wellness and business support initiatives during the pandemic.

SA Taxi

- Provided multi-tier wellness and business support initiatives during the pandemic.
- Appointed a number of highly experienced and talented senior executives into the business to bolster the senior management team.
- Ongoing leadership development delivered across multiple programmes to support succession planning and enable diversity at management level.

TCRS

- Achieved Investors in People Silver accreditation.
- Launched an integrated wellness programme for all employees.
- Ongoing focus on managing the impact on morale following the Section 189 process in 2020.
- Highly effective work-from-home strategy supported greater efficiency and productivity.
- Ongoing skills development and training delivered across multiple programmes, including our graduate development programme focused on emerging young talent.

See the sustainability report for details of our people management performance and practices.

FUTURE FOCUS

- Support transformation objectives in South Africa that seek to address historical imbalances. From 2019, transformation targets included as qualitative measures in the short-term incentive structures of key executives.
- Provide ongoing wellness and management support to employees.
- Provide training and development to enhance skills base.
- Focus on attracting young talent into the organisation through the combination of a rewarding and challenging working environment, competitive remuneration structures and a focus on mental wellness.
- Focus on retaining our highly experienced, entrepreneurial and talented management teams through a number of graduate and junior management talent programmes. Our latest programme is the Transaction Capital CA Training Programme, which will be followed by a scarce skills talent programme to attract talent with science, technology, engineering, mathematics and other similar qualifications.

INVESTMENT CASE

Transaction Capital

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

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

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

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

Institutionalises best governance practices, which deepen our reputation as a trusted business and social partner, and support 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 and expand into adjacent market segments, related asset classes and new geographic markets,** thereby growing its addressable market and earnings base.

Which positions the group to sustainably deliver **shared-value outcomes** for our stakeholders by consistently generating **strong commercial returns** for clients and driving the development of our industries, while simultaneously creating **net positive socioeconomic returns** with enduring benefits.

Q&A WITH THE GROUP CEO

Our group CEO, David Hurwitz, discusses the growth prospects for the group in the next three to five years, and why its leadership is confident that the group can continue delivering the strong commercial returns that shareholders have come to expect from Transaction Capital.

www See a video presentation with David in the online report.

Q

Transaction Capital has shown a remarkable recovery from the initial shock waves associated with COVID-19. You placed ninth in the Sunday Times Top 100 Companies, a measure of shareholder returns over five years. But can you sustain growth at this level in this environment?

2020 interrupted Transaction Capital's long-term track record of high-quality earnings growth, an anomaly attributable to the impact of COVID-19. Although the crisis continues to redefine our operating reality, the group's historic growth trend resumed from 2021. By the end of the financial year, our divisions had largely rebounded to pre COVID levels of business activity and earnings growth.

More importantly, they had shown their ability to adjust to an environment in flux. The divisions quickly aligned their operating models, financial structures and growth plans to prevailing market realities, ensuring that their business models are now more relevant than ever before.

For WeBuyCars, as disposable income comes under strain and new vehicle prices increase further, consumers are opting for used vehicles, driving growth in this sector. In the case of SA Taxi, the minibus taxi industry remains the largest and most vital service in the public transport network, while other modes of public transport have floundered, especially during COVID-19. The protracted effects of COVID-19 continue to drive up indebtedness and impair consumers' ability to service their debt, creating larger NPL portfolios for TCRS to manage or acquire.

The group's recovery demonstrates the entrepreneurial mindset and operational resilience of our businesses, and our ability to find new growth even in exceptionally volatile and uncertain times. It demonstrates inbuilt grit and agility – good reasons for confidence, no matter what the future may hold.

Q

In Transaction Capital's business model, the start of the value creation process is finding businesses in unconventional market segments with high potential that you can confidently back and grow, given the group's skills and strengths. What key characteristics set you up to grow the value of your portfolio of businesses in the coming years?

The story of Transaction Capital's development over two decades shows we thrive in unconventional sectors, even under difficult market conditions.

Transaction Capital was founded on our ability to find high-potential businesses in challenging sectors. We then work closely with their entrepreneurial founders in applying intuition, insight and investment (in best technology and best governance) to become trusted providers and credible partners that disrupt and transform these sectors.

A function of the group's business model, and the premise for the group's long-term success, is to select sectors stigmatised by poor service and low trust, which are also naturally defensive. In these sectors, we apply our deep specialism to understand, price, underwrite and mitigate the intrinsic risks – whether real or perceived – to disrupt the status quo and unlock new opportunity.

Our specialist capabilities combine with our technology, data and analytics advantages to enable new levels of effectiveness and efficiency, both in managing down the risks and in providing new value to customers through innovative solutions and frictionless experiences. Grounded in the group's culture, which inspires a unique balance of entrepreneurial energy and professional integrity, our businesses become powerful disruptors and trusted providers.

In the years ahead, these core characteristics, backed by access to diverse funding sources and our prudent capital management approach, put attractive organic and acquisitive growth opportunities well within our reach – in our existing and in new, adjacent market segments.

In SA Taxi and TCRS there is ample runway for organic growth. They have clear and compelling strategic organic growth initiatives under way and in development, and continue to deliver strong operational performances in really tough markets, as I have said.

The group has springboard opportunities to accelerate earnings growth, including international expansion through TCRS and WeBuyCars. Here we are able to leverage our homegrown competencies and rand-denominated resources – our specialist expertise and digital capabilities – to grow in new international markets, either organically or through a mix of organic growth and carefully chosen acquisitions.

This spread of opportunity will enable us to continue to further diversify our revenue and our risk profile to yield higher growth, deeper resilience and meaningful shared value returns.

Q

What are some of the new growth opportunities that you are really excited about?

While rapid recovery and growth from pre COVID levels were arguably the hallmark of the past financial year, the headline was undoubtedly taking our ownership of WeBuyCars to 74.2%. Since we first acquired a minority stake in this exceptional business, our respect for its founders and management team has only grown. This was an essential consideration in our decision to take a controlling stake, in tandem with the potential we see for WeBuyCars within the Transaction Capital stable and the thrust it provides to our earnings growth.

The outlook for the used vehicle market is resoundingly positive. Structural support for the past resilience and future growth of this sector includes cash-strapped consumers trading down to less expensive vehicles, a trend given momentum by the economic implications of COVID-19, and more people moving from public transport to owning their first car, with personal vehicle ownership an aspiration deeply rooted in South African culture. More broadly, the recent microchip shortage and supply chain disruptions have affected the global supply of new vehicles, an added tailwind for the used vehicles sector.

But our excitement about WeBuyCars is far more substantial than market upside. COVID-19 lockdowns have irreversibly changed the nature of the local consumer market, accelerating digital adoption and the shift to purchasing goods and services online. In the motor industry, web browsing has largely replaced window shopping in dealerships, and buyers are growing comfortable using e-commerce platforms for purchases.

Before the pandemic, WeBuyCars had built a robust digital business-to-business (B2B) platform to enable effective trade with motor dealerships. Since the pandemic, greater consumer confidence in online vehicle trading is enabling WeBuyCars to leverage its B2B capability to build out its business-to-consumer (or B2C) offering. We have seen steady increases in vehicles sold online to consumers, and as this grows, WeBuyCars' online presence will complement its expanding physical reach in a capital-efficient manner.

Other significant opportunities exist for the business in the convergence of e-commerce and fintech, in which Transaction Capital has proven expertise.

Q

You talked earlier about the organic growth runway in SA Taxi and TCRS. What is the group expecting from these businesses in terms of new avenues for growth?

Our journey with WeBuyCars so far illustrates that partnership is fundamental not only to Transaction Capital's business model but also to our medium-term growth strategy.

Our deep trust-based relationships in the minibus taxi industry, for example, give us unique access to 80% of the working population, 15 million of whom rely on minibus taxis. Our market insight and strong relationships position us uniquely for new ventures with new partners that will allow us to diversify further.

Although we will look to develop new offerings that leverage off SA Taxi's market position, our attention will be acutely focused on optimising every aspect of its core business. This will enhance its resilience and position SA Taxi for significant growth as the industry hits its full stride again. Despite the impact of COVID-19 on commuter mobility, and vehicle price increases and high fuel prices that have exceeded fare increases, the minibus taxi industry remains defensive and growing, with resilient operators.

Turning to TCRS, the division is proving its ability to deliver comprehensive data-enabled business process outsourcing services in South Africa and abroad. Here, TCRS's extensive datasets and ability to extract rich insight from them provide a powerful competitive advantage. For international clients, South Africa's low-cost skills and infrastructure make TCRS an attractive alternative to in-house administrative and customer management services. More broadly, the globalisation of business services represents an opportunity that South Africa cannot afford to miss – to earn international revenue and create new jobs.

Q

And where will the next high-potential business – or new growth play – come from, as you grow the value of the group's portfolio?

A unique feature of the group's approach is the role our founders still play in the growth and diversification of Transaction Capital. In partnership with our founders, we are able to identify and grow select investments outside South Africa, which are aligned with the group's growth strategy and have the potential to add new value. One such opportunity that we are cautiously optimistic about is TC Global Finance. This business brings together the respective skillsets of the founders and Transaction Capital, to create an international platform of scale that leverages our 25 years of experience in building and developing businesses around unconventional assets.

TC Global Finance is focused on transformational deals in specific international target investments. Where the risk of investing in international assets can be easily managed by or integrated into our existing businesses or divisions, they will be acquired, funded and managed by that business or division. By way of example, the group's strategy of investing in global NPL markets, previously within the remit of TC Global Finance, is now managed within TCRS.

This investment approach is different from many other South African companies. As the founders have "risk capital" invested alongside Transaction Capital, both parties are directly aligned with exposure to upside (and downside) potential. The founders' close proximity to an international investment, together with their direct exposure, should result in lower risk and better outcomes for Transaction Capital and our shareholders.

The group's long-standing strategy to invest in adjacent asset classes, in which our unrivalled technology, data and analytics allow us to generate attractive returns, is being employed in the creation of TC Ventures. This business seeks out investments in innovative, high-growth and entrepreneurial South African businesses, with a focus on fintech disruptors. These businesses will drive our expansion into new market segments within and beyond South Africa's borders, but strictly within our proven fields of expertise.

Q

You said that the group's culture is rooted in entrepreneurship, which drives innovation and growth. You also talk about a culture of integrity, which puts boundaries to this growth and makes sure it is responsible growth that drives sustainable shared value. What does this mean in practice for Transaction Capital?

Transaction Capital is an active investor, not a holding company. As I have illustrated, our investment approach goes far deeper and well beyond capital allocation and governance oversight. The group brings perspectives on strategic opportunities for organic and acquisitive growth, specialised attention to managing risk and capital, dedicated resources to support our businesses in finding new avenues to service more of their industry value chains, new ideas for more relevant and innovative value propositions, and new ways to expand their addressable markets.

Beyond strategic advantage, we make good governance a source of competitive advantage. The group's governance approach brings institutional form to entrepreneurial spirit to ensure that our businesses are recognised as trusted partners with a credible voice and progressive influence in shaping the sustainability and success of their clients, industries and the communities they serve. In this way, the group's business model operationalises and gives real substance to our investment in inclusive and sustainable growth in our sectors.

During the last two tumultuous years, SA Taxi and TCRS proved to be strong stabilisers in their industries. SA Taxi not only supported its clients during the pandemic but, in the process, helped protect an industry that millions rely on as a means of transport and source of income. Similarly, TCRS helped ensure the stability of credit markets at a time of international upheaval.

Beyond these core contributions to the vitality of their markets, our integrated report shows the steady progress we are making in achieving our specific and measurable socioeconomic and governance objectives. In an effort to meet stakeholder demands for environmental, social and governance (ESG) disclosure, and in our move towards more standardised and frequent sustainability reporting, the group launched an ESG World Platform profile on our website, which provides real-time, consolidated and searchable ESG information, referenced to various global sustainability frameworks, including the United Nations SDGs, Global Reporting Initiative, Sustainability Accounting Standards Board and the TCFD.

Transaction Capital recognises the rapidly changing global context and we are deeply cognisant of the existential threat posed by climate change. We have begun a formalised journey to reducing the group's GHG emissions, aligned to the global push to limit warming to materially below the two-degree Celsius threshold. In the last year we calculated our carbon footprint to set a baseline from which we will work towards meeting our GHG emission reduction targets. As part of the operationalisation of our environmental policy adopted in March 2021, we have also analysed the climate-related risks and opportunities the group faces.

Q

With an ambition for consistent growth, and an intention to have a net positive impact on markets with challenging socioeconomic dynamics in a volatile and uncertain world, where does the group's greatest strength lie? Are there constraints to this growth that you are particularly worried about?

Transaction Capital did not develop the characteristics that see us thrive in unconventional market sectors and perform under pressure in reaction to recent adversity. They are embedded in our business model, our leadership style and our culture. They underpin our resilience and our relevance that now, when most would least expect it, create exciting and achievable opportunities to grow, and to meet – and I hope, to exceed – our stakeholders' expectations of growth, and of commercial and net positive socioeconomic returns.

The characteristics and competencies that make the group what it is and give us convincing reason to be confident about the future, are vested in our people – our human and our intellectual capital. Given the intense competition for specialist skills in our markets, we are intensifying our attention to and our investment in retaining, supporting and developing our people, as well as our ability to attract the talent and calibre of people we need to grow.

Development and training remain a key focus for the group, and we are enhancing our retention and attraction mechanisms, especially for leaders and professionals with scarce skillsets, to support our growth ambitions and meet our transformation objectives. Importantly, the group's focus on creating positive socioeconomic value within our markets is a powerful motivator in retaining and attracting high-calibre talent who are incentivised by meaningful work.

We are deeply aware of the risk of burnout and low morale given the personal and professional pressure that has come with COVID-19 and its implications for the way we live and work. Our employee engagement efforts focus on ways to maintain and improve motivation, enthusiasm and passion through regular contact via roadshows, engagement forums, focus groups and other internal communications as well as, most importantly, integrated wellness programmes.

Q

In summary, from this vantage point, what are the 'take-homes' for stakeholders in the group's growth story?

At Transaction Capital, we are seekers of potential. We identify impactful businesses in high-stigma categories that have the potential to achieve sustainable growth and success, and we help them to deliver greater value to their customers, industries and communities, and society at large. As an active investor we are partners, not just owners – we back our businesses beyond the bottom line. We use technology-led insights to make smart decisions that amplify their potential for success, and bring perspectives, skills and resources to bear that enable them to be innovative and progressive as trusted providers and partners in their markets.

I realise that my optimism might seem out of place against a backdrop of socioeconomic fragility and systemic threats, a stagnant local economy and global uncertainty. But our group has the entrepreneurial intuition, backed by the intellectual and financial firepower, to corner new opportunities that will sustain, and then accelerate, our above-market growth trajectory.

We have demonstrated our agility – both strategically and operationally – to find and drive growth in dynamic markets and volatile operating conditions; but our appetite for growth will always be grounded in integrity. Our progressive governance standards will continue to be the underpin of a sustainable and growing business that delivers meaningful shared-value outcomes.

Q&A

WITH MARK HERSKOVITS, CIO

Mark discusses the challenging context in South Africa and the investment opportunities being pursued by the group.

See a video interview with Mark in the online report.

Q

Considering socioeconomic pressures in South Africa, is Transaction Capital focused on the South African or international markets for investment opportunities?

At Transaction Capital, we look at the challenges of any market clearly and rationally, and then find niche opportunities where we can make a positive contribution, and where we can apply our specialist skills to resolve some of the challenges. Typically we look for sectors where others are unwilling or unable to participate, or do not have the risk appetite.

This was our approach in growing SA Taxi and TCRS in South Africa; each operates in markets with historically low levels of client service and stakeholder trust. Over the last 20 years, Transaction Capital and our management teams have worked to professionalise those industries and add transparency and trust to their value offering, alongside a laser focus on constant innovation. By doing that, we have carved out really successful businesses despite a challenging local operating context; and we have disrupted and helped formalise these market sectors, contributing to their viability and sustainability.

Similarly, the opportunity we identified in WeBuyCars stems partly from it operating in an industry that suffers from low levels of consumer trust. WeBuyCars has revolutionised the used vehicle sector and built a trusted brand. The business shares our philosophy – despite the challenging macro context, they have found the opportunities in their sector and turned them into a sustainable, defensible and high-growth business.

Transaction Capital is a growth business. So we will consider growth assets regardless of where they operate. While we are pursuing opportunities to expand our businesses and acquire assets internationally (which I will expand on later), we have strong, high-growth opportunities right here at home. Over this last year, we have been successful in navigating an exceptionally challenging environment made worse by COVID-19. But despite the country's challenges, our South African businesses and the prospects and opportunities we see here still excite us. Our local operations will remain a large part of our investment strategy, as the resilience in the sectors we operate in support continued growth.

Q

After acquiring 49.9% of WeBuyCars in September 2020, Transaction Capital increased its stake to 74.2% in August 2021. What was the motivation for acquiring a controlling stake and what are the prospects for this business within the group?

It was always our hope to take a controlling stake in the business, and this was contemplated in the original purchase agreement. From the outset, we knew WeBuyCars presented a unique opportunity for the group as a high-growth business in a difficult but defensive segment, in which it is a market leader. But we accelerated the increase in our shareholding because after only six months of working with the WeBuyCars management team, it became clear that ours will be a very successful partnership. There is a strong cultural fit, which meant that we could rapidly build trust and common understanding between the management teams; sound reason to fast-track the take up of our stake.

The purchase agreement has options to acquire the remaining shareholding in various tranches; a put option for 7.5% in FY2023 and a put or call option for an additional 7.5% in FY2024, followed by a put or call option to acquire the remainder in FY2026. The thinking here is that it would be value enhancing and in the best interests of all stakeholders to have visibility and certainty around the eventual exit of WeBuyCars' founders, managed through a structured exit. To achieve this, we created a long-term extension of the partnership, which aligns and incentivises the founders to grow the business and maximise shareholder value over a long period.

It is the combination of skills within our partnership that really excites us about the future prospects for this business. Specifically, we want to introduce finance as a principal to WeBuyCars' customers. SA Taxi is built on the foundation of minibus taxi finance, so Transaction Capital has a wealth of experience not only in credit markets, but also in evaluating and growing this kind of business. Of course, WeBuyCars has a huge platform to source transactions and it is highly effective at using its proprietary data and AI to price its vehicles. These complementary advantages give us an obvious opportunity to unlock significant value for WeBuyCars and Transaction Capital over the medium term.

Q

What are your expectations in establishing TC Ventures during the year?

This is another exciting venture rooted in a strong partnership between Transaction Capital and two talented entrepreneurs and investment professionals. Their mandate is to find exciting, high-growth businesses in South Africa aligned to Transaction Capital's strategy and portfolio. As mentioned by David, we are specifically targeting fintech disruptors.

We are looking at businesses that are typically earlier in their life cycles, with potential to grow with the right backing, led by young entrepreneurial founders who have a compelling vision for their business. Backing and working closely with expert, entrepreneurial and meaningfully co-invested management teams is core to Transaction Capital's business model and success, and we are following this principle once again in TC Ventures.

Our aim with TC Ventures is to find and develop the next growth vector for Transaction Capital. It will have the freedom to look at adjacent markets and opportunities that are perhaps not quite ready to be included directly into the main group, but with the potential to do so over time. As such, it serves as an incubator for opportunities and innovation to support our next phase of growth.

It is important to emphasise that these businesses must be strategically aligned to Transaction Capital. As examples, we are considering segments like asset rentals, business process outsourcing, earned wage access platforms, payments and debt review businesses, along with others within our sphere of expertise.

Over time, these businesses should contribute significantly to our focus on consistent earnings growth. But they also stand to attract a new generation of employees, managers, investors and ultimately, executives into Transaction Capital because of the nature of the companies that we are interested in. This will expand and diversify the skillsets and perspectives coming into the group, vital for our future growth.

Q

What does success look like here?

This is a medium- to longer-term strategic initiative, so it will require patience and effort to yield results. In five years, I would consider it to be a success if we have built a robust portfolio of companies under the TC Ventures grouping. Some of these would have already graduated to the Transaction Capital group itself, while others would not. Some may remain standalone businesses in their own right. But all would be high-growth, highly valuable enterprises that we have nurtured over time to reach their full potential. So a good spread of potential and development across the portfolio would certainly signify success in the medium term.

Q

And TC Global Finance? What are your expectations for this business?

This business is specifically focused on offshore markets as a joint venture between Transaction Capital and its founders. David has already spoken in some detail on this partnership, its investment approach and the founders' unique role in managing and de-risking potential investments. Ultimately, we hope to create a platform of scale that will support and grow the Transaction Capital franchise into other international markets.

Q

What are your priorities for the year ahead?

TC Ventures and TC Global Finance will support our growth strategy, and we aim to have made at least one investment into each of them over the next year.

Also, we continue to assess acquisition opportunities within the divisions to enhance their specialised capabilities and growth prospects. Our targets are either bolt-on acquisitions within existing divisions, or new pillars, assessed against our defined acquisition criteria.

Transaction Capital receives tremendous support from the investor community, and the group's balance sheet is well capitalised and liquid. We have proven our ability to deploy our capital effectively to deliver consistent, quality earnings growth and good commercial returns. This requires that we keep looking for growth in our existing businesses, and also in new adjacent markets where we bring together our unique approach as an active investor, our expertise and experience in developing high-potential businesses, and our strong partnership ethic to catch the next wave of new growth for the group.

03

GOVERNANCE

CHAIRMAN'S REPORT

INTRODUCTION

Despite uneven rates of recovery across the markets in which we operate, Transaction Capital's portfolio is adequately diversified and our divisions are well positioned in relation to socioeconomic trends. This provides the springboard from which we will continue to deliver shared-value outcomes. The board is confident that the group can continue to generate strong commercial returns in the medium term, while simultaneously deepening our support for our industry stakeholders and creating net positive, long-term value for broader society.

While global efforts to prevent, detect and respond to COVID-19 have seen some success, especially with mass vaccination programmes dramatically lowering morbidity, the pandemic continues to affect the lives and livelihoods of people across the world. Within Transaction Capital, we are saddened to have lost eight more colleagues to COVID-19 over the year, and we extend our deepest sympathies to their families, friends and co-workers.

The arrival of the fourth wave at the end of 2021 and the emergence of the new Omicron variant mean we cannot look to 2022 with any certainty that COVID-19 will be behind us.

Notwithstanding a rebound in global growth, now trending above pre-pandemic levels, countries are facing different challenges as they count the social and economic costs of the last two years. With a high likelihood of an unequal rate of economic recovery between developed and developing countries, we expect recovery will be slow and cautious. Global supply chain disruptions continue, and the inevitable consequence of economic downturns and market shocks is evident in the unemployment, poverty and inequality that disproportionately affect developing countries, and are likely to have long-lasting effects.

CHRISTOPHER SEABROOKE

"The group's ability to deliver strong shareholder returns was recognised by its achievement of ninth place in the Sunday Times Top 100 Companies."

In last year's report, I stated that the pandemic had intensified already pernicious socioeconomic risks in South Africa, in particular inequality, poverty and access to adequate healthcare, heightening the risk of social instability. Unfortunately, at the height of the third COVID-19 wave in mid-July 2021, this risk became a reality. We witnessed 10 days of civil unrest in the South African provinces of KwaZulu-Natal and Gauteng, along with taxi conflict in parts of the Western Cape, which put further strain on an already frail economy.

See pages 73, 82 and 94 for details of the market contexts of the group's divisions.

RESILIENCE AND GROWTH

Notwithstanding the unrelenting pressure in our trading environments, the group delivered a strong recovery in earnings, returning to its long-term track record of growth in FY2021 from a pre COVID-19 base. Remarkably, the group has achieved compound annual growth in core HEPS of 18% for the seven years to 30 September 2021, despite the impact of the initial phases of COVID-19 in 2020 and a devastating third wave during 2021.

The group's ability to deliver strong shareholder returns was recognised by its achievement of ninth place in the Sunday Times Top 100 Companies, which ranks companies by shareholder returns over a five-year period. Notably, the companies ranking first to eighth were all natural resource companies, with the exception of one renewable energy company.

These returns are underpinned by a strong performance by the group's divisions, which continue to demonstrate resilience and agility in their responses to the volatile dynamics accompanying the pandemic. Operational, financial and strategic flexibility has allowed them to quickly align their operating models, financial structures and growth plans to prevailing economic realities and emerging opportunities. Operational activity in almost all instances is now nearing or exceeding pre COVID-19 lockdown levels.

This recovery demonstrates that the business models of our divisions remain highly relevant, if not more so than before the advent of COVID-19, and their leading positions in defensive market sectors underpin their ability to withstand difficult economic conditions. Given the group's quick and early response to the pandemic last year, the group executive and divisional management teams have also made good progress in identifying new avenues to drive medium-term organic growth in line with pre COVID-19 growth rates.

The group maintained its good standing with investors and raised R1.2 billion through an accelerated bookbuild in July 2021. The majority of this capital was used to finance the acquisition of a controlling stake in WeBuyCars, by increasing our holding to an effective 74.2%. We expect future earnings from this division to exceed our expectations at the time of making our initial investment. This is being supported by favourable structural market trends, including those that have been amplified by the impact of COVID-19. Options remain in place to acquire the remaining 25.1% shareholding by 2026.

Alongside the strategic growth opportunities in each of the divisions, the group continues to actively identify investment opportunities in adjacent markets and related asset classes. In this regard, Transaction Capital is able to apply best-in-class technology, proprietary data and analytics capabilities to generate attractive returns. TC Global Finance is identifying value-accretive investments outside of South Africa in sectors that are aligned with our growth strategy. Co-investment alongside our founders in these international opportunities aligns the interests of Transaction Capital and the founders, and reduces investment risk.

The group has also established TC Ventures, which aims to identify opportunities to expand into adjacent market segments through establishing partnerships with and investing in high-growth, innovative and entrepreneurial South African businesses.

SHAREHOLDER MATTERS

The board and its sub-committees continued providing intensive input and oversight over the year to ensure that all governance processes and controls remained effective, and informed decisions were made backed by extensive modelling and risk analysis.

Considering the key role of information and technology in all aspects of the group's operations and growth aspirations, the board constituted the risk and technology committee as a newly formed sub-committee of the board in September 2021. This committee will ensure that appropriate steps are taken to realise the group's growth objectives, supported by effective IT, technology and digital strategies that are aligned to international best practice. Furthermore, the committee will assess the structure of the group's digital infrastructure on an ongoing basis to ensure it remains commercially relevant and well-resourced, and that IT investment and expenditure are optimised across the group.

Our businesses are financially technical, highly specialised and vertically integrated. As such, assembling a diverse board with relevant skills and experience remains imperative.

With effect from 1 April 2021, Mr Paul Miller resigned as alternate non-executive director to Mr Roberto Rossi. On behalf of the board, I wish to thank Mr Miller for his contribution to the company during his tenure as a director.

Mr Rossi, previously a non-executive director, was appointed as an executive director with effect from 30 September 2021. Mr Rossi's appointment as an executive director reflects his increased engagement with group operations and strategy, and more accurately reflects the role he fulfils within the group.

Ms Phumzile Langeni also resigned as an independent non-executive director and chair of the social and ethics committee with effect from 30 September 2021. Ms Langeni contributed significantly to the functioning of a skilled, diverse and independent board since her appointment in 2009. While serving as chair of the social and ethics committee, Ms Langeni drove our transformation strategy where we have made significant progress. I wish to thank Ms Langeni for her invaluable contribution to the company.

The board welcomed the appointment of Ms Albertinah Kekana as an independent non-executive director with effect from 1 April 2021. Ms Kekana has extensive investment, asset management, investment banking, financial services and business leadership experience. Her appointment will complement and strengthen the independence of the board, and supports our efforts to continuously augment board acumen and diversity.

As approved by the nominations committee and board, Dr Suresh Kana was appointed as the chair of the social and ethics committee and Ms Kekana was appointed as a member of the social and ethics committee, both with effect from 1 October 2021.

The board now comprises eight independent non-executive directors and six executive directors.

As announced on SENS on 26 November 2021, I will be stepping down as chairman of the board on 31 December 2022. The board has demonstrated its calibre through its professional and considered approach to a structured succession process, which will ensure a seamless hand-over to my successor, Mr Ian Kirk. Ian was appointed as a non-executive director of the board in November 2020 and brings a wealth of experience to the group, having served as CEO of Sanlam for five years to 2020, and previously as CEO of Santam for seven years. Ian has in-depth insurance, asset-backed lending and international expansion expertise. I look forward to working with him and my colleagues on the board as I will continue serving as a non-executive director after Ian assumes the chairmanship.

The change in chairmanship also aligns to directives in the new non-executive director policy adopted by the board in November 2021. The policy will ensure that board tenure is managed effectively and that the board continues to act independently and in the best interests of Transaction Capital's shareholders.

See page 47: Non-executive director policy.

As announced last year, Royal Bafokeng Holdings (RBH) acquired a 1.8% stake in Transaction Capital via a secondary purchase of shares in the market in November 2020. As expected, RBH increased its stake by a further 1.8% in January 2021 to a total of 3.6%. This raised R248 million of new equity to further bolster the group's capital structure.

Transaction Capital's free float has increased to 82.5% (2020: 81%) and we have also seen an increase in local and international institutional shareholdings. As a new shareholder of Transaction Capital, Coronation Asset Management (Proprietary) Limited increased its stake over the course of the financial year to 9%. Foreign institutional ownership has decreased slightly to 23% (2020: 24%).

See page 122: Shareholder analysis.

Transaction Capital's ordinary dividend policy is 2.0 to 2.5 times cover. In light of the group's strong financial performance, robust balance sheet and medium-term prospects, the board resolved to resume dividend payments to shareholders this year. Following the interim dividend of 19 cents per share (2020: nil), the board declared a final gross cash dividend of 33 cents per share (FY2020: nil) at 2.5 times cover for the six months ended 30 September 2021.

PROSPECTS AND APPRECIATION

A robust earnings performance in 2021 supports our view that the group can maintain a sustainable trajectory of superior high-quality earnings growth in 2022 and beyond. Based on our current assessment of operating conditions and growth prospects, we expect organic earnings and dividend growth over the medium term to be at least in line with pre COVID-19 growth rates.

SA Taxi and TCRS continue to demonstrate resilience, relevance and responsiveness to their stakeholders, despite the lingering effects of COVID-19. 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. We believe the exceptional growth prospects of WeBuyCars will further accelerate and support a sustainably higher growth trajectory for the group.

Gathering momentum in vaccine rollouts should reduce the risk of further global economic shocks. However, the slower than anticipated rollout of South Africa's vaccination programme, and further sharp downturns in socioeconomic conditions in the country, remain the primary downside risks to our medium-term expectations for growth and returns.

The group's agile responses to the strategic, financial and operational implications of the pandemic have however shown the calibre of our management teams and their ability to navigate volatile dynamics. Underpinned by our prudent capital management approach and driven by the group's deeply embedded culture of entrepreneurship, innovation and integrity, the group is well placed to weather difficult conditions ahead, and to grow.

Over my 11 years as chairman, I have seen Transaction Capital grow from being a small cap stock with earnings of about R240 million, into a business with earnings of more than R1 billion and a market capitalisation of R29.2 billion, a growth strategy that was set and propelled by the board. The board is characterised by a culture of collegial co-operation and respect that encourages professionalism in the group's approach. My sincere thanks to the group's directors, executives and employees for their extraordinary efforts over the years. This is indeed a remarkable group, with an enviable track record and outstanding growth prospects, in no small measure thanks to the calibre and dedication of our people.

ABRIDGED GOVERNANCE REPORT

OUR GOVERNANCE PHILOSOPHY

The board of directors (the board) of Transaction Capital (the group) is the focal point and custodian of the group's corporate governance framework, with the board being ultimately responsible and accountable to stakeholders for the performance, activities and control of the group.

The group is positioned to sustainably deliver shared-value outcomes for our stakeholders by consistently generating strong commercial returns for clients and driving the development of our industries, while simultaneously creating net positive socioeconomic returns with enduring benefits. Robust governance practices are foundational to the group's ability to deliver these outcomes, enabled through our stakeholder-inclusive approach.

KING IV PRINCIPLE 6

Transaction Capital's board is committed to remaining at the forefront of corporate governance, beyond its commitment to complying with legislation, regulations and best practices relevant to the group. The board follows a progressive approach to governance and regards the process of assessing and monitoring adherence to adopted governance standards as a dynamic process. Consequently, we endeavour to continually improve governance structures to match the group's growth and evolution.

Transaction Capital's governance structures are aligned to King IV, which advocates an outcomes-based approach to governance. The board considers value creation against the King IV definition of corporate governance as the exercise of ethical and effective leadership to achieve the governance outcomes of:

AN ETHICAL CULTURE

GOOD PERFORMANCE

An ethical culture and good performance are indivisible for the group in delivering shared-value outcomes. Our governance framework seeks to harmonise our entrepreneurial culture, that drives performance through growth and innovation, and our values-based approach, which enables the group's businesses to respond effectively and ethically to complex dynamics in their markets.

In undertaking its duties of directing the group's strategy, assessing its business model and enhancing sustainability to create value for all stakeholders, the board takes into consideration the risks and opportunities related to the context in which the group operates.

EFFECTIVE CONTROL

The board proactively oversees the review of the group's systems of control and governance. This is operationalised through the combined assurance framework, and continued oversight exercised by the board and its sub-committees. Internal audit, risk and compliance functions collaborate on combined assurance to support the board, and to effectively cover the group's material risks and material matters. Value creation, preservation and erosion are thus included in the group's control environment.

LEGITIMACY

The group seeks to institutionalise best governance practices, which deepen our reputation as a trusted business and social partner, and support the formalisation of our market sectors. This is operationalised through the group's stakeholder engagement strategies and processes, which enable executive management to understand and effectively respond to legitimate stakeholder concerns. Along with risk identification and control, stakeholder concerns are central to the identification of our material matters.

These outcomes provide institutional form and integrity to the group's entrepreneurial growth.

The King IV principles are intended to provide guidance to organisations in continually working towards these governance outcomes. As such, this governance report references each principle where relevant, to demonstrate the group's progress in achieving the outcomes as envisaged in King IV. The board assessed the group's application of King IV and has satisfied itself that the group complied with these principles, in all material aspects, for the year under review.

This icon highlights the application of King IV principles in this report.

KING IV

The full governance report and King IV application are available at **www.transactioncapital.co.za.**

KEY GOVERNANCE OBJECTIVES AND PROGRESS IN 2021

Maintained the group's swift and agile response to COVID-19, returning to our long-term track record of growth.

Page 32: Q&A with David Hurwitz, group CEO.

First ESG roadshow with shareholders.

Page 44: The group's approach to sustainability.

Established the risk and technology committee as a new board sub-committee.

Page 48: Board sub-committees.

Adopted group-wide human rights and environmental policies.

Policies available at **www.transactioncapital.co.za.**

Adopted a non-executive director policy.

Page 47: Non-executive director policy.

Further augmented the board's skills and diversity through the appointment of Albertinah Kekana as an independent non-executive director.

Page 38: Chairman's report.

Reassessed and updated all ethics-related policies in line with best practice, and institutionalised formal training with regards to these policies within the group.

Page 41: Ethics and culture.

Participated in the GIBS Ethics Barometer survey.

Page 41: Ethics and culture.

Updated the group's remuneration policy and disclosure in response to shareholder feedback.

Page 103: Remuneration report.

Centralised the internal audit, risk and ethics functions.

LEADERSHIP, ETHICS AND RESPONSIBLE CORPORATE CITIZENSHIP

ETHICAL LEADERSHIP

The board maintains a high level of individual and collective accountability and responsibility, and strives for fairness and transparency in all its dealings. Together, these principles drive a culture of ethical leadership and protect the creation of value for the group's stakeholders.

The board is responsible for the strategic direction of the group. The board directs strategy with reference to the group's values and ethics charter, to ensure the group consistently delivers shared-value outcomes for all stakeholders. The group's values form a common platform for effective, responsible and ethical leadership, and are the basis for all deliberations, decisions and actions at board level and within every area of the business.

KING IV PRINCIPLE 1

ETHICS AND CULTURE

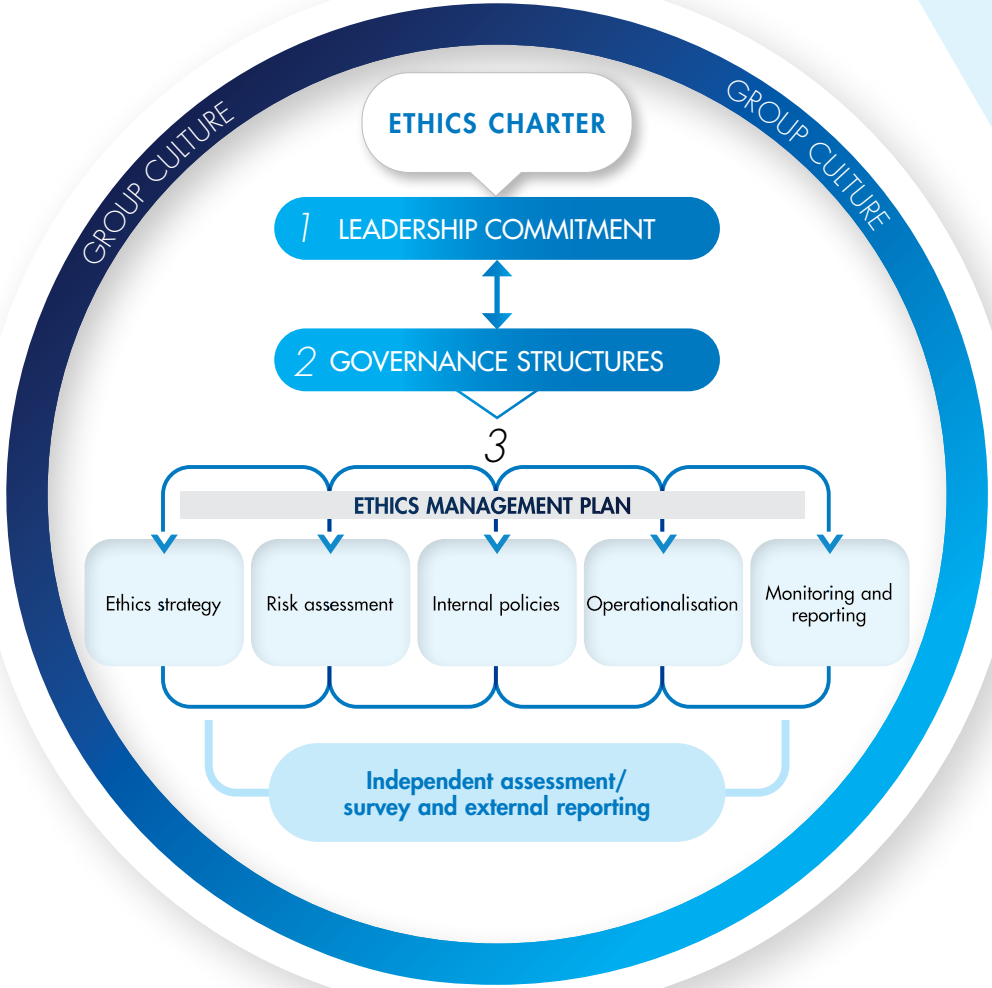
A sound ethical foundation, made real by our executives and employees, provides the basis for how we do business and is viewed as a key competitive advantage in the sectors in which our businesses operate. Transaction Capital's culture of ethics and respect for human rights goes beyond compliance with legal and regulatory requirements and codes of best practice, by being embedded in our day-to-day activities and in the way we manage our stakeholder relationships. Our reputation as an ethical business is key to our clients and customers choosing to partner with us, our suppliers providing good service and walking the extra mile with us, our communities working with us in building our nation, our shareholders trusting our ability to conduct good business that grows in value, the trust of our funders and our continued access to funding, and public sector partners and regulators securing our licence to operate.

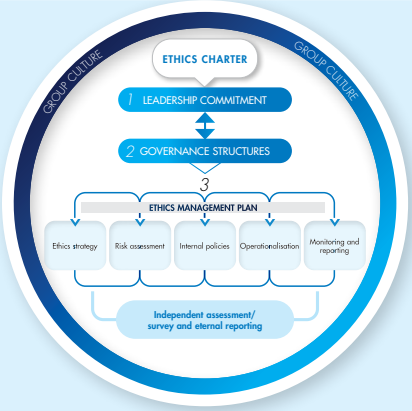
Our values support our ability to maintain an ethical culture by setting the tone for the behaviour we expect from our executives and employees across the group every day. This includes always acting with integrity, striving for excellence, treating all our colleagues and stakeholders with respect, innovating in our markets, and taking accountability for our actions. Together, our ethical and values-based culture lays the groundwork for responsible value creation.

The group's ethics charter constitutes a formally documented policy to guide and entrench an ethical and values-based culture across the group. The ethics charter defines our vision, mission and values, and outlines our approach to delivering shared-value outcomes.

www The group ethics charter and anti-bribery and corruption policy are available at **www.transactioncapital.co.za.**

ETHICS GOVERNANCE FRAMEWORK





Our ethics governance framework sets out the structures and functions for governing ethics across Transaction Capital. Effective governance of ethics enhances our businesses' growth, risk and sustainability profiles and secures our ability to sustainably deliver shared-value outcomes.

See the full governance report for details of this framework.

OUR HUMAN RIGHTS COMMITMENT

Respect for human rights is fundamental for Transaction Capital. We strive to protect and promote human rights in our relationships with all stakeholders. The board, including the CEO and divisional CEOs, are committed to respecting, upholding, protecting and promoting all internationally recognised human rights. They provide leadership in this regard by role-modelling correct behaviour and ensuring that key decisions are aligned to the principles set out in our human rights policy. The human rights policy was approved by the board in the year under review.

The group's human rights policy is available at **www.transactioncapital.co.za.**

KING IV PRINCIPLE 2

RESPONSIBLE CORPORATE CITIZENSHIP

Transaction Capital's business model operationalises our commitment to sustainable and inclusive growth by consistently generating good commercial returns for clients, across our industry value chains, while simultaneously creating net positive socioeconomic returns with enduring benefits. As a result, the principles of responsible corporate citizenship underpin all key aspects of our business, with ultimate responsibility entrusted to the board.

An important step in Transaction Capital's sustainability and responsible corporate citizenship journey was the formalisation and implementation of our ESE framework in 2020. The ESE framework clearly defines each division's societal purpose, which cascades into defined impact areas and supporting metrics.

Progress in operationalising and improving against these ESE indicators forms part of the scorecards of group and divisional executives, supporting alignment to sustainability objectives across the group.

Defining the divisions' respective impact areas was done with reference to specific United Nations SDGs, which aligns our reporting to a uniform market standard and our sustainability to globally relevant goals. By targeting only the following global goals that are aligned to our core operations and strategy, we are able to focus our efforts to make a measurable impact:

See the sustainability report for a detailed overview of the group's sustainability practices.

The board also supports the principles of the United Nations Global Compact in the areas of human rights, labour standards, the environment and anti-corruption, and follows the recommendations of the Organisation for Economic Co-operation and Development (OECD) regarding corruption.

RESPONSE TO COVID-19

The group's swift responses at the onset of the pandemic underpinned a decisive recovery in our divisions, and allowed the group to support its clients and customers when they needed it most, keep our employees safe and provide support and relief in our local communities, all while maintaining uninterrupted business services.

See page 43: Key issues considered by the board – The group's response to COVID-19 for further details.

CLIMATE CHANGE

The board recognises the rapidly changing global context and the risks and opportunities associated with environmental and social factors, particularly climate change. The group has identified climate-related risks and opportunities and is developing and implementing mitigation measures to minimise its impact in this regard. The board acknowledges the need for consistent reporting and has published its roadmap for the adoption of the recommendations of the TCFD as part of its sustainability report.

See page 44: Key issues considered by the board – The group's approach to sustainability for further details.

TAX TRANSPARENCY

The board is ultimately responsible for the group's tax strategy, policy, philosophy and approach, and, together with the audit committee, provides oversight of the group's tax practices and affairs. Transaction Capital is committed to being a responsible taxpayer and ensures professionally executed tax compliance and legitimate tax planning are in place to meet its compliance and disclosure obligations in accordance with all relevant laws.

KING IV PRINCIPLE 3

STRATEGY, PERFORMANCE AND REPORTING

STRATEGY AND REPORTING FUNCTIONS OF THE BOARD

The board appreciates the interconnectedness of the group's vision, business model, strategy and associated material risks and opportunities as set out in the integrated report. In undertaking its duties of directing the group's strategy, assessing its business model and enhancing sustainability to create value for all stakeholders, the board takes into consideration the risks and opportunities related to the context in which the group operates.

See page 44: Key issues considered by the board – Strategy and driving innovation for further details.

See page 102: Remuneration report for details of key performance criteria and targets.

KING IV PRINCIPLE 4

The board acknowledges its responsibility for the integrity of external reports issued by the group. These reports should be read together for a complete view of the group and its performance, seen through the different lenses of our reporting suite. All external reports are considered and approved by the board prior to being issued.

See page 2 for an overview of the group's reporting suite.

KING IV PRINCIPLE 5

KEY ISSUES CONSIDERED BY THE BOARD

01 THE GROUP'S RESPONSE TO COVID-19

The market disruption caused by COVID-19 continued to require elevated levels of board oversight, guidance and engagement into the 2021 financial year. The board and its sub-committees remained actively involved in overseeing and monitoring the group's strategic response to the pandemic and levels of lockdown.

The CEO and his executive team kept the board informed about the impact of COVID-19 on the group's operations. In this regard, the board noted the impact of customer affordability constraints at SA Taxi, exacerbated by COVID-19, on collections and performance. It considered various support measures to the affected minibus taxi operators, as well as emerging opportunities presented by the prevailing economic realities in the form of new, more affordable product development.

The board continued to monitor the impact of the Section 189 process that took place at TCRS in September 2020 due to the impacts of COVID-19. It considered staff morale and measures to ensure a motivated and productive workforce. The board also noted the resultant cost savings carried forward into the new financial year, and the positive impact on the division's performance. The board acknowledged the contribution of TCRS's world-class data, technology and analytics capabilities to its strong performance, supported by the resilience of the informal sector.

The wellbeing of our employees remains a critical priority, and the board considered various actions to ensure their health and safety. The board noted the actions taken to protect employees working at the group's premises, which included comprehensive safety protocols, daily health checks and measures around hygiene and social distancing to ensure working environments are as safe as possible, and considered support provided to employees working from home. The board noted the importance of the various employee assistance programmes in place to support the physical and mental health of employees.

SA Taxi's vaccination centre, open to the minibus taxi industry and the group's employees, was considered a highlight for the year, and employees were strongly encouraged to use this opportunity to get vaccinated. Additionally, the board considered the impact on SA Taxi of civil unrest experienced in KwaZulu-Natal and Gauteng, which led to disruptions in the minibus taxi industry.

The board ensured oversight of the impact of COVID-19 across all areas of risk, which included capital, liquidity, insurance and credit risk, and also opportunities in this regard. Affordability remains a theme in the taxi industry, impacting collections, which are negatively affected during each wave of COVID-19 infections. The board ensured that credit provisioning policies and the application of these policies have been consistent and appropriate for this environment.

The pandemic resulted in an extraordinary number of deaths in SA Taxi's client base, which increased claims in our credit life insurance product. While credit life remains profitable, the claims ratio increased to 83.3% (2019: 45.5%). All existing contracts and authentic claims were honoured, but SA Taxi Protect has repriced this product for the increased risk from COVID-19 going forward.

Capital management is always top of mind, however the board's sharpened focus on an appropriate capital management strategy throughout the pandemic ensured a robust balance sheet. Capital structures were bolstered where needed, allowing the group to pursue growth opportunities. These included an oversubscribed bookbuild to raise approximately R1.2 billion of additional equity capital, and the accelerated acquisition of an additional 24.3% shareholding in WeBuyCars, which the board oversaw.

Key issues considered by the board *continued*

02 STRATEGY AND DRIVING INNOVATION

Strategy is a key responsibility of the board, and it ensures a deep understanding of the business by monitoring strategy execution and engaging with executives across the group.

Key considerations during the year included the accelerated acquisition of an additional 24.3% shareholding in WeBuyCars, resulting in the group increasing its stake to a controlling 74.2%. The board considered and advised on the subsequent integration of WeBuyCars into the group, and the risks and opportunities this presents.

The board noted and monitored SA Taxi's evolving strategy, which included the development of new, more affordable products in consultation with industry stakeholders and an increased focus on the finance and sale of QRTs, which aids affordability and provides an alternative to new Toyota vehicles, decreasing supply chain risk.

See page 87: Q&A with Terry Kier, SA Taxi CEO.

The board noted the evolving focus of TCRS's strategy and business model, which for the year under review centred on leveraging core digital capabilities into three client service offerings, including the newly established BPO division, as well as the division's international expansion into the global NPL market.

See page 99: Q&A with David McAlpin, TCRS CEO.

During the annual strategy session between the board and key executives from across the group in June 2021, the board debated and provided input into the divisional short- and long-term strategies, and approved the group's FY2022 five-year strategy.

The board views innovation as the constant evolution of the divisional business models in identifying new and adjacent product opportunities and market segments, which enable the group to maintain its strong track record of financial outperformance and meaningful social impact. Examples of how these business models have evolved into new opportunities and market segments include greater focus on QRTs in SA Taxi to unlock customer affordability, the leveraging of TCRS's existing technology platform to provide BPO services, and WeBuyCars moving to fully online dealership auctions.

The group continues to actively identify investment opportunities in adjacent markets and related asset classes, in which its best-in-class technology, proprietary data and analytics capabilities enable it to generate attractive returns. TC Ventures and TC Global Finance have been established to support the group executive office in fulfilling and accelerating this strategy.

See page 32: Q&A with David Hurwitz, group CEO.

As some of the above examples demonstrate, the board also understands that information and technology are an integral part of the group's strategy and its ability to deliver value and grow sustainably. As such, the board constituted the risk and technology committee, a newly formed sub-committee of the board, in September 2021. This committee will oversee the governance of information and technology and ensure that appropriate steps are taken to achieve the group's strategic objectives, including monitoring of information and technology investment and expenditure. The day-to-day administration and implementation of information and technology are delegated to chief information officers within the divisions and are integrated into the group's risk management framework.

03 THE GROUP'S APPROACH TO SUSTAINABILITY

Following the approval of the group's ESE framework in 2020, the board oversaw the further operationalisation of the framework during the year under review. This included setting short- and medium-term ESE targets, which form part of the scorecards of group and divisional executives. The board also approved the group's human rights and environmental policies in March 2021.

The board adopted a proactive approach to ESG engagement with stakeholders and conducted the group's first ESG roadshow with shareholders and proxy representatives during June and July 2021. This engagement resulted in a thorough understanding of current ESG focus areas and shareholders' concerns and expectations in this regard, and allowed the group to implement the appropriate measures where gaps were identified. Roadmaps are in place for areas where the board feels more work is required.

The board oversaw a group-wide climate project, in partnership with a carbon and climate consulting firm, to determine the group's base year carbon footprint, set appropriate emissions reduction targets and analyse climate-related risks and opportunities the group faces. A roadmap for the adoption of the recommendations of the TCFD is in place.

See the sustainability report for further details of the group's progress.

The board noted the numerous sustainability frameworks and standards available globally. In an effort to meet stakeholder demands and move towards more standardised and real-time sustainability reporting, the group launched an ESG World Platform profile on its website, which provides real-time, consolidated and searchable ESG information, and references to various sustainability frameworks, including those of the United Nations SDGs, the TCFD, the Global Reporting Initiative and the Sustainability Accounting Standards Board.

04 REMUNERATION

Following from 2020's remuneration discussions, the board reaffirmed the principle of aligning shareholder value with employee awards and the need to balance this with the long-term sustainability of the business.

See page 102: Remuneration report for further information on specific considerations and interventions in this regard.

05 TALENT ACQUISITION, DEVELOPMENT AND RETENTION

The board acknowledges that without attracting, motivating and retaining the best available talent, even the best strategies, business models and structures will fail. The scarcity of executives and managers with specialised technical skills underlines the importance of succession planning and talent development in supporting the group's strong track record for growth. The board noted key talent development and succession planning initiatives across the group, and ensured these initiatives are aligned with the group's transformation objectives. The board also considered the appropriate resourcing of key executive roles across the group, in response to the group's growth trajectory and the opportunities this presents.

KEY BOARD DELIBERATIONS

Every board meeting for the year under review opened with an extensive overview and discussion of the impact of COVID-19 on the group's operations, its employees, its clients and other stakeholders. In addition to standing agenda items such as feedback from the chairpersons of board sub-committees on the deliberations of those committees, comprehensive presentations by the CEO on strategic and material matters and presentations by the CFO on the group's financial results and forecasts at quarterly intervals, the board also deliberated, approved and resolved the following key matters during the 2021 financial year:

OCTOBER/ NOVEMBER 2020

APPROVED

Approved the 2020 annual financial statements and going concern assessment.

RESOLVED

Appointed Suresh Kana as an independent non-executive director and lead independent director.

Appointed Ian Kirk as an independent non-executive director.

DECEMBER 2020/JANUARY 2021

NOTED, CONSIDERED AND PARTICIPATED

Oversaw the initial R500 million investment by Royal Bafokeng Holdings in Transaction Capital through the combination of a specific share issue (R248 million) and an on-market purchase of shares (R252 million), and noted its support for this long-term strategic relationship.

APPROVED

Approved the 2020 integrated annual report, notice of AGM to shareholders and other supplementary reports.

Approved the B-BBEE compliance report, noting the group's improved rating and discussing potential areas for further improvement.

FEBRUARY/ MARCH 2021

NOTED, CONSIDERED AND PARTICIPATED

Held Transaction Capital's first virtual AGM.

APPROVED

Approved the group's human rights and environmental policies.

Reconsidered and approved the group's price-sensitive information and security dealings policy.

RESOLVED

Resolved that all 16 ordinary resolutions and six special resolutions presented for shareholder approval at the AGM were approved with the required majority.

APRIL/ MAY 2021

APPROVED

Approved the group's 2021 interim results and interim dividend, with due consideration of the group's solvency and liquidity position.

Approved the group's accelerated acquisition of an additional 24.3% shareholding in WeBuyCars, subject to Competition Commission approval and the fulfilment of all conditions precedent.

RESOLVED

Appointed Albertinah Kekana as an independent non-executive director.

JUNE/ JULY 2021

NOTED, CONSIDERED AND PARTICIPATED

Held Transaction Capital's first ESG roadshow with shareholders.

Noted specific governance processes and ensured compliance with the Protection of Personal Information Act.

APPROVED

Approved the group's five-year strategy.

Approved the group's accelerated bookbuild, which raised gross proceeds of R1.2 billion.

AUGUST/ SEPTEMBER 2021

APPROVED

Approved the group's 2022 to 2026 financial budgets.

Reconsidered and approved the following group policies:

- Anti-bribery and corruption policy
- Sponsorships and donations policy

RESOLVED

Established the risk and technology committee as a new sub-committee of the board.

Appointed Roberto Rossi, previously a non-executive director, as an executive director with a specific focus on legal, compliance and complex stakeholder engagements.

NOVEMBER 2021 (SUBSEQUENT EVENT)

NOTED, CONSIDERED AND PARTICIPATED

Noted the intention of Christopher Seabrooke to retire as chairman of the board on 31 December 2022.

APPROVED

Approved the group's non-executive director policy.

RESOLVED

Appointed Ian Kirk as chairman of the board with effect from 31 December 2022.

GOVERNING STRUCTURES AND DELEGATION

THE ROLE OF THE BOARD OF DIRECTORS

The board acts as the custodian of governance. It has adopted the board charter and approves group policies and terms of reference for the board sub-committees. The board charter and group policies regulate how the board conducts itself in the best interest of the company and its stakeholders, considering relevant legislation and the principles of good corporate governance.

Transaction Capital's governance and compliance framework facilitates the board's role of providing direction and oversight. It sets the group's risk appetite and a high level of accountability to support consistent compliance with regulatory requirements, while also encouraging an entrepreneurial and innovative mindset as a key driver of performance.

The board delegates specific responsibilities to appropriately mandated and constituted sub-committees. The audit committee and the social and ethics committee fulfil the statutory governance functions on behalf of Transaction Capital, its divisions and group subsidiaries in terms of the Companies Act and King IV.

KING IV PRINCIPLES 1 & 6

See the annual financial statements for the audit committee and social and ethics committee reports.

The board confirms that the group complied with the provisions of the Companies Act and operated in conformity with its memorandum of incorporation for the year under review.

An authority framework is in place for the group, which governs the authority delegated to group management and matters reserved for approval by the board.

SUBSIDIARY BOARDS

Each of Transaction Capital's divisions has its own board of directors, with governance processes aligned to Transaction Capital's governance framework to appropriately allocate levels of authority to individuals and committees throughout the group structure.

The composition of each division's board includes non-executive directors, some of whom may be executive or non-executive directors of Transaction Capital. Directors of these boards are of sufficient calibre, experience, diversity and number for their views to carry significant weight in board decisions. The activities of each division's board include reviewing and providing input on corporate strategy, business plans, risk propensity, budgets and sustainability. Strategies, business plans and performance criteria are clearly defined, with appropriate key performance indicators in place to measure and monitor performance against their strategies.

KING IV PRINCIPLE 6

BOARD COMPOSITION

The board, through the nominations committee, assesses the composition and membership of the board and board sub-committees annually.

Non-executive directors bring independent judgement and experience to the board's deliberations and decisions, with the structure of the board ensuring that no one individual or group of individuals has unfettered powers of decision-making.

The board charter and nominations committee terms of reference prescribe that non-executive directors are selected on the basis that their business skills and expertise are appropriate for the group's strategic direction and its focus on identifying, investing in and operating a diversified portfolio of unique, high-potential businesses in markets where historically poor service and low trust provide opportunities for digitally enabled innovation and disruption. The board and nominations committee consider the academic qualifications, technical expertise, industry knowledge, experience, business acumen and diversity of board appointments. In addition, the board considers the integrity and leadership skills, as well as other directorships and commitments, of all directors to ensure that they have sufficient time available to fulfil their responsibilities.

Based on the annual board review performed in November 2021, the board and nominations committee are satisfied that the board's overall composition (as well as that of its sub-committees) reflects an appropriate combination of knowledge, skills, experience, diversity and independence, as well as knowledge of the group and divisions' specialist expertise and business models.

KING IV PRINCIPLE 7

See page 38: Chairman's report for details of changes in the composition of the board.

Board composition *continued*

SKILLS AND EXPERIENCE

Transaction Capital is led by a strong and technically competent board. To ensure the board retains the skills to fulfil its foundational role in value creation and preservation, the board's skills, knowledge and experience are evaluated annually against a board skills matrix. The skills of the board are also considered together with the overall tenure, diversity and independence of directors.

Context	Group requirement	Skills required against the board skills matrix
The board is ultimately responsible and accountable to stakeholders for the performance, activities and control of the group.	Oversight and guidance.	▶ Leadership ▶ Strategy ▶ Accounting and auditing ▶ Risk and opportunity management ▶ People management and remuneration
The group's businesses operate in markets with historically low levels of client service and stakeholder trust. This requires that we operate ethically and according to the highest standards of corporate governance.	Exemplary corporate governance and ethics.	▶ Governance and compliance ▶ Sustainability/ESE
The group invests in and operates a diversified portfolio of businesses, and seeks to provide competitive and innovative solutions that deliver outstanding commercial benefits to clients.	Core skills aligned to financial services and insurance, as well as its digital strategy, technology risk and opportunity (including data and cyber security), which support the group's growth.	▶ Financial services (including insurance and fund management) ▶ Information and technology ▶ International experience

The 2020 assessment identified skills gaps in sustainability and ESE, and information and technology. The appointment of new directors and an increase in the related skills of existing directors in the current year led to the nominations committee now considering these skills to be sufficiently represented. However, climate change has been elevated from an emerging to a material risk in the group's risk register. Consequently, this is being considered by the nominations committee as a skill that requires further training and upskilling to ensure sufficient oversight.

Based on the 2021 assessment, the nominations committee is satisfied that the skills and experience of the board are adequate for fulfilling its role.

See page 54 for the board skills matrix.

INDEPENDENCE

In terms of their fiduciary duties, directors should act independently in exercising their judgement and fulfilling their duties, and should not have their discretion fettered in any way. This requires that directors apply their minds honestly and make decisions in the best interests of the group on all matters presented to the board. Directors do not participate on matters in which they may be conflicted.

The annual assessment process involved a self-assessment of independence by each non-executive director and an assessment of all the non-executive directors by the board.

As part of the assessment of directors' independence, the board specifically determined that Christopher Seabrooke, as a long-standing non-executive director and chairman of the board, continues to act independently.

In establishing independence and conflicts of interest, questions aligned to King IV are considered for each director.

NON-EXECUTIVE DIRECTOR POLICY

Approved by the board in November 2021, this policy will ensure that board tenure is managed effectively and that the board continues to act independently and in the best interests of Transaction Capital's stakeholders.

The policy guidelines are as follows:

- Newly appointed non-executive directors are proposed for re-election by shareholders at the first AGM after their appointment.
- Non-executive directors are required to retire by rotation every three years and, if nominated by the board, are proposed for re-election at the AGM. One-third of non-executive directors shall retire from office at each AGM. The non-executive directors to retire at each AGM shall be those with the longest tenure in office since their last election.
- The nominations committee will review each non-executive director's independence self-assessment on an annual basis. In the case of any directors having a tenure of over nine years, the committee will specifically consider all aspects of continued independence of those directors and resolve as appropriate to confirm the independence of each such director for the following period.
- The chairperson of the board will be required to retire after a twelve-year tenure, and may continue as a non-executive director at the discretion of the board.
- The chairperson of each board sub-committee will be required to retire after a ten-year tenure, and may continue as a member of the respective board sub-committee. Former chairpersons of committees will be eligible for reappointment as chairperson after a three-year period at the discretion of the board.

EVALUATION AND PERFORMANCE OF THE BOARD AND COMPANY SECRETARY

The annual performance evaluations of the board, its sub-committees and the company secretary were undertaken during November 2021. Based on these evaluations, the board is satisfied as to the directors' commitment to their roles and their performance; sub-committees' effectiveness and that they are operating to an appropriate standard; the effectiveness of the group's risk management processes; the suitability of directors' qualifications, skills and experience required to fulfil respective sub-committee mandates; and that King IV criteria for independence of non-executive directors are met.

Assessments of the expertise, performance and experience of the chairman, lead independent director, CEO, CFO, internal audit executive and the company secretary found that they are performing adequately.

KING IV PRINCIPLES 9 & 10

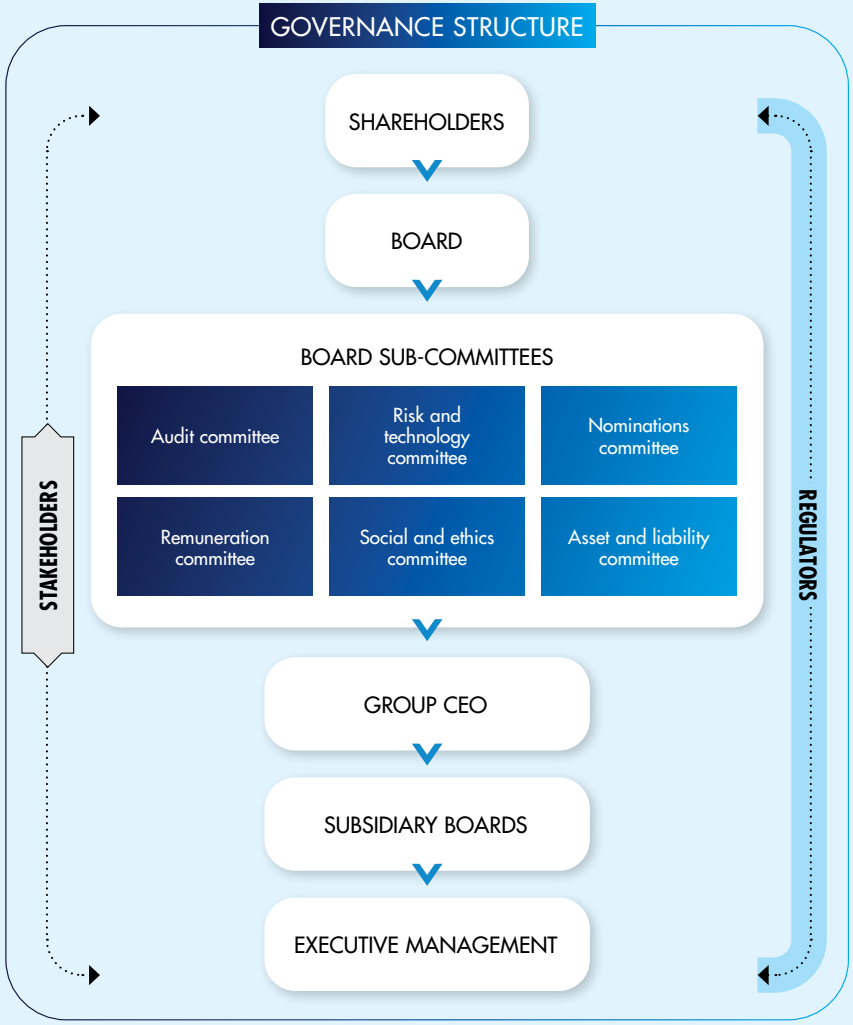
See the full governance report for more information on board and committee assessments during 2021.

BOARD SUB-COMMITTEES

The group's governing structure and delegations of responsibility promote and enhance independent judgement. The board sub-committees assist the board in the discharge of its duties and responsibilities.

The board receives formal feedback from the chairperson of each sub-committee at each board meeting. Sub-committees also report to stakeholders annually, in the integrated report and at the AGM if required.

KING IV PRINCIPLE 8



Board sub-committees *continued*

AUDIT COMMITTEE

With effect from 1 September 2021, the board resolved to establish a new board sub-committee, known as the risk and technology committee. The sub-committee previously referred to as the ARC committee was renamed the audit committee with effect from the same date.

MEMBERS	DIANE RADLEY Chairperson	BUHLE HANISE	SURESH KANA	IAN KIRK
MEETING ATTENDANCE	5/5	5/5	5/5	4/5
OVERALL MEETING ATTENDANCE	95%			
FUNCTIONS MANAGED	▶ Financial accounting and external reporting ▶ Financial controls ▶ Tax ▶ Internal audit ▶ External audit (including non-audit services) ▶ Combined assurance ▶ Credit, insurance and portfolio risk			

VALUE CREATION IN 2021

- Oversight of the impact of COVID-19 on the group's provisioning models, internal control environment and financial results.
- Overseeing the mandatory audit firm rotation process to ensure continuity in the external audit function.
- Monitoring the impact of the effective allocation of capital to both organic and acquisitive growth initiatives.
- Ensuring the mechanisms to comply with JSE Listings Requirement 3.84(k) are in place.
- Continued improvement in the quality of external reporting.
- WeBuyCars accounting integration.

FOCUS AREAS FOR THE YEAR AHEAD

- Continued integration of WeBuyCars' financial and accounting systems.
- Continued improvement in external reporting (ahead of best practice).
- Development and oversight of a group-wide provisioning models committee.
- Further embedding of the JSE Listings Requirement 3.84(k).
- Embedding of the centralised internal audit function.
- Monitoring of capital allocation, specifically relating to international expansion.
- Overseeing the mandatory audit firm rotation process to ensure continuity in the external audit function.

RISK AND TECHNOLOGY COMMITTEE

MEMBERS	IAN KIRK Chairperson	SURESH KANA	DIANE RADLEY
MEETING ATTENDANCE	2/2	2/2	2/2
OVERALL MEETING ATTENDANCE	100%		
FUNCTIONS MANAGED	▶ Risk (including social and environmental risks) ▶ Compliance ▶ IT strategy, governance and investment ▶ Data and information		

VALUE CREATION IN 2021

- Dedicated time to focus on enterprise risk and technology.
- Set up workplan for technology.

FOCUS AREAS FOR THE YEAR AHEAD

- Future technology architecture and how we strategically execute against this.
- Ensure the development of customer-centric solutions.
- Monetise and protect data.
- Awareness and response to business model disruption from technology.
- Project discipline.
- Technology skills focus – attraction and retention.

Board sub-committees *continued*

NOMINATIONS COMMITTEE

MEMBERS	CHRISTOPHER SEABROOKE Chairperson	SURESH KANA	KUBEN PILLAY	ROBERTO ROSSI	SHARON WAPNICK
MEETING ATTENDANCE	2/2	2/2	2/2	2/2	2/2
OVERALL MEETING ATTENDANCE	100%				
FUNCTIONS MANAGED	▶ Directors ▶ People ▶ Succession				

VALUE CREATION IN 2021

- Strengthening board independence and augmenting board acumen and diversity through the appointment of Albertinah Kekana as an independent non-executive director.
- Concluded through the annual board assessment that the board's overall composition (as well as that of its sub-committees) reflects an appropriate combination of knowledge, skills, experience, diversity and independence.
- Succession planning.

FOCUS AREAS FOR THE YEAR AHEAD

- Continued focus on evaluating and enhancing succession planning, with a specific focus on transformation.
- Succession and onboarding of the new chairman of the board.

REMUNERATION COMMITTEE

Roberto Rossi resigned as a member of the remuneration committee with effect from 30 September 2021. Roberto attended all remuneration committee meetings for the year during his time as a member. Sharon Wapnick was appointed as a member of the committee effective the same date.

MEMBERS	KUBEN PILLAY Chairperson	IAN KIRK	CHRISTOPHER SEABROOKE	SHARON WAPNICK
MEETING ATTENDANCE	2/2	2/2	2/2	1/1
OVERALL MEETING ATTENDANCE	100%			
FUNCTIONS MANAGED	▶ Remuneration ▶ People and retention			

VALUE CREATION IN 2021

- Continued monitoring and oversight of the impact of COVID-19 on remuneration to ensure that the long-term sustainability of the business is balanced with the retention, fair reward and attractive incentivisation of talented and specialised executives and employees.
- Enhancements of remuneration policy and disclosure in response to shareholder engagement.
- Successful alignment of shareholder and management interests.

FOCUS AREAS FOR THE YEAR AHEAD

- Continued engagement with shareholders to ensure the group's remuneration policy supports business performance and remains aligned to the interests of its stakeholders.
- Competitive remuneration structures which attract diverse, internationally competitive skills.

Board sub-committees *continued*

SOCIAL AND ETHICS COMMITTEE

Phumzile Langeni resigned as an independent non-executive director and chairperson of the social and ethics committee with effect from 30 September 2021. Phumzile attended all social and ethics committee meetings for the year during her time as chairperson. Suresh Kana, previously a member of this committee, replaced Phumzile as chairperson, and Albertinah Kekana was newly appointed as a member of the social and ethics committee, both with effect from 1 October 2021.

MEMBERS	SURESH KANA Chairperson	DAVID HURWITZ	ALBERTINAH KEKANA	KUBEN PILLAY	ROBERTO ROSSI
MEETING ATTENDANCE	4/4	4/4	1/1	4/4	4/4
OVERALL MEETING ATTENDANCE	100%				
FUNCTIONS MANAGED	▶ Stakeholder engagement ▶ Transformation ▶ Sustainability ▶ Ethics				

VALUE CREATION IN 2021

- Continued monitoring of the physical and mental wellbeing of the group's employees during the pandemic, including actions taken to protect employees working at the group's premises and support provided to employees working from home.
- Monitored the impact of the Section 189 process that took place at TCRS in September 2021, and considered staff morale and measures to ensure a motivated and productive workforce.
- Continued monitoring and oversight of the operationalisation of the group's ESE framework.
- Improvements to the group and SA Taxi B-BBEE ratings, as well as employment equity profiles across the group.
- Robust talent management programmes in place.

FOCUS AREAS FOR THE YEAR AHEAD

- Transformation, with a particular focus on the group's employment equity profiles and diversity.
- Climate change and associated risks and opportunities.

ASSET AND LIABILITY COMMITTEE

MEMBERS	SURESH KANA Chairperson	MARK HERSKOVITS	DAVID HURWITZ	JONATHAN JAWNO	IAN KIRK	DIANE RADLEY	CHRISTOPHER SEABROOKE
MEETING ATTENDANCE	4/4	4/4	4/4	3/4	4/4	4/4	4/4
OVERALL MEETING ATTENDANCE	96%						
FUNCTIONS MANAGED	▶ Funding ▶ Liquidity ▶ Capital						

VALUE CREATION IN 2021

- Oversaw the issuance of SA Taxi's first bond backed by a sustainable bond framework through its Transsec 5 initial issuance – its largest single issuance to date.
- Oversaw raising of R1.2 billion in equity capital, the majority of which was used to finance the acquisition of the controlling stake in WeBuyCars.
- Continued monitoring of the impact of COVID-19 on group cash flows.
- Focused on managing the cost of debt, as Transaction Capital and its divisions are well capitalised with adequate access to liquidity.
- Solidified TCRS funding runway.
- Considered and managed the impact of the civil unrest in KwaZulu-Natal and Gauteng in July 2021 on international funding lines.

FOCUS AREAS FOR THE YEAR AHEAD

- Expanding the funding programme for TCRS to include a wider universe of investors.
- Optimising the WeBuyCars balance sheet.
- Ensuring that the consumer vehicle finance business within WeBuyCars is appropriately structured and funded.
- Overseeing any funding mix changes which may be required for SA Taxi as product design innovations are rolled out to clients.

www More information on committee composition is provided in the full governance report available at **www.transactioncapital.co.za.**

GOVERNANCE OF FUNCTIONAL AREAS

RISKS AND OPPORTUNITIES

Transaction Capital has a board-approved risk framework, which sets the policy, risk appetite and tolerance levels of the group, identifies the material risks and opportunities, and ensures ongoing risk oversight and monitoring for the group. The board is assisted by the risk and technology committee and the asset and liability committee in governing risk in a way that supports the group's strategic objectives and the creation of value.

KING IV PRINCIPLE 11

See the risk report for further details on the group's approach to risk management.

INFORMATION AND TECHNOLOGY

Information and technology are integral to the operations of the group and its divisions, and to their ability to deliver value and grow sustainably. The board has delegated the governance of information and technology to the risk and technology committee, which also ensures that an information and technology governance reporting framework is in place. Chief information officers are appointed at each division, with the appointments ratified by the group CEO. Information and technology expenditure is reported on and governed under the group's authority framework.

The 2021 review of information and technology strategy included an enhanced focus on cybersecurity and connectivity for the group's distributed workforce in response to COVID-19.

KING IV PRINCIPLE 12

See the governance report for further details on the group's information and technology strategy and disaster recovery and business continuity plans.

COMPLIANCE FRAMEWORK

COMPLIANCE STRUCTURES

The risk and technology committee and the social and ethics committee are responsible for compliance oversight. Board processes are in place to keep up to date with changes in the legislative landscape. The group-wide risk framework specifically manages compliance risk, with dedicated internal compliance functions in place within the divisions.

Regulatory compliance is non-negotiable. The board proactively oversees the review of the group's systems of control and governance. It also continually recommends enhancements to ensure that each division is managed ethically, in compliance with legislative requirements and in line with best practice governance guidelines.

KING IV PRINCIPLE 13

REMUNERATION

The remuneration committee is responsible for establishing and overseeing the group's remuneration policy, which promotes the achievement of strategic objectives and encourages individual performance at all levels within the group.

Remuneration consists of base pay and short- and long-term incentives that are deemed to adequately remunerate executives while aligning executive performance with the requirements of shareholders. The remuneration policy and its implementation report are put forward for separate non-binding advisory votes at the AGM. At the AGM held on 5 March 2021, the remuneration policy and implementation report both received the requisite non-binding advisory votes to pass, at 96% and 82% respectively. The remuneration policy was updated after extensive engagement with shareholders and investors on areas of concern.

KING IV PRINCIPLE 14

COMBINED ASSURANCE FRAMEWORK

AUDIT

The audit committee is responsible for overseeing the external and internal audit functions, as well as the combined assurance model and its objectives.

Internal audit, risk management and compliance collaborate on combined assurance to support the board, and to effectively cover the group's material risks and material matters.

EXTERNAL AUDIT

The audit committee is satisfied that the external auditor remains independent of the organisation. The group has a policy in place to address the provision of non-audit services by the external auditors. The audit committee considers the financial reporting procedures that are in place and whether these procedures are operating effectively.

The audit committee considered the tenure of Deloitte & Touche, which has been Transaction Capital's auditors for 13 years.

During this time, the group has rotated audit partners ahead of the five-year mandatory audit partner rotation requirement.

Transaction Capital will undergo a managed transition to new external auditors during the financial year ending 30 September 2024, at the latest. The current responsible audit partner, Stephen Munro, has only been responsible for the Transaction Capital audit for two years and the other key audit partner, Lerato Bacela, for one year.

INTERNAL AUDIT

The role of internal audit is to support the achievement of strategic objectives (and the supporting operational, financial and compliance objectives) through a systematic, disciplined approach to evaluating and recommending improvements that serve to increase the effectiveness of internal controls, risk management and governance processes. The annual internal audit plan is based on an assessment of risk areas identified by internal audit and management, and is updated as appropriate to ensure it is responsive to changes in the group and its businesses.

An independent quality review on internal audit was conducted during 2016, and the internal audit function was found to generally conform to International Standards for the Professional Practice of Internal Auditing, which is the highest rating awarded during such a review. The next independent quality review is set to take place in 2022 following the adoption of a revised internal audit methodology in the year under review. In accordance with Transaction Capital's combined assurance model, internal audit continues to liaise with external audit and other identified assurance providers to effectively assure against key risks.

KING IV PRINCIPLE 15

STAKEHOLDER RELATIONSHIPS

The board, through the social and ethics committee, oversees the group's stakeholder engagement strategies and processes, which enable executive management to understand and effectively respond to legitimate stakeholder concerns. The divisions each have their own tailored stakeholder engagement plans in place, which are reported, considered and discussed at their respective board meetings.

The group's key stakeholder groups have been identified according to their levels of influence on the group, the group's impact on them and the level to which the group collaborates, involves or consults with them. Stakeholder concerns are also prioritised as part of the group's risk management framework.

KING IV PRINCIPLE 16

BOARD COMPOSITION

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHRISTOPHER SEABROOKE (68)
Chairman
BCom, BAcc (University of KwaZulu-Natal), MBA (Wits Business School), FCMA (UK)
Appointed: June 2009
Board meeting attendance: 4/4

BUHLE HANISE (39)
BCom (University of Transkei), BCom (Hons) (University of KwaZulu-Natal), CA(SA)
Appointed: January 2019
Board meeting attendance: 4/4

SURESH KANA (66)
Lead independent
BCom, BCompt (Hons), MCom, PhD (Honorary) (University of the Witwatersrand), CA(SA)
Appointed: November 2020
Board meeting attendance: 4/4

ALBERTINAH KEKANA (48)
BCom, Postgraduate Diploma in Accounting (University of Cape Town), AMP (Harvard Business School), CA(SA)
Appointed: April 2021
Board meeting attendance: 2/3

IAN KIRK (63)
HDip BDP (University of the Witwatersrand), FCA (Ireland), CA(SA)
Appointed: November 2020
Board meeting attendance: 4/4

KUBEN PILLAY (61)
BA, LLB (University of the Witwatersrand), MCJ (Howard School of Law)
Appointed: August 2016
Board meeting attendance: 4/4

DIANE RADLEY (55)
BCom (Rhodes University), BCom (Hons) (University of South Africa), CA(SA), MBA (Wits Business School), AMP (Harvard Business School)
Appointed: July 2018
Board meeting attendance: 4/4

SHARON WAPNICK (58)
BA, LLB (University of the Witwatersrand)
Appointed: March 2020
Board meeting attendance: 4/4

Board members' CVs can be viewed at **www.transactioncapital.co.za.**

EXECUTIVE DIRECTORS

DAVID HURWITZ (50)
Chief executive officer
BAcc (Hons), HDipTax (University of the Witwatersrand), CA(SA)
Appointed: April 2012
Board meeting attendance: 4/4

SEAN DOHERTY (44)
Chief financial officer
BAcc (Hons) (University of Johannesburg), CA(SA), MBA (IE Business School), AMP (Columbia Business School), ACMA (UK)
Appointed: June 2019
Board meeting attendance: 4/4

MARK HERSKOVITS (47)
Chief investment officer
BBusSci (Finance), Postgraduate Diploma in Accounting (University of Cape Town), CA(SA), CFA
Appointed: January 2014
Board meeting attendance: 4/4

JONATHAN JAWNO (55)
BCom (Hons), Graduate Diploma in Accounting (University of Cape Town), CA(SA)
Appointed: March 2003
Board meeting attendance: 4/4

MICHAEL MENDELOWITZ (56)
BCom (Hons), Graduate Diploma in Accounting (University of Cape Town), CA(SA)
Appointed: March 2003
Board meeting attendance: 4/4

ROBERTO ROSSI (59)
BSc (MechEng) and Graduate Diploma (IndEng) (University of the Witwatersrand), BProc (University of South Africa)
Appointed: September 2003
Board meeting attendance: 4/4

OUR BOARD PROFILE

INDEPENDENCE

POLICY:
The board should comprise a majority non-executive directors, of whom the majority should be independent.

TENURE

AVERAGE TENURE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

AVERAGE TENURE **3.7** YEARS

Years	Number of independent non-executive directors
<1	1
1 – 3	5
4 – 6	1
7 – 8	
10 – 12	1

POLICY:
Periodic, staggered rotation of non-executive directors to balance new expertise and perspectives with valuable industry knowledge, skills and experience, while maintaining continuity.

Page 47: Non-executive director policy.

DIVERSITY

NUMBER OF FEMALE DIRECTORS

2021	Board representation 4	TARGET 3
2020	Board representation 4	TARGET 3
2019	Board representation 3	TARGET 3

NUMBER OF BLACK DIRECTORS

2021	Board representation 4	TARGET 3
2020	Board representation 4	TARGET 3
2019	Board representation 3	TARGET 3

POLICY:
The nominations committee sets voluntary targets for race and gender diversity and assesses progress annually. Targets align to the JSE Listings Requirements on the promotion of diversity. Black directors include African, Indian and Coloured directors.

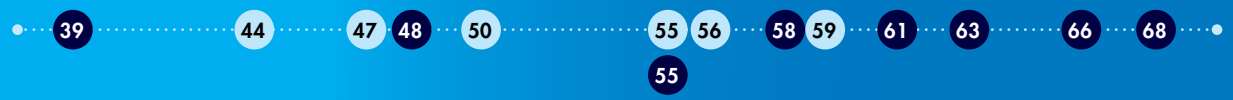
SKILLS AND EXPERIENCE

	Number of directors
Financial services	13
Strategy	12
Governance and compliance	14
Risk and opportunity management	14
Legal and regulatory	10
People management and remuneration	12
Accounting and auditing	9
Information and technology	6
International experience	9
Sustainability/ESE	9
Leadership	14

POLICY:
Non-executive directors are selected on the basis that their business skills and expertise are appropriate to the group's strategic direction. The board and nominations committee consider the academic qualifications, technical expertise, industry knowledge, experience, business acumen and diversity of board appointments.

Age distribution

AVERAGE AGE **55** YEARS



04

PERFORMANCE AGAINST STRATEGY

CFO'S REPORT

INTRODUCTION

Transaction Capital recovered decisively from the operational and financial impacts of the COVID-19 pandemic in FY2021. Core headline earnings from continuing operations attributable to the group increased 264% to R1 005 million, and core HEPS from continuing operations attributable to the group grew 234% to 147.9 cents. This recovery was driven primarily through organic growth in SA Taxi and TCRS, and acquisitive growth due to the acquisition of WeBuyCars.

Our additional investment in WeBuyCars, in which we acquired a further 24.3% shareholding, enabled the group to consolidate 74.2% of WeBuyCars' earnings for two months of FY2021.

Applying FY2019 as a base, the group's core headline earnings and core HEPS from continuing operations attributable to the group were 27% and 15% higher respectively, in line with pre COVID-19 growth rates.

As a measure of maintainable performance, Transaction Capital presents non-IFRS measures referred to as core financial ratios throughout this report, as these are used by management as key metrics in the business. These may be referenced to headline earnings by excluding once-off transaction costs of R6 million (2020: R14 million, 2019: R84 million).

SEAN DOHERTY

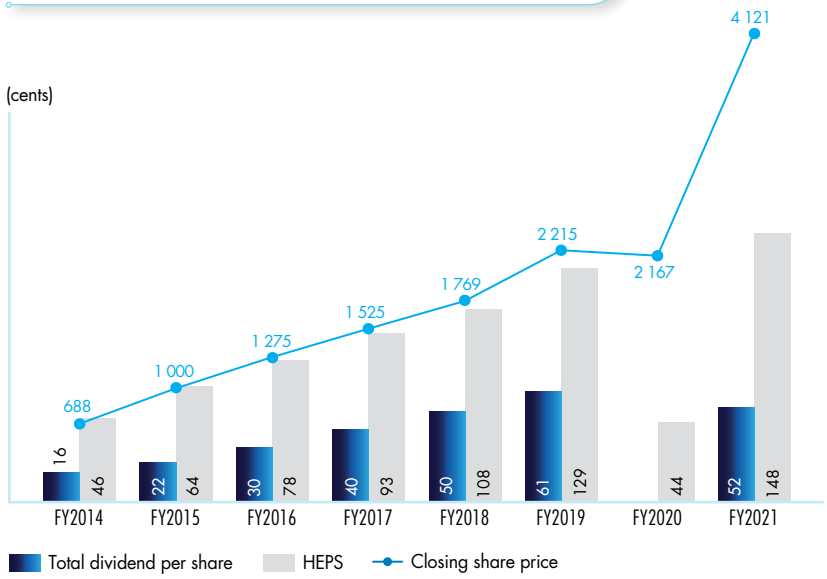
"Transaction Capital recovered decisively from the operational and financial impacts of the COVID-19 pandemic in FY2021."

LONG-TERM TRACK RECORD OF GROWTH RESUMED IN FY2021

CORE HEADLINE EARNINGS
264%
FY2021 vs FY2019: 27%

CORE HEPS
234%
FY2021 vs FY2019: 15%

ROBUST EARNING PERFORMANCE
Resumed dividend payments



CAGR FY2014 to FY2021

Core headline earnings	21%
Core HEPS	18%
Dividend per share	18%
Total shareholder return	32%

HIGHLIGHTS OF FY2021

A ROBUST PERFORMANCE, SUPPORTING THE SUSTAINABLE TRAJECTORY OF HIGH-QUALITY EARNINGS GROWTH.

FINANCIAL PERFORMANCE

Earnings recovery demonstrates resilience, relevance and responsiveness

CORE HEPS

147.9 cents

FY2021 vs FY2020: ↑ 234%
FY2021 vs FY2019: ↑ 15%

CORE HEADLINE EARNINGS

R1 005 million

FY2021 vs FY2020: ↑ 264%
FY2021 vs FY2019: ↑ 27%

PRE-PROVISION PROFIT

R3 605 million

FY2021 vs FY2020: ↑ 100%
FY2021 vs FY2019: ↑ 119%

ROBUST BALANCE SHEET

R1.2 billion equity raised in July 2021, majority of which was invested in value-accretive controlling stake in WeBuyCars

TOTAL ASSETS

R32.3 billion

FY2020: R23.4 billion
FY2019: R18.2 billion

UNDRAWN FACILITIES AT HOLDING COMPANY LEVEL

~R870 million

CAPITAL ADEQUACY RATIO

29.5%

FY2020: 28.5%
FY2019: 29.9%

RETURNS

Dividends resumed, supported by strong performance and robust balance sheet

TOTAL DIVIDEND PER SHARE

52 cents

FY2020: nil
FY2019: 61 cents

Final dividend of 33 cents per share in line with dividend policy of 2.5 times cover.

NET ASSET VALUE PER SHARE

1 375.4 cents

FY2021 vs FY2020: ↑ 56%
FY2021 vs FY2019: ↑ 72%

CORE HEADLINE ROE

15.1%

FY2020: 5.4%
FY2019: 18.2%

Strong recovery, nearing pre COVID-19 levels.

TRANSACTION CAPITAL INCREASED ITS EFFECTIVE SHAREHOLDING IN WEBUYCARS TO 74.2%, WITH OPTIONS IN PLACE TO ACQUIRE THE REMAINING 25.1% BY FY2026.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

PROGRESS IN ADOPTING THE RECOMMENDATIONS OF THE TCFD

- Determined the group's base year carbon footprint (FY2020), incorporating all scope 1 and 2 and select scope 3 GHG emissions.
- The social and ethics committee subsequently approved GHG emissions reduction targets for scope 1 and 2 emissions that are aligned with limiting the global temperature increase to well below 2°C. Targets have been set for the short (FY2025), medium (FY2030) and long term (FY2035).
- The group also partnered with carbon and climate change consultants to identify and assess climate-related risks and opportunities which may have an impact on our business strategy over the short, medium and long term. Through early adoption of mitigating actions, these climate-related risks can be turned into opportunities for the group.

See the sustainability report for further details of our efforts in this regard.

Transaction Capital
CA TRAINING PROGRAMME

TRANSACTION CAPITAL'S CA TRAINING PROGRAMME

Transaction Capital believes that its progress is dependent on the ability, intellect, calibre and character of its people, and the innovative value they create for its counterparties and stakeholders. We attract the best leadership and operational management teams across our various divisions, and we believe this is central to our success. In 2021, we extended this talent attraction pillar to specialised skillsets through the introduction of a CA training programme.

Following our accreditation as a training office for the CA(SA) designation by the South African Institute of Chartered Accountants in August 2021, we opened applications for our first-year trainee intake in 2022. From the interested applicants we have been able to select our top five candidates who will be joining Transaction Capital in February 2022.

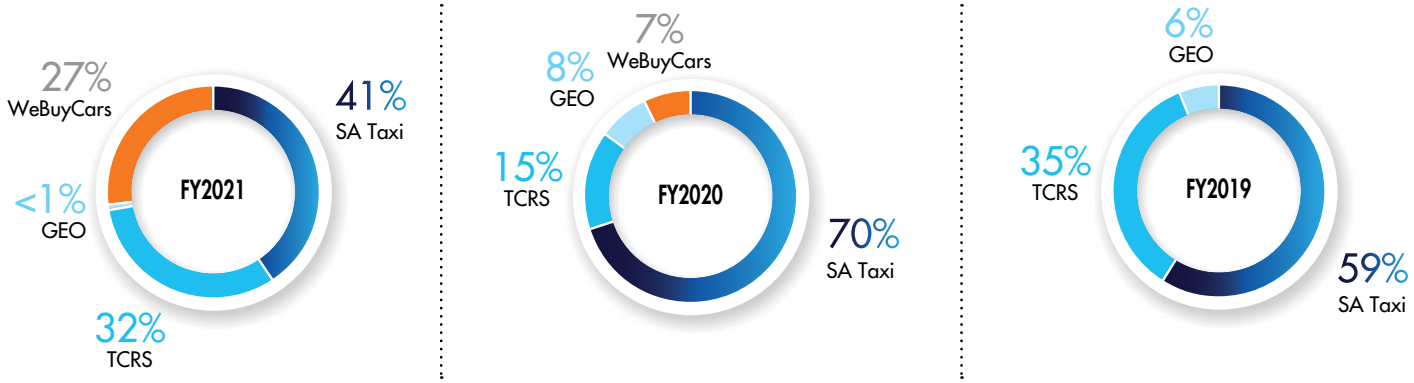
DIVISIONAL PERFORMANCE

GROUP PORTFOLIO MIX

Core headline earnings for the year ended 30 September (Rm)	2021 Total	2021 Attributable to the group	2020	Movement 2021 vs 2020	2019	Movement 2021 vs 2019
WeBuyCars[1]	541	270	19	1 321%	–	–
SA Taxi	499	413	194	113%	466	(11%)
TCRS	320	320	42	662%	278	15%
Group executive office	2	2	21	(90%)	45	(96%)
TOTAL	**1 362**	**1 005**	**276**	**264%**	**789**	**27%**
HEPS (cents)	**–**	**147.9**	**44.3**	**234%**	**129.0**	**15%**

1. *WeBuyCars is consolidated as an effective 74.2% subsidiary of the group with effect from 3 August 2021 in terms of IAS 27 – Separate Financial Statements and 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 and Joint Ventures, applying the equity method.*

COMPOSITION OF EARNINGS



WEBUYCARS

For the year ended 30 September		2021	2020	2019	Movement 2021 vs 2020	Movement 2021 vs 2019
Financial performance						
Core headline earnings[1]	Rm	**541**	302	311	**79%**	74%
Core headline earnings attributable to the group[1]	Rm	**270**	19	n/a	**1 321%**	n/a
Operational performance						
Vehicles purchased	Number	**91 528**	60 764	59 719	**51%**	53%
Vehicles sold	Number	**88 271**	59 177	58 343	**49%**	51%
Total e-commerce sales	%	**30.3**	14.5	n/a		
Total e-commerce sales	Number	**26 810**	8 572	n/a	**213%**	n/a
Business-to-business	%	**91.6**	100	n/a		
Business-to-consumer	%	**8.4**	n/a	n/a		
Vehicle parking bays	Number	**5 747**	3 944	3 700	**46%**	55%

1. *Core headline earnings prior to the initial investment are reported for illustrative purposes only, and do not form part of Transaction Capital's consolidated financial results.*

WeBuyCars has a leading position in a defensive market segment and has continued to trade throughout the COVID-19 pandemic, reaching record monthly volumes. The overall volumes of vehicles traded during FY2021 also exceeded expectations.

Revenue and profit showed strong compound annual growth rates of 38% and 40% respectively in the last three years. With the accelerated acquisition of an additional 24.3% shareholding in WeBuyCars now concluded, the group has been able to consolidate a greater proportion of WeBuyCars' high-growth earnings for two months of FY2021. Headline earnings grew 79% to R541 million in FY2021, with the group's attributable portion at R270 million.

WeBuyCars reached new heights in several categories during FY2021, including total revenue and units bought and sold. It bought a total of 91 528 vehicles, up 51% from the prior year, and sold 88 271 vehicles, up 49%. The average selling price per vehicle also increased by approximately 11% from the prior year. As vehicle prices climb, further rand-value upside for WeBuyCars will be realised as we maintain margins.

The increase in the number of vehicles bought and sold has been driven in part by the expansion of WeBuyCars' physical footprint, with two additional vehicle supermarkets secured in the second half of 2021. The Germiston branch, which opened on 1 June 2021, created additional capacity of 850 parking bays, bringing the total national capacity to above 5 700 bays. Agreements to purchase the TicketPro Dome in Johannesburg have been concluded. This supermarket will initially add approximately 1 100 parking bays to the footprint and has a total capacity of 1 400 bays. As a result, the division's target to increase the volume of vehicles traded to 10 000 per month is on track to be realised sooner than initially anticipated. Accordingly, we have increased our medium-term target to 15 000 vehicle sales per month.

WeBuyCars continues to invest in its e-commerce platform, which is yielding positive results. E-commerce sales account for approximately 30% of total monthly sales (FY2020: 14%), with the majority being concluded through its B2B platform, creating efficiencies in the dealer sales channel. B2C e-commerce capabilities were introduced earlier in the year and now constitute approximately 8% of total e-commerce sales. WeBuyCars' e-commerce capabilities will enable the optimisation of vehicle sales, improve stock turn efficiency and support its growth in the years ahead, as the demand for contactless services on credible digital platforms escalates.

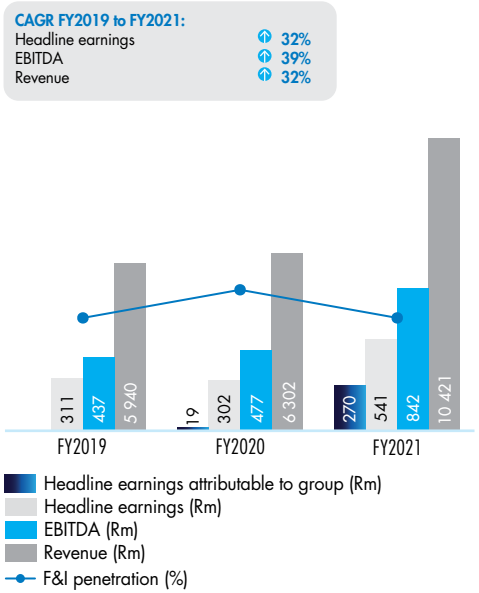
WeBuyCars earns a gross margin on vehicle sales (vehicle margin), with additional gross margin earned on F&I products (product margin, including agency fees and commissions earned). F&I products are sold on behalf of major banks providing asset-backed and unsecured vehicle finance, leading insurance providers and vehicle tracking businesses. Higher take-up of F&I products will enhance unit economics and margins per vehicle sold. WeBuyCars also plans to enhance existing arrangements with providers of F&I products and to add relevant new products, and in the longer term, will seek to offer F&I products as a principal.

CONCLUSION

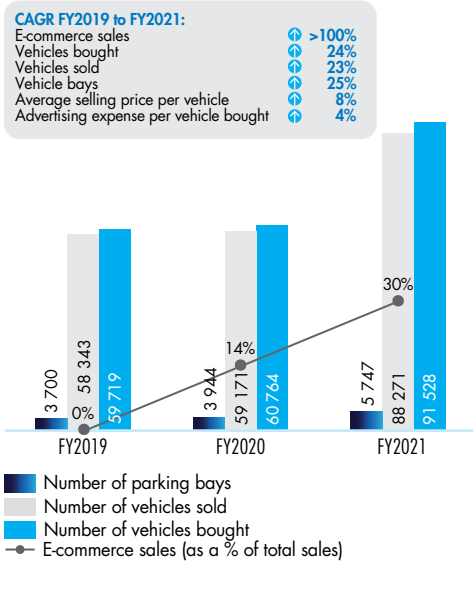
We expect future earnings from WeBuyCars to exceed our expectations at the time of making our initial investment, given favourable market trends. Its strategy to expand geographically, grow its e-commerce offering, optimise stock efficiencies and drive higher penetration of F&I products continues to yield results. We are confident this business will accelerate and support a sustainably higher earnings growth trajectory for the group.

As announced on SENS on 21 September 2021, put and call option arrangements are in place to acquire the remaining 25.1% shareholding in WeBuyCars in various tranches at specific intervals during FY2023, FY2024 and FY2026.

FINANCIAL PERFORMANCE



OPERATIONAL PERFORMANCE



SA TAXI

For the year ended 30 September		2021	2020	2019	Movement 2021 vs 2020	Movement 2021 vs 2019
Financial performance						
Core headline earnings	Rm	**499**	239	545	**109%**	(8%)
Core headline earnings attributable to the group	Rm	**413**	194	466	**113%**	(11%)
Core pre-provision profit	Rm	**1 123**	1 143	1 040	**(2%)**	8%
Non-interest revenue	Rm	**668**	686	667	**(3%)**	0%
Net interest income	Rm	**1 580**	1 358	1 217	**16%**	30%
Net interest margin	%	**12.0**	11.8	12.2		
Core cost-to-income ratio	%	**50.0**	44.1	44.8		
Credit performance						
Gross loans and advances	Rm	**14 044**	12 243	10 753	**15%**	31%
Stage 1	%	**44.5**	33.7	62.0		
Stage 2	%	**36.0**	40.2	21.8		
Stage 3	%	**19.5**	26.1	16.2		
Credit loss ratio	%	**4.3**	7.3	3.2		
Provision coverage	%	**5.6**	6.7	4.8		
Insurance performance						
Gross written premium	Rm	**1 015**	907	823	**12%**	23%
Claims ratio						
Comprehensive vehicle cover	%	**67.2**	58.3	58.2		
Credit life cover	%	**83.3**	49.5	45.5		

Note: Comparative information has been restated for a change in the composition of reportable segments per IFRS 8 – Operating Segments. Road Cover, which was previously reported as part of the TCRS segment, is now reported as part of the SA Taxi segment.

SA TAXI FINANCE, SA TAXI AUTO REPAIRS AND SA TAXI AUTO PARTS

SA Taxi Finance grew gross loans and advances 15% to R14.0 billion. Demand for new and pre-owned vehicles is exceeding pre COVID-19 levels and remains far higher than supply. Loan originations showed a strong recovery, growing 37% despite constrained originations in the second half of FY2021 due to events, discussed later on in this report, that adversely impacted the taxi industry's ability to operate. New vehicle loan originations for the year increased by 24% (5 055 loans) compared to a 62% increase (3 536 loans) in QRT loan originations. This indicates continued strong momentum in the sale and finance of SA Taxi's fully refurbished QRT vehicles.

SA Taxi continues to grow its loan book and preserve credit quality in the current environment. To this end, it is targeting better-quality and experienced minibus taxi operators, resulting in lower rates of loan approval.

SA Taxi Auto Repairs' increased refurbishment capacity supported a higher supply of QRT vehicles to our dealerships, and in turn, loan originations. The division also successfully piloted an initiative to sell its QRTs through one of WeBuyCars' vehicle supermarkets during the year, with expansion to other WeBuyCars dealerships planned.

The growth in gross loans and advances translated into net interest income growth of 16% to R1 580 million. Net interest margin remained stable at 12.0%, being at the upper end of our target range of 11% to 12%.

Collections on SA Taxi's gross loans and advances portfolio showed a steady month-on-month recovery from April 2020, until the risk-adjusted level 3 restrictions came into effect from December 2020. Collection levels again trended towards pre COVID-19 levels from March 2021, but the risk-adjusted level 4 restrictions from June 2021, coupled with civil unrest and taxi conflict, have resulted in collections not yet recovering to pre-pandemic levels. We expect collections to recover over a longer period than we initially envisaged.

The credit loss ratio has remained above the upper end of our 3% to 4% target range at 4.3%. SA Taxi has maintained provisions for the impact on collections, with provision coverage of 5.6% protecting the balance sheet. The credit quality of loans and advances has improved from FY2020 but is not yet back to FY2019 levels. This is apparent in the staging of the book, with stage 3 gross loans and advances improving to 20% in FY2021 compared to 26% in FY2020, but not yet reaching the level of 16% for FY2019. Stage 1 has shown an improvement on FY2020, increasing to 45% from 34%, but is not yet back to the 62% level recorded in FY2019.

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

SA TAXI PROTECT

SA Taxi Protect's competitive advantage is its ability to reduce its cost of claim through efficiencies in SA Taxi Auto Repairs and SA Taxi Auto Parts, which supports competitively priced insurance premiums. Premiums in the comprehensive vehicle insurance product remained stable and increased across special risk products in the year.

With most of SA Taxi Finance clients choosing to insure their vehicles through SA Taxi Protect, gross written premiums showed strong growth of 12% to R1 015 million. SA Taxi's strategy to broaden its client base via direct marketing and its broker network, targeting open market clients (insurance clients not financed by SA Taxi Finance), continued to yield positive results.

Comprehensive vehicle insurance claims remained stable and in line with past performance. As expected, COVID-19 resulted in higher credit life claims and lapse rates. We fulfilled our commitment to our clients in their time of need and paid out a total of R170 million in credit life claims for the year, compared to the pre-pandemic pay-out of R47 million in FY2019. This increased our credit life claims ratio to 83.3% from 45.5% in FY2019 and necessitated adjustments to the product and pricing to reduce the high claims ratio.

SA TAXI *continued*

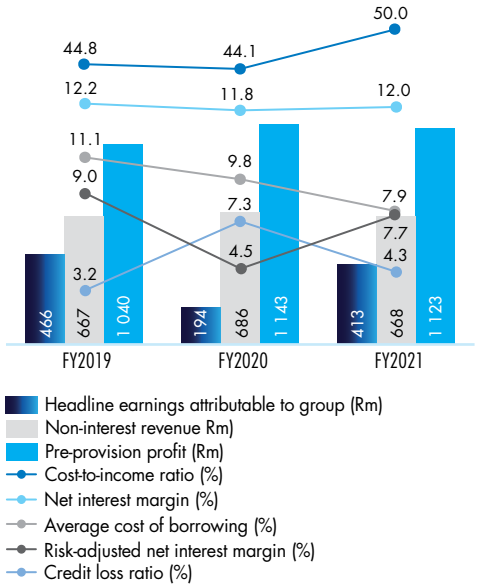
CONCLUSION

Business activity in the minibus taxi industry was disrupted due to the conjunction of the peak of the third wave of COVID-19 in mid-July and 10 days of civil unrest in the South African provinces of KwaZulu-Natal and Gauteng, as well as taxi conflict in the Western Cape.

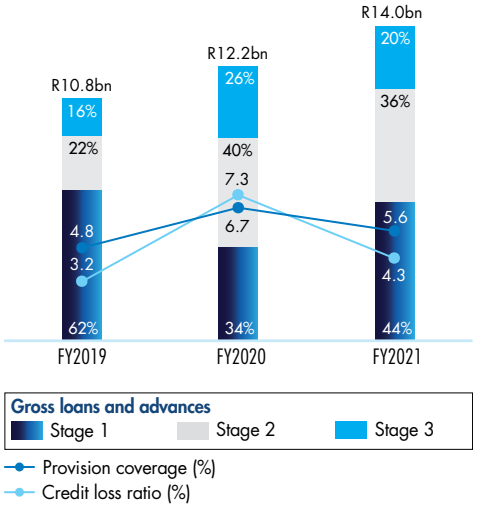
Despite these challenges, SA Taxi posted an operational, credit and financial recovery, with earnings nearing FY2019 levels. This was evident in gross loans and advances growth of 15%, with improving credit quality. Ongoing investment in the business, specifically the expansion of SA Taxi's refurbishment capacity in support of its QRT loan growth and the higher number of credit life claims in FY2021, resulted in a cost-to-income ratio of 50.0% for the year. Although the increase in costs relating to repossessions and refurbishment of QRTs has had a negative impact on the cost-to-income ratio, it has positively impacted the credit loss ratio.

SA Taxi's recovery and organic growth lifted core headline earnings 109% to R499 million, nearing the pre COVID-19 levels of FY2019. The group's attributable portion grew 113% to R413 million.

FINANCIAL PERFORMANCE



CREDIT PERFORMANCE



TRANSACTION CAPITAL RISK SERVICES

For the year ended 30 September		2021	2020	2019	Movement 2021 vs 2020	Movement 2021 vs 2019
Financial performance						
Core headline earnings from continuing operations	Rm	**320**	42	278	**662%**	15%
Core pre-provision profit	Rm	**729**	623	543	**17%**	34%
Non-interest revenue	Rm	**2 391**	2 308	1 935	**4%**	24%
Core cost-to-income ratio	%	**80.6**	98.8	79.7		
Purchased book debts						
Cost price of purchased book debts acquired	Rm	**1 240**	733	1 186	**69%**	5%
Carrying value of purchased book debts	Rm	**3 441**	2 520	2 382	**37%**	44%
Estimated remaining collections	Rm	**6 370**	5 181	4 480	**23%**	42%

Note: Comparative information has been restated for a change in the composition of reportable segments per IFRS 8 – Operating Segments. Road Cover, which was previously reported as part of the TCRS segment, is now reported as part of the SA Taxi segment.

COLLECTION SERVICES

TCRS's collection revenue grew 8% for the year, with collection rates recovering in line with levels anticipated and provided for in our FY2020 financial results. The division will continue to amortise the carrying value of its purchased book debts at a more conservative rate than before COVID-19, further strengthening its balance sheet and improving its quality of earnings.

Acquisition of NPL portfolios as principal

In FY2019, TCRS acquired NPL portfolios to the value of R1 064 million in South Africa and R122 million in Australia. With fewer NPL portfolios coming to market, and in line with our lower risk appetite in volatile conditions, this fell to R653 million in South Africa and R80 million in Australia in FY2020.

In South Africa, TCRS successfully navigated the impact of the third wave of COVID-19 to deliver a strong performance. The acquisition of NPL portfolios is nearing pre-pandemic levels, with the annual investment of R1 052 million in FY2021 slightly behind the investment level in FY2019. We still expect accelerated growth in the market for NPL portfolios as the impact of COVID-19 plays out over the medium term.

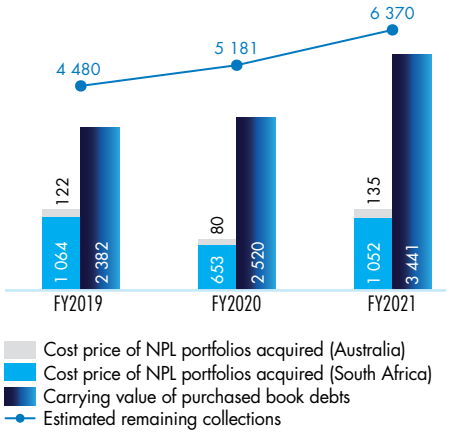
TRANSACTION CAPITAL RISK SERVICES *continued*

In Australia, sporadic lockdowns due to COVID-19 resulted in the impacts on the business experienced during FY2020 continuing unabated into FY2021. Trading conditions were again subdued, with few NPL portfolios being offered for sale, banks still showing greater leniency on outstanding credit, and debt moratoriums continuing. Those NPL portfolios that did come to market attracted strong pricing as demand outweighed supply, contributing to subdued Australian NPL acquisitions over the last two years. Furthermore, the appetite of banks to sell their NPL portfolios continued to decline in favour of contingency and FFS collection mandates. TCRS's diversified business model positions it well to respond to this shift. TCRS invested R135 million in acquiring NPL portfolios in Australia in FY2021, which is higher than the investment in FY2020 due to a purchase made just before year end that will support the recovery into FY2022 as we start to collect on this book.

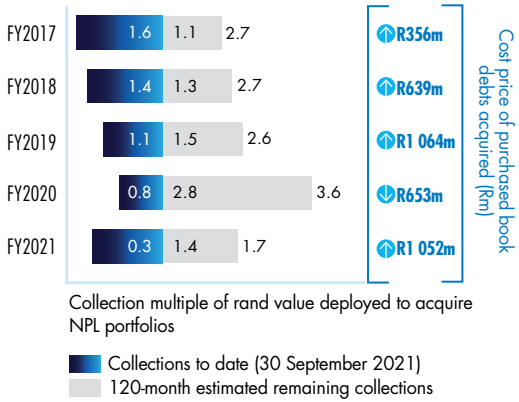
At 30 September 2021, TCRS's NPL portfolios were valued at R3 441 million. We expect annuity revenue of R6 370 million from this asset over the medium term, up 23% from R5 181 million a year ago.

Collections on NPL portfolios owned as a principal in South Africa exceeded our initial expectations, with lower costs yielding improved margins, while collections on NPL portfolios owned as a principal in Australia performed satisfactorily. Australian collection agents were fully enabled to work from home, while the Fiji-based call centre operated efficiently with flexible working hours, supporting this result.

GROWTH TRAJECTORY TO SUPPORT FUTURE POSITIVE PERFORMANCE (Rm)



COLLECTION MULTIPLE VINTAGE PERFORMANCE AS AT 30 SEPTEMBER 2021



Contingency and fee-for-service revenue

Currently more opportunities exist for the purchase of NPL portfolios and as a result revenues from contingency and FFS have been declining relative to principal revenues. At 30 September 2021 the contingency and FFS business made up 38% of total revenue, down from 46% in FY2020 and 50% in FY2019.

Recoveries Corporation in Australia continued to see lower volumes of matters handed over for collection on a contingency basis as credit providers implemented debt moratoria and more conservative collection strategies.

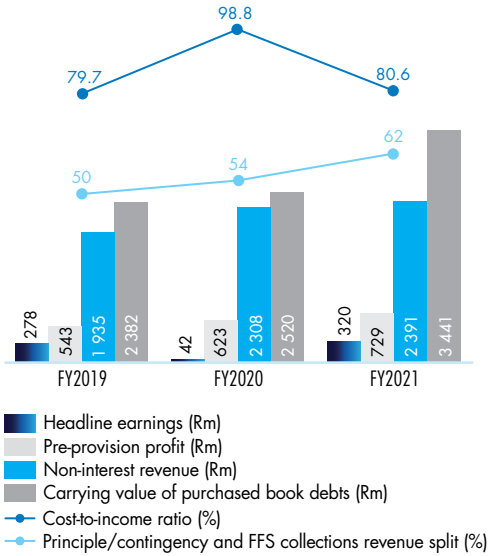
In contrast, clients in South Africa are opting for variable cost structures via outsourced collection services. While retail sales and credit extension remain muted, we are seeing higher volumes of matters handed over for collection on larger NPL portfolios. Cost efficiencies from TCRS's work-from-home capabilities lent further support to a good performance from the South African business.

CONCLUSION

TCRS posted a resilient performance in a challenging operating environment, with robust collection revenues allowing the division to recover to its historic growth trajectory. TCRS grew core headline earnings from continuing operations 662% to R320 million for the year. The division's core headline earnings grew 15% when applying FY2019 as a base, indicating a return to pre COVID-19 growth rates.

The implementation of effective work-from-home capabilities and technologies, together with the proactive recalibration of its staff complement and infrastructure in South Africa, resulted in efficient cost structures, with its core cost-to-income ratio improving to 80.6%.

FINANCIAL PERFORMANCE



BALANCE SHEET, LIQUIDITY AND RETURNS

FUNDING PHILOSOPHY

A dedicated capital markets team manages the group's funding requirements, including a diversified fundraising strategy and a focused strategy for each funding source. The team takes a proactive approach to ensuring the right balance of debt and equity is maintained, and in diversifying the group's funding base by geography, investor type and debt structure to fund the group and divisions' growth plans. The group's funding philosophy is illustrated below:

INNOVATIVE THINKING	ENGAGED DEBT INVESTORS	JUDICIOUS RISK MITIGATION	OPTIMAL CAPITAL STRUCTURES
▸ Innovative thinking is encouraged and cultivated to develop pioneering funding solutions.	▸ **Recurring investment** by debt investors motivated by performance, ease of transaction and appropriate risk-adjusted returns. ▸ Transparent and **direct relationships** with long-standing funding partners, facilitated by valued intermediaries where necessary.	▸ **Optimal liquidity management** between asset and liability cash flows. ▸ Effective management of interest rate, currency and rollover risk. ▸ **Controlled exposure to short-term and bullet instruments.** ▸ **Diversification** by geography, capital pool, debt investor and funding mandate.	▸ Proactively managing valuable capital and funds raised across the group. ▸ Bespoke funding structures to meet investment requirements and risk appetite of a range of debt investors, while also targeting an optimal weighted average cost of capital. ▸ No cross-collateralisation between structures.

Transaction Capital remains well capitalised, with adequate access to liquidity.

On 8 July 2021, we successfully completed an accelerated bookbuild, raising R1.2 billion of equity capital. The bookbuild was oversubscribed multiple times, again demonstrating Transaction Capital's standing in the equity markets. The shares were issued at a price of R35.50 per share, a 4.7% and 4.4% discount to the pre-launch 30-business-day volume-weighted average price (VWAP) of R37.25 and the close price of R37.15 respectively. The 33.1 million shares issued represented, in aggregate, 4.9% of the company's issued ordinary share capital prior to the placing. The majority of the capital raised through the bookbuild was used to finance the acquisition of a controlling stake in WeBuyCars.

Undrawn debt facilities of R870 million at holding company level provide ample liquidity to execute on opportunities resulting from market dynamics pursuant to the COVID-19 pandemic. This includes investment opportunities identified through the divisions of the group as well as in TC Ventures and TC Global Finance.

The group raised a total of R6.6 billion in FY2021 from 37 separate funding transactions, and added four new debt investors to the group. This included the Transsec 5 initial issuance in May 2021, SA Taxi's first social bond issued in the JSE's sustainability segment. The issuance achieved many milestones. It was SA Taxi's largest single issuance to date with R900 million issued, with the lowest initial issuance weighted average margin of 173 basis points above three-month Johannesburg Interbank Average Rate (JIBAR) and a sub-loan of 10% (reduced from 12% in previous issuances). The issuance also introduced four new investors to SA Taxi, with the notable entry of the Public Investment Corporation as a first-time debt funder. ESG-related issuances are an important component of diversifying our funding structures, with demand for such issuances increasing globally.

Subsequent to the end of the 2021 financial year, the group concluded a Transsec 5 tap issuance in November 2021. This raised an additional R543 million for SA Taxi and again set a new milestone by achieving a weighted average margin of 167 basis points above three-month JIBAR.

SA Taxi has adequate liquidity available in undrawn debt facilities to fund expected loan origination throughout FY2022. TCRS's funding requirements for the acquisition of NPL portfolios in South Africa and Australia in FY2022 are already secured. WeBuyCars has a strong balance sheet with low levels of debt, supported by the capital-light nature of its operations, and high cash conversion rates.

Historically low interest rates contributed to a lower average cost of borrowing of 7.8% (FY2020: 9.6%).

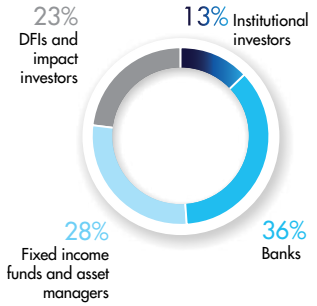
Pleasingly, the group's ROE improved materially to 15.1% from 5.4% in FY2020, trending back towards the medium-term target of 20%. TCRS recorded ROE of 18.7%, bouncing back to just short of FY2019 levels. TCRS continues to target a 60:40 debt-to-equity ratio on its balance sheet and remains comfortably within this ratio. SA Taxi improved its ROE to 13.6% from 8.3% in FY2020, but has not yet returned to levels recorded in FY2019. SA Taxi continues to target a capital adequacy ratio of between 22% and 24%, of which between 18% and 20% is Tier 1 capital. SA Taxi will move to within this targeted range in the medium term.

STRONG BALANCE SHEET POSITION WITH ADEQUATE ACCESS TO LIQUIDITY

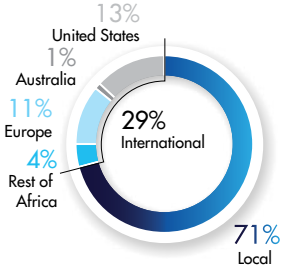
	Transaction Capital	SA Taxi driving our nation forward	Transaction Capital Risk Services	we buy cars
TOTAL ASSETS	R32.3 billion	R18.0 billion Net loans and advances: **R13.3 billion**	R5.5 billion Purchased book debts: **R3.4 billion**	R2.3 billion Inventories: **R898 million** Properties: **R620 million**
TOTAL LIABILITIES	R21.1 billion Senior and subordinated debt: **R16.1 billion**	R14.8 billion Senior and subordinated debt: **R13.5 billion**	R3.7 billion Senior debt: **R2.0 billion**	R1.2 billion Majority relating to property-backed mortgage loans and trade creditors
Available debt facilities	R870 million approved undrawn facilities at holding company level for immediate execution on opportunities.	Available undrawn facilities covering loan origination requirements for FY2022.	Available undrawn facilities covering acquisition of NPL portfolios for FY2022.	Capital-light business model with high cash conversion rates.
TOTAL EQUITY	R11.1 billion Capital adequacy ratio: **29.5%** ▸ Equity: **26.4%** ▸ Subordinated debt: **3.1%**	R3.2 billion Capital adequacy ratio: **20.7%** ▸ Equity: **15.9%** ▸ Subordinated debt: **4.8%**	R1.8 billion Leverage: **3.1 times**	R1.1 billion Return on funds employed: **107.0%**

DIVERSIFIED DEBT FUNDING STRATEGY

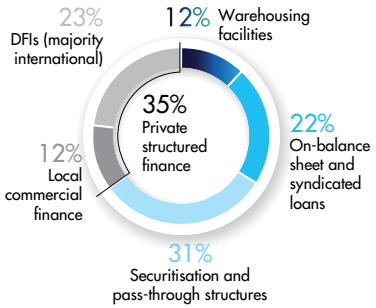
DIVERSIFICATION BY DEBT INVESTOR CATEGORY AND CAPITAL POOL



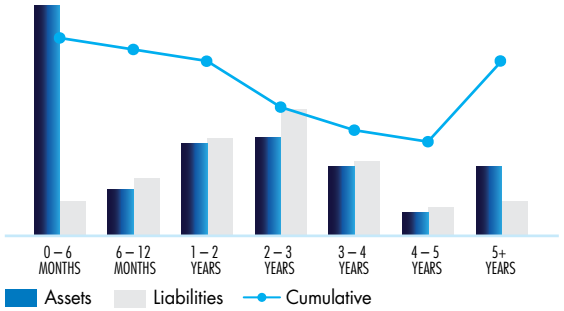
DIVERSIFICATION BY GEOGRAPHY



DIVERSIFICATION BY FUNDING STRUCTURE AND INSTRUMENT



POSITIVE LIQUIDITY MISMATCH



DEBT STRUCTURE	PASS-THROUGH STRUCTURES	WAREHOUSING FACILITIES	PRIVATE STRUCTURED FINANCE (MAJORITY INTERNATIONAL DFIs)	ON BALANCE SHEET AND SYNDICATED LOANS
FY2021 BALANCE	R4.6 billion	R1.9 billion	R4.6 billion	R3.4 billion
COMPOSITION	~32%	~13%	~32%	~23%
DEBT INVESTORS	**16 debt investors** ▸ Banks ▸ Institutional investors ▸ Fixed income funds and asset managers	**2 debt investors** ▸ Banks	**16 debt investors** ▸ DFIs and impact funders ▸ Banks ▸ Fixed income funds and asset managers	**10 debt investors** ▸ Banks ▸ Institutional investors ▸ Fixed income funds and asset managers
INSTRUMENTS	▸ Rated and listed securitisation notes ▸ Private or bilateral loans and debentures ▸ Transsec 5 initial and tap issuances	▸ Asset-backed loans	▸ Private bilateral	▸ Syndicated loans ▸ Overdraft and working capital facilities
COVENANTS	▸ No accelerated repayment covenant ▸ Interest rate step-up after year 5 ▸ No fixed repayment profile ▸ Debt repayment matched to collections on asset pool	▸ No accelerated repayment covenant ▸ Revolving structure ▸ No fixed repayment profile ▸ Debt serviced from collection on or sale of asset pool	▸ Fixed repayment profile ▸ Debt serviced from collection on asset pool	
	Transsec 3 (RF) Limited Transsec 4 (RF) Limited Transsec 5 (RF) Limited SA Taxi driving our nation forward Finance Solutions Transflow (RF) Proprietary Limited	Potpale Investments	SA Taxi driving our nation forward Impact Fund SA Taxi driving our nation forward Development Finance SA Taxi driving our nation forward Securitisation	Transaction Capital Transaction Capital Risk Services SA Taxi driving our nation forward Holdings Taximart quality renewed taxis we buy cars

GROUP FINANCIAL PERFORMANCE

HEADLINE EARNINGS

For the year ended 30 September (Rm)	2021	2020	2019	Movement 2021 vs 2020	Movement 2021 vs 2019
Net interest income	**1 431**	1 264	1 195	**13%**	20%
Impairment of loans and advances	**(563)**	(836)	(322)	**(33%)**	75%
Risk-adjusted net interest income	**868**	428	873	**>100%**	(1%)
Non-interest revenue	**3 365**	2 987	2 602	**13%**	29%
Core operating costs	**(3 116)**	(3 069)	(2 321)	**2%**	34%
Core operating income	**1 117**	346	1 154	**>100%**	(3%)
Non-operating profit	**1 419**	5	7	**>100%**	>100%
Equity accounted income	**213**	32	4	**>100%**	>100%
Core profit before tax	**2 749**	383	1 165	**>100%**	>100%
Core income tax expense	**(325)**	(79)	(289)	**>100%**	12%
Core profit from continuing operations	**2 424**	304	876	**>100%**	>100%
Non-controlling interests	**(116)**	(45)	(79)	**>100%**	47%
Core profit from continuing operations attributable to ordinary equity holders	**2 308**	259	797	**>100%**	>100%
Headline earnings adjustments	**(1 303)**	17	(8)	**(>100%)**	>100%
Core headline earnings from continuing operations attributable to ordinary equity holders	**1 005**	276	789	**>100%**	27%

STATEMENT OF FINANCIAL POSITION

At 30 September (Rm)	2021	2020 Restated*	2019	Movement 2021 vs 2020	Movement 2021 vs 2019
Assets					
Cash and cash equivalents	**2 236**	1 794	919	**25%**	>100%
Trade and other receivables	**1 477**	1 522	1 287	**(3%)**	15%
Inventories	**2 477**	1 032	832	**>100%**	>100%
Loans and advances	**13 305**	11 545	10 991	**15%**	21%
Purchased book debts	**3 441**	2 520	2 382	**37%**	44%
Equity accounted investments	**301**	2 153	92	**(86%)**	>100%
Other assets	**9 194**	2 988	1 960	**>100%**	>100%
Total assets	**32 431**	23 554	18 463	**38%**	76%
Bank overdrafts	**364**	387	381	**(6%)**	(4%)
Trade and other payables	**2 459**	686	709	**>100%**	>100%
Insurance contract liabilities	**271**	374	537	**(28%)**	(50%)
Interest-bearing liabilities	**16 139**	14 639	10 804	**10%**	49%
Lease liabilities	**420**	417	2	**1%**	>100%
Other liabilities	**1 633**	678	558	**>100%**	>100%
Total liabilities	**21 286**	17 181	12 991	**24%**	64%
Total equity	**11 145**	6 373	5 472	**75%**	>100%
Total equity and liabilities	**32 431**	23 554	18 463	**38%**	76%

** In terms of IFRS 3 – Business Combinations, the provisional accounting applied to the acquisition of Net1 Fihrst Holdings (Pty) Ltd was finalised in FY2021. As a result, the intangible assets identified from the business combination were reduced by R14 million, the related deferred tax liability was reduced by R3 million and goodwill increased by R11 million. The impact on the statement of comprehensive income is negligible. Comparative information was restated accordingly.*

STATEMENT OF CASH FLOWS

For the year ended 30 September (Rm)	2021	2020	2019	Movement 2021 vs 2020	Movement 2021 vs 2019
Cash flow from operating activities					
Cash generated by operations	**892**	610	452	**46%**	97%
Interest received	**2 064**	2 039	2 153	**1%**	(4%)
Interest paid	**(1 148)**	(1 194)	(1 190)	**(4%)**	(4%)
Income taxes paid	**(201)**	(115)	(108)	**75%**	86%
Dividends paid	**(162)**	(275)	(380)	**(41%)**	(57%)
Cash flow from operating activities before changes in operating assets and working capital	**1 445**	1 065	927	**36%**	56%
Increase in operating assets	**(2 740)**	(1 838)	(2 592)	**49%**	6%
Increase in working capital	**(691)**	(462)	(553)	**50%**	25%
NET CASH UTILISED BY OPERATING ACTIVITIES	**(1 986)**	**(1 235)**	**(2 218)**	**61%**	**(10%)**
Cash flow from investing activities					
Acquisition of property and equipment	**(83)**	(57)	(48)	**46%**	73%
Proceeds on disposal of property and equipment	**1**	4	3	**(75%)**	(67%)
Acquisition of intangible assets	**(108)**	(214)	(57)	**(50%)**	89%
Investment into equity accounted investment	**(39)**	(1 604)	(87)	**(98%)**	(55%)
Acquisition of subsidiary	**(23)**	(175)	(7)	**(87%)**	>100%
Proceeds on disposal of subsidiary	**–**	30	8	**(100%)**	(100%)
NET CASH UTILISED BY INVESTING ACTIVITIES	**(252)**	**(2 016)**	**(188)**	**(88%)**	**34%**
Cash flow from financing activities					
Proceeds from interest-bearing liabilities	**8 648**	10 797	9 088	**(20%)**	(5%)
Settlement of interest-bearing liabilities	**(7 185)**	(7 163)	(8 101)	**0%**	(11%)
(Settlement)/proceeds in other short-term borrowings	**(21)**	26	76	**(>100%)**	(>100%)
Repayment of lease liabilities	**(61)**	(52)	–	**17%**	100%
Additional interest acquired in subsidiary	**(82)**	–	(28)	**100%**	(100%)
Net proceeds on issue of shares by subsidiary to non-controlling interests	**–**	–	1 135	**(100%)**	(100%)
Repurchase of shares	**–**	(42)	(11)	**(100%)**	(100%)
Issue of shares	**1 407**	550	–	**>100%**	100%
NET CASH GENERATED BY FINANCING ACTIVITIES	**2 706**	**4 116**	**2 159**	**(34%)**	**25%**
Net increase in cash and cash equivalents	**468**	865	(247)	**(46%)**	(>100%)
Cash and cash equivalents at the beginning of the year	**1 422**	538	784	**>100%**	81%
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(16)**	19	1	**(>100%)**	(>100%)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**1 874**	**1 422**	**538**	**32%**	**>100%**

DIVIDEND DECLARATION

Transaction Capital's ordinary dividend policy remains 2 to 2.5 times cover. In light of the group's strong financial performance, robust balance sheet and medium-term prospects, the board resolved to resume dividend payments to shareholders this year (FY2020: nil).

Following the interim dividend of 19 cents per share at 3.4 times cover, the board declared a final dividend of 33 cents per share at 2.5 times cover for the six months ended 30 September 2021.

ACCOUNTING POLICIES

Transaction Capital's objective is to ensure that appropriate, understandable and sustainable accounting policies, which are aligned with the group's commercial realities, risks and strategies to the greatest extent possible, are adopted and implemented. The group has consistently applied all accounting policies in the current financial year.

AUDIT REPORT

The auditors issued an unmodified audit opinion for the 2021 financial year.

See the annual financial statements for further details.

SUBSEQUENT EVENTS

Transaction Capital settled the consideration payable for the acquisition of an additional 25.1% interest in WeBuyCars on 5 October 2021. The consideration was settled through the payment of R870 million in cash, the issue of 10 526 972 ordinary shares in Transaction Capital Limited, and vendor financing of R363 million provided. A contingent consideration fairly valued at R132 million will be settled in FY2023.

On the same day, a put option in favour of the WeBuyCars minority shareholders and a call option in favour of Transaction Capital Motor Holdco (TCMH) became unconditional, which if exercised could result in TCMH acquiring, in various increments and at various intervals, the remaining shareholding in WeBuyCars.

No other events which would have a material impact on either the financial position or operating results of the group have taken place between 30 September 2021 and the date of release of this report.

LOOKING FORWARD

Focus areas for the year ahead include:

- Accelerating the group's acquisitive growth strategy.
- Integrating WeBuyCars into the group.
- Further operationalising the group's ESE framework, including monitoring and tracking ESE performance against targets set in FY2021.
- Maintaining or improving B-BBEE ratings at group and divisional levels.
- Continued implementation of the group's digital strategy.
- Developing and implementing various talent initiatives, with an initial focus on the CA training programme.
- Delivering on divisional business strategies.

See page 38: Chairman's report for Transaction Capital's prospects statement.

APPRECIATION

To my colleagues on the board and in the group executive team, thank you for your support and guidance during the year. Thank you to the dedicated and talented finance, risk and governance teams for consistently delivering to a very high standard in what has been an uncertain but very rewarding year.

DIVISIONAL REVIEWS

WEBUYCARS

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

Entrepreneurial, founder-led and proudly South African, leveraging **~20 years of experience** in proprietary vehicle, price and consumer data with AI. WeBuyCars has **no brand affiliation** and 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 uses **AI technology** to adjust pricing according to the value and demand of a vehicle.

WeBuyCars' offering extends beyond buying and selling vehicles as a principal to **offer finance, insurance, tracking and other allied products** as an agent.

A **differentiated buyer and seller** of used vehicles, WeBuyCars trades through physical vehicle supermarkets and buying pods. E-commerce activities include an established **B2B** e-commerce offering with proven, but nascent **B2C** e-commerce activities commenced.

PERFORMANCE OVERVIEW

NUMBER OF VEHICLES PURCHASED
91 528
FY2021 vs FY2020: ↑ 51%
FY2021 vs FY2019: ↑ 53%

NUMBER OF VEHICLES SOLD
88 271
FY2021 vs FY2020: ↑ 49%
FY2021 vs FY2019: ↑ 51%

E-COMMERCE SALES
30%
FY2020: 14%
FY2019: 0%

E-COMMERCE SALES – B2B
28%
FY2020: 14%
FY2019: 0%

E-COMMERCE SALES – B2C
2%
FY2020: 0%
FY2019: 0%

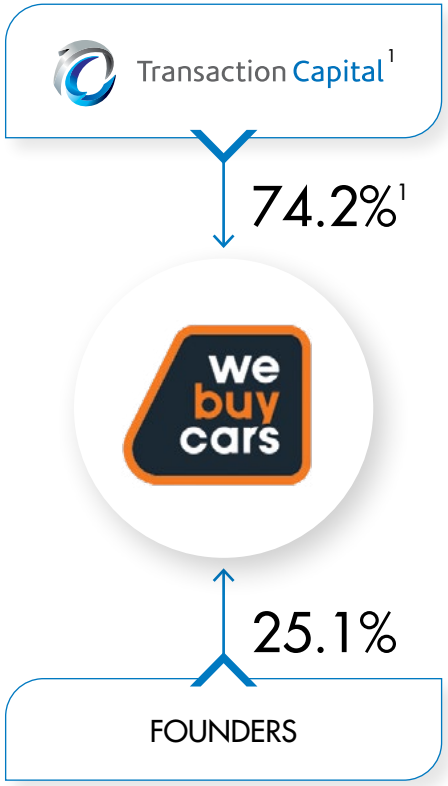
CORE HEADLINE EARNINGS
R541 million
FY2021 vs FY2020: ↑ 79%
FY2021 vs FY2019: ↑ 74%

CORE HEADLINE EARNINGS ATTRIBUTABLE TO THE GROUP
R270 million
FY2020: R19 million
49.9% investment on 11 September 2020
24.3% additional investment on 3 August 2021

INVESTMENT TERMS

TRANSACTION CAPITAL INCREASES ITS EFFECTIVE SHAREHOLDING IN WEBUYCARS TO 74.2%

WEBUYCARS SHAREHOLDING STRUCTURE POST SUCCESSFUL CONCLUSION OF THE TRANSACTION



See the SENS announcement released on 21 September 2021 for further details.

ESTIMATED TOTAL INVESTMENT OF ~R3.4 BILLION

- Initial **49.9%** investment of **R1.8 billion.**
- Additional **24.3%** investment of **R1.6 billion.**
  - Based on WeBuyCars' estimated earnings for FY2021 and FY2022, and Transaction Capital's future share price.
- PE multiple[2] of **~8.9x.**

See the SENS announcement released on 21 September 2021 for further details.

OPTIONS IN PLACE TO ACQUIRE THE REMAINING 25.1%

- **25.1%** to be acquired in various tranches at specific intervals:
  - Put option to acquire **7.5%** in FY2023.
  - Put or call option to acquire **7.5%** in FY2024.
  - Put or call option to acquire **remaining shareholding** in FY2026.

CONTINGENT CONSIDERATION UNTIL FINALISATION OF FY2022 EARNINGS

- **15%** of **10.5x** the amount by which FY2022 earnings growth exceeds **16.7%** of FY2021 earnings, up to 21%.
- **Plus 15%** of **5.25x** the amount by which FY2022 earnings growth exceeds **21%** of FY2021 earnings.

PURCHASE CONSIDERATION

- PE multiple of **~9x** to **~10.5x**.
  - Based on WeBuyCars' estimated profit after tax for the 12 months ending 30 September.
- Net value of property improvements and acquisitions.
- Amount in excess of working capital of WeBuyCars' profit after tax.
- Embedded value of insurance cell captive arrangement with Guardrisk.

> We expect future earnings from this division to exceed our expectations at the time of making our initial investment, given favourable market trends. Consolidating a greater proportion of WeBuyCars' high-growth earnings will accelerate the group's earnings growth.

1. Simplified transaction structure. Transaction Capital via Transaction Capital Motor Holdings, a 99% subsidiary of Transaction Capital. The Empire Family Trust, representing Terry Kier (SA Taxi's CEO), owns 1% of Transaction Capital Motor Holdings. | 2. Based on WeBuyCars' estimated earnings for the 12 months ending 30 September 2021.

STRATEGIC AND OPERATIONAL HIGHLIGHTS

ENTERING THIS NEW ADJACENT MARKET IS ACCELERATING TRANSACTION CAPITAL'S EARNINGS GROWTH RATE

VALUE AND EARNINGS ACCRETIVE INVESTMENT

Increased shareholding from 49.9% to 74.2%

Transaction Capital consolidated WeBuyCars' high-growth earnings for ~two months.

Business model gained relevance in the COVID-19 environment

Structural elements supporting the business

- Shift from public transport to personal vehicle ownership, which is an aspiration deeply rooted in South African culture.
- In 2020, 23% of households used personal vehicles as their main mode of transport, with a positive shift from passengers to drivers.
- Increase in used vehicle sales and decrease in new vehicle sales over the last 10 years.
  - Resulting from consumers' disposable income being under strain and new vehicle prices increasing.

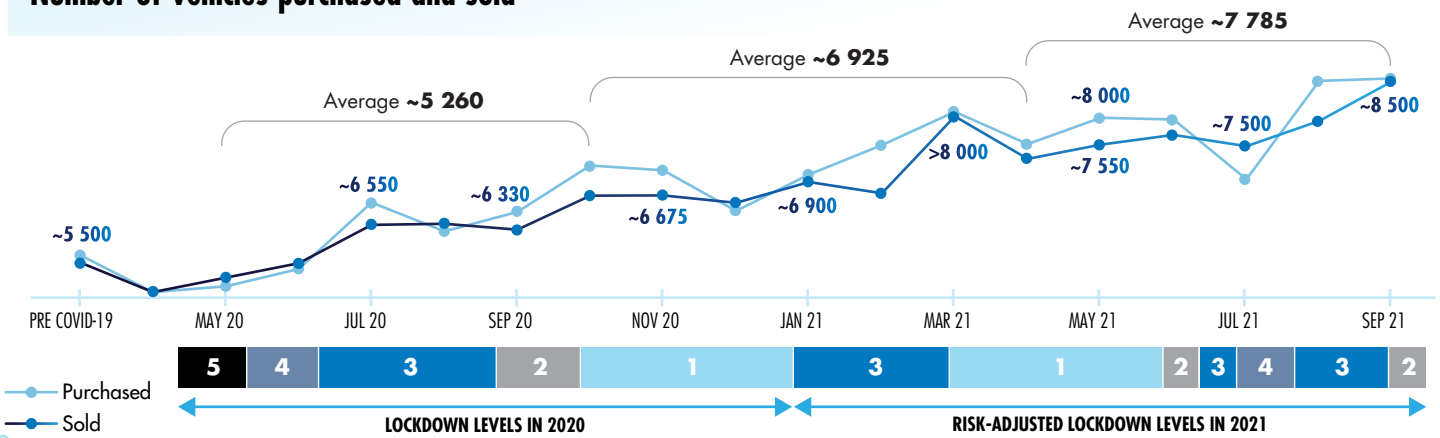
See page 73: Market context and environment.

Cyclical trends increasing business model relevance

- Disruption of global production led to stock shortages of new vehicles.
- New vehicles sales in September 2021 ↓ 13.1% compared to 2019 levels.
- Used vehicles sales in September 2021 ↑ 13.3% compared to 2019 levels.
- COVID-19 heightened consumers' preference for online channels.

WeBuyCars' digital capabilities and credible e-commerce platform supporting growth.

Number of vehicles purchased and sold



Exceptional performance, with core headline earnings growing 79% (74% on FY2019)

Core headline earnings of R270 million attributable to the group (FY2020: R19 million).

- Delivering predictable earnings with high cash conversion rates.

New heights reached in several categories:

- ↑ in total revenue, vehicles purchased and sold, e-commerce sales and F&I penetration.

We expect future earnings to exceed expectations at the time of our initial investment

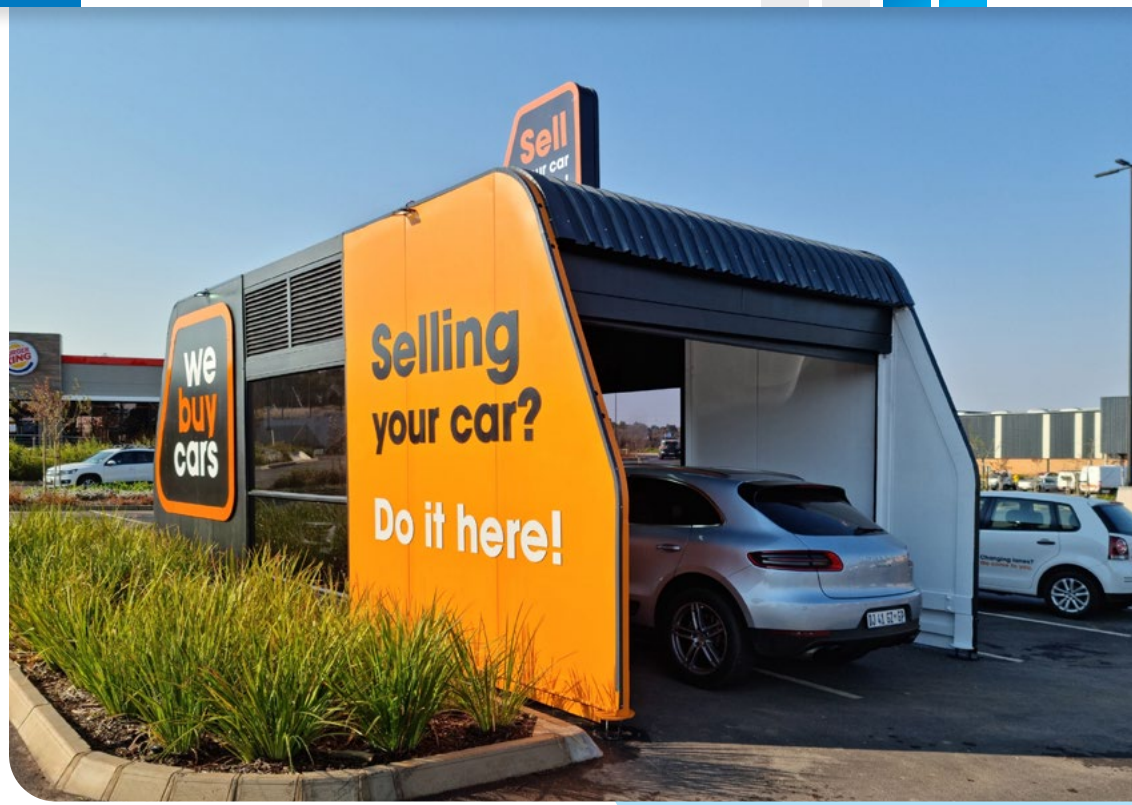
WeBuyCars to accelerate and support a sustainably higher growth trajectory for the group.

Expectation considers:

- Structural market trends and the division's unique positioning in South Africa's large and resilient used vehicle market.
- Strategy to increase total addressable market locally and via global expansion.
- Strategies to ↑ e-commerce offering (B2B and B2C), optimise stock efficiencies and ↑ F&I products penetration.

STRATEGIC GROWTH INITIATIVES

FAVOURABLE STRUCTURAL MARKET CONDITIONS, WITH A MORE RELEVANT BUSINESS MODEL IN THE COVID-19 ENVIRONMENT



MEDIUM-TERM TARGET TO INCREASE VOLUME OF VEHICLES TRADED TO 15 000 PER MONTH

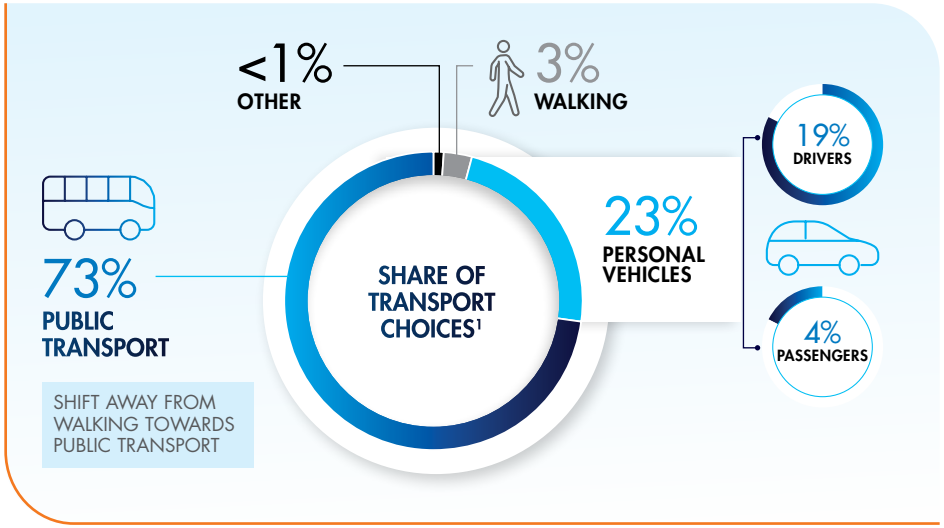
- Initial medium-term target for volume of 10 000 vehicles traded per month on track and expected to be realised sooner than initially anticipated.
- Harnessing data and technology to drive e-commerce offering:
  - Increase penetration of e-commerce, with online sales currently at ~30% of sales.
    - Improve stock turn and cost efficiencies.
    - Majority currently concluded through B2B (vehicle dealerships), with early stage B2C in response to an increased demand for contactless services on credible digital platforms.
- Continued expansion of physical footprint over the next 24 months.
- Continued enhancement of brand awareness, trust and customer experience.

ENHANCE UNIT ECONOMICS AND MARGIN POTENTIAL

- Optimise vehicle acquisition and stock turn.
- Increased unit economics per vehicle via higher take-up rate of F&I products.
- Enhance existing arrangements with providers of F&I products.
- Offer finance as principal:
  - Leverage SA Taxi's expertise and capabilities to extend this service.
  - Offering to underserved market segment.
- Enhance insurance and allied products offering to improve annuity income.
- Maintain margin percentages as higher average selling price per vehicle generates higher rand margins.

MARKET CONTEXT AND ENVIRONMENT

Vehicle ownership is an aspiration rooted in South African culture, with a shift in personal vehicles from passengers to drivers



POSITIVE SHIFT TOWARDS USED VEHICLES[1]

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

DRIVERS
18.9%
(from 2013: 13.7%)

PASSENGERS
4.0%
(on 2013: 9.7%)

Travel time is one of the most important reasons for dissatisfaction with public transport.

Personal vehicles rank well in this area:

PERSONAL VEHICLES
~47 minutes

VS

PUBLIC TRANSPORT
~85 minutes

INCREASE IN CONSUMERS' PREFERENCE FOR ONLINE CHANNELS, HEIGHTENED BY COVID-19

ONLINE SEARCHES FOR USED VEHICLES IN 2021[2]
48%

ONLINE CONSUMER ADVERT VIEWS[2]
278 million
(2020: 177 million)

South Africa's vehicle parc has grown steadily, with the used vehicle market proving resilient, defensive and growing despite South Africa's economic climate

SOUTH AFRICA'S VEHICLE PARC IS GROWING, DESPITE NEW VEHICLE SALES DECLINING OVER THE LAST 10 YEARS

NEW VEHICLE SALES INTO PARC
~470 000 vehicles

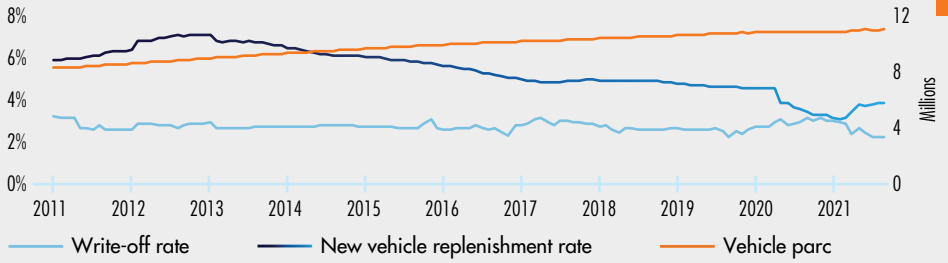
EXCEED

WRITE-OFF RATE OUT OF PARC
~350 000 vehicles

NEW VEHICLE SALES IN FY2021[3]
16% from FY2020

CONSISTENTLY
2% to 4%
PER YEAR[3]

VEHICLE PARC VERSUS REPLENISHMENT AND WRITE-OFF RATES



VEHICLES IN SOUTH AFRICA[4]
~11 million

Sources: 1. National Household Travel Survey 2020. | 2. Autotrader car industry report 2020/21. | 3. Internal estimate using eNatis and Lightstone data. | 4. Parc data includes passenger and light commercial vehicles.

MARKET CONTEXT AND ENVIRONMENT *continued*

South Africa's vehicle parc has grown steadily, with the used vehicle market proving resilient, defensive and growing despite South Africa's economic climate *continued*

SHIFT FROM NEW TO USED VEHICLES	NEW VEHICLE SALES ↓ FROM FY2019	USED VEHICLE SALES ↑ FROM FY2019
	▸ Stressed economic environment. ▸ Price increases driven by exchange rates (as ~70% of new vehicles are imported). ▸ Chip shortages limiting supply of new vehicles.	▸ More affordable option to a new vehicle, as COVID-19 stresses disposable income. ▸ Banks adding liquidity into used vehicle market as they seek growth.
SALES	~470 000 **46% financed**[1]	~1.2 million **32% financed**[1] ↓ finance deals below R200 000[2] ↑ finance deals above R300 000[2]
SALES CAGR (2021)	**10 years:** ↓ 1.4% **Five years:** ↓ 3.0%	**10 years:** ↑ 2.0% **Five years:** ↑ 1.7%
PRICE	↑ 8.0% FY2020: ↑ 5.0%	↑ 3.5% FY2020: ↑ 1.0%

TOTAL USED-TO-NEW SALES RATIO
2.5 times
FY2020: 2.3 times

USED-TO-NEW FINANCE RATIO[2]
2.4 times
FY2020: 2.2 times

The used vehicle industry is large and highly fragmented, with various operating models

DEALERS: GROUPS VERSUS INDEPENDENTS

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

ONLINE PLATFORMS AND MARKET PLACES

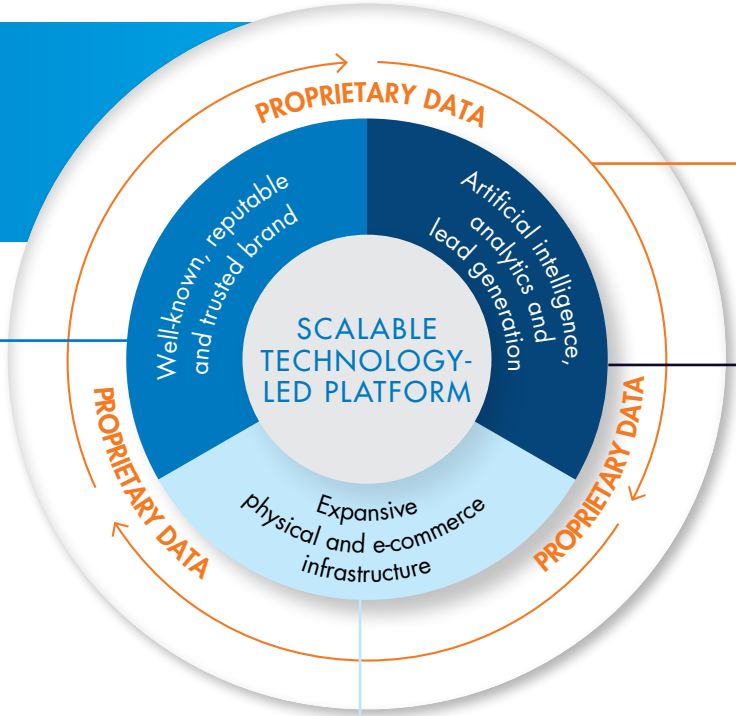
- Do not carry inventory.
- Do not control customer experience.
- Facilitate trades, earn commission and/or advertisement revenue.
- Large volume of vehicles for viewing.
- No physical footprint and no option for test drives.
- Private-to-private platforms are poorly regulated, with vehicles not backed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

- **Controls buying and selling experience.**
- **Buys from private consumers:**
  - Digital lead generation.
  - AI-led pricing.
  - Frictionless, transparent and fair process.
  - Trusted brand.
  - Sellers receive a fair price, with immediate cash settlement.
- **Sells to dealerships and private customers:**
  - E-commerce and physical infrastructure.
  - Vertically integrated model offering finance, insurance and other allied products.
- **Buys and sells a variety of vehicles:**
  - Many brands and models available.
- **Majority of vehicles sold:**
  - Age: >5 years.
  - Price: <R200 000.

1. Consumers financed as measured by the National Credit Regulator (NCR) in 2019, excluding B2B. In WeBuyCars, ~20% to ~30% of sales to customers (excluding dealerships) are financed. | 2. Calculated based on TransUnion VPI Q3 2020 – Q2 2021.

BUSINESS MODEL

WeBuyCars' scalable, agile and robust business model



PROPRIETARY DATA

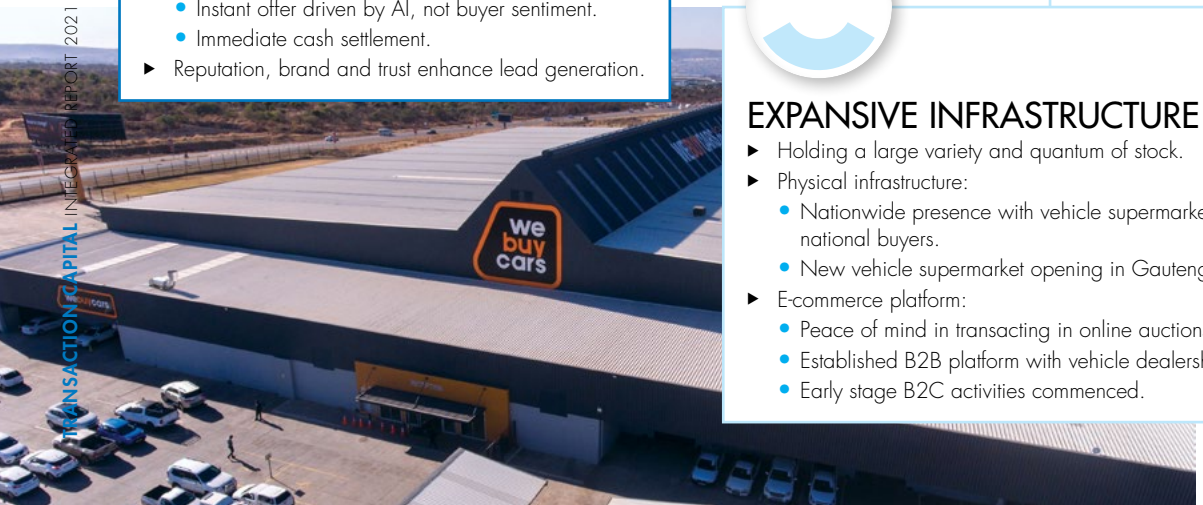
- Leveraging ~20 years of vehicle, price, consumer and other data with AI and machine learning.
- Continually enriched with buying and selling transactional data.

WELL-KNOWN, REPUTABLE AND TRUSTED BRAND

- In an industry where trust and customer satisfaction have been low.
- Effective advertising campaigns (spend >R100 million per year).
- Consistently high satisfaction levels.
- Peace of mind transacting:
  - Buyers have access to full disclosure.
  - Transparent vehicle appraisal report (e.g. DEKRA).
  - High-resolution photos.
  - Sellers receive a fair price.
  - Online channel.
  - Instant offer driven by AI, not buyer sentiment.
  - Immediate cash settlement.
- Reputation, brand and trust enhance lead generation.

AI, ANALYTICS AND LEAD GENERATION

- AI and machine learning applied to:
  - Ensure vehicles are purchased and sold at a fair price.
  - Adjust pricing according to value and demand, preserving margins and driving high stock turn.
- Lead generation to target high-quality online prospects.



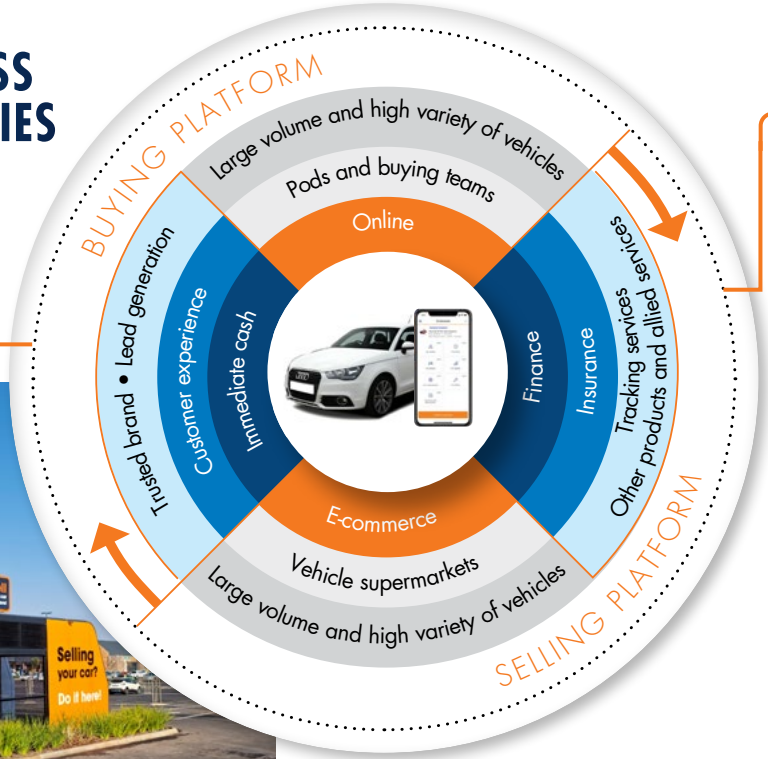
EXPANSIVE INFRASTRUCTURE

- Holding a large variety and quantum of stock.
- Physical infrastructure:
  - Nationwide presence with vehicle supermarkets, buying pods and national buyers.
  - New vehicle supermarket opening in Gauteng in December 2021.
- E-commerce platform:
  - Peace of mind in transacting in online auctions through a trusted brand.
  - Established B2B platform with vehicle dealerships.
  - Early stage B2C activities commenced.

TECHNOLOGY

- Online channel and e-commerce infrastructure enhance the customer experience.
  - First-mover advantage in the used vehicle e-commerce market.
  - Broadens customer reach.
  - ↑ in sales online:
    - » Improves efficiency and reliability of service.
    - » Scalable technology-led platform reducing the costs per unit.

BUSINESS ACTIVITIES



SELLING PLATFORM

AVERAGE NUMBER OF VEHICLES SOLD PER MONTH
7 356
FY2020: 4 931

E-commerce platform

Totally digital and seamless sales experience, which allows WeBuyCars to sell, exchange or finance vehicles, and offer F&I products online.

E-COMMERCE SALES
~30%
FY2020: ~14%

DEALERSHIPS
~28%
(FY2020: 14%)

PRIVATE CONSUMERS
~2%
(FY2020: 0%)

ONLINE LISTINGS
~5 000

WEBSITE VISITS PER MONTH
~3 million
58% from FY2020

Vehicle supermarkets

Vehicles sold directly to private consumers and other dealerships. Highly visible, modular and modern.

VEHICLE SUPERMARKETS
8
FY2020: 8

PARKING BAYS
5 747
FY2020: 3 944

AVERAGE NUMBER OF VEHICLES SOLD PER MONTH VIA VEHICLE SUPERMARKETS
5 122
FY2020: 4 217

DAYS TO SALE PER VEHICLE
~24 days
FY2020: ~27 days

BUYING PLATFORM

AVERAGE NUMBER OF VEHICLES PURCHASED PER MONTH
7 627
FY2020: 5 064

Online and lead generation

Using lead generation, WeBuyCars only buys cars from private sellers, a unique model that generates maximum margin potential. An estimated offer is generated using our proprietary pricing algorithm, followed by a physical evaluation done by the buying team at the seller's premises, a WeBuyCars branch or buying pod. The seller receives an immediate cash settlement on deal approval.

Buying pods and national buyers

Enable cost-effective vehicle buying interaction and vehicle handover. Buying pods are highly visible, modular and modern.

BUYING PODS
27
FY2020: 20

AVERAGE NUMBER OF VEHICLES PURCHASED PER MONTH VIA BUYING PODS
2 023
FY2020: 1 422

NATIONAL BUYERS
~190
FY2020: ~150

LAUNCH OF NEWLY DESIGNED BUYING PODS IN AUGUST 2021

F&I and allied products

Additional gross margin earned on add-on products, including agency fees earned from F&I products sold on behalf of major banks providing asset-backed and unsecured vehicle finance and leading insurance providers, as well as vehicle tracking businesses.

FINANCE
Presence of banks in all WeBuyCars vehicle supermarkets

INSURANCE
Including warranty and credit shortfall, with credit life launched in July 2021

VALUE-ADDED
Service plans, scratch and dent, tyre and rim

VEHICLE TRACKING AND RECOVERY
Tailored solutions with quick, on-site fitment of tracking devices

Q&A WITH FAAN VAN DER WALT

WEBUYCARS CEO

Faan discusses the division's prospects in the local and international used vehicle markets, how WeBuyCars leverages its digital capabilities to enhance the customer experience and what makes WeBuyCars different to competitors.

Q What are the key elements in WeBuyCars' operating environment that are driving sales in used vehicles?

For the past decade, used vehicle sales have exceeded and grown quicker than new vehicle sales. This corresponds to above-inflation price hikes for new vehicles, linked to depreciation of the rand against the dollar and cost pressures by OEMs. Also, given the strain on disposable income for South African consumers, many are choosing to trade down to save.

Private vehicles remain a necessity for many South Africans, given our long travel distances and the challenges experienced by many rail and bus users, such as lengthy commuting times and inadequate facilities. Owning a car is an aspiration very much part of South African culture, which is seen in the rising middle class moving from commuting as passengers to being vehicle owners.

We have around 11 million passenger vehicles in circulation in South Africa – what we call the 'car parc' – and the overall market has been growing between 3% and 5% a year over the last decade. The car parc is also ageing, with almost three-quarters of vehicles being older than five years.

Some of these structural elements in the operating environment have been amplified by the impact of the COVID-19 pandemic. Sales of new passenger and light commercial vehicles have dropped 13.1% since September 2019, before COVID-19. We have however seen growth of around 13.3% in the used vehicle market over the same period. Besides affordability constraints, the disruption of global vehicle production due to chip shortages during the pandemic led to supply constraints in some new vehicle models. This has further fuelled demand for used vehicles, driving up prices. The pandemic has also driven a preference for personal vehicle use, rather than shared public transport.

These trends have supported the resilience of our business model in tough economic conditions, and given us real confidence in our ability to grow strongly and sustainably over the next few years.

Q How is WeBuyCars using data, technology and analytics to drive a consistent customer experience that is different from that of your competitors?

Digital competencies are critical to our business. We source our stock directly from private consumers, using digital lead generation, online applications and AI-led pricing to target high-quality prospects. Our sales to private consumers or dealerships are driven by e-commerce, where AI adjusts pricing dynamically according to vehicle value and market demand. Leveraging our proprietary data sets and AI allows us to target specific margins, and it ensures buyers or sellers get a fair price that is determined by AI, not by emotion.

Technology thus drives our proposition to provide our customers with a unique, customised and convenient experience, and one where they can trust they will get the right car at the right price if they come to WeBuyCars.

We have an in-house development team that continually fine-tunes our digital platform and looks at digital innovation to enhance our offering. The advantage here is we can be agile by keeping it in-house – we are able to develop ideas and deploy them quickly, and we learn fast from our failures to continue improving our application of best-of-breed technology. With development happening in-house, there is no significant cost to new innovations, but rather continuous investment that keeps us up to speed with the latest developments in the dynamic digital space.

In particular, we are applying our digital capabilities to respond to shifting buying patterns accelerated by COVID-19, with a significant increase in e-commerce adoption and online trading. We see our digital capabilities and e-commerce platform as a distinct advantage in our sector, which will support more efficient stock turn and higher growth for us in the medium term.

In addition, while other used vehicle dealers mostly focus on more recent models, we trade across the entire car parc. Operating in this segment of the market positions us to serve the needs of those South Africans making the shift from public transport to private vehicle ownership. These first-time buyers are more likely to opt for older, more affordable used vehicles. We currently buy more than 8 500 vehicles a month from private consumers, allowing us to offer a large variety of vehicles for sale. Buyers are not restricted to any brand or limited in their choice of vehicle.

We take our responsibility seriously to help those consumers making their first vehicle purchase. We inform and educate our clients to make the right decision, which is key to them being happy vehicle owners and coming back as repeat customers.

Q&A with Faan van der Walt *continued*

Q

WeBuyCars has seen a strong increase in e-commerce sales. What are the advantages of growing online trading while still maintaining a physical presence?

As I mentioned, online trading is gaining broader acceptance across asset classes generally, but more recently in the vehicle sector. At WeBuyCars we have seen the momentum growing, with e-commerce sales reaching 30% this year, from 14% in FY2020. The majority of these trades are currently done through our B2B (vehicle dealership) platform, but we are building out our B2C offering in response to the increasing demand for contactless services on credible digital platforms.

A feature of the market that favours our shift to e-commerce is demand-driven price increases for used vehicles, which are on average up around 11% year-on-year. Our e-commerce platform enables our customers to choose their preferred vehicle and price point faster, arrive at their decision sooner and complete the sale, increasing our stock turn and cost efficiencies. Our model specifically gives them the information they need to make an informed choice that suits their needs precisely.

While we are able to offer a fully digital sales experience, our physical presence remains key to cater for all our customers' needs. They can decide to buy a car online only or at one of our physical outlets, or a combination of both where they do certain aspects of the transaction digitally and the rest at our supermarkets.

A very exciting development for us this year was the purchase of the TicketPro Dome in Johannesburg, which will start operating soon. This will be the largest motoring retail showroom in the southern hemisphere, and will initially add approximately 1 100 parking bays to our footprint, with total capacity of 1 400. It will be a great experience for our customers to walk in and find the widest variety of vehicles in the country available for sale under one roof.

Extending our physical infrastructure through our vehicle supermarkets and ongoing improvements to our digital offering has allowed us to raise our target for volume of vehicles traded from 10 000 a month to 15 000 vehicle sales a month in the medium term.

Q

What other strategic growth drivers are in play for WeBuyCars?

Finance, insurance and other value-added products like warranties are an integral part of our business and we have focused on building out this proposition over the last few years. They offer great value to our clients and increase the unit economics per vehicle sold for us. Currently we offer these ancillary services as an agent on behalf of banks, insurers and other providers, and we keep expanding the range of these services and strengthening our relationships with our partners.

Supported by Transaction Capital's expertise in offering vehicle finance and insurance as a principal through SA Taxi, we are building this competency in our business as a medium-term growth opportunity. We are preparing to roll out our personal vehicle finance offering as a principal over the course of FY2022. We have specifically identified the older vehicle segment as an area where most other financiers do not play, so combining our vast proprietary data set with Transaction Capital's ability to price risk will mean we can offer our customers a competitive financing solution in this space.

We are very excited about prospects to expand WeBuyCars' sales concept internationally. We have proven our model locally over 20 years, and the time is ripe for us to expand into other markets. We have identified Africa as a primary opportunity, but we are also looking at other emerging markets. We are looking at international expansion through organic and acquisitive growth. We have proven our ability to grow organically over the years. Now we are also looking at companies with similar values and culture to ours, with complementary skills and offerings, for potential acquisitions. We have established a team to look into these opportunities, and we will prove the concept in one country first before moving into other countries in Africa.

Q

What are the key elements of WeBuyCars' employee value proposition?

People are the most important component of WeBuyCars, and we have a strong team of just over 1 500 people. In the early days, it was difficult to attract good talent, but over the years we have become a household name. Now, I am proud to say that we are an employer of choice and succeeding at finding and retaining the right people for our business.

We have grown a very strong middle management team, which is exposed to all aspects of our operations. This ensures we have the necessary skills to drive our business forward. We have a number of learnerships and skills development programmes to keep our skills base up to date.

In terms of attracting skills, we look for people with a different mindset, who are up for a challenge, who want to build something great and be part of a great organisation. So, we typically employ people with a skillset orientated around innovation, creativity and teamwork.

Where most technology-orientated companies struggle to retain good quality skills within their development teams, I am pleased that WeBuyCars has consistently been able to develop and retain our own talent. Our in-house team of developers is committed to the projects we are working on and it rises to the challenge, for competitive remuneration and in a great working environment.

Q

More broadly, what are WeBuyCars' key socioeconomic and environmental impacts and contributions?

In South Africa, as I said, personal vehicles are a necessity for many people. WeBuyCars supports consumers under strain as they opt to trade down from new to used vehicles, and our vehicle range also provides a more affordable entry point for first-time vehicle ownership. This supports social and economic mobility, and ultimately benefits South Africa's economic productivity. And given that we are a trader of used vehicles, we directly support the circular economy.

We have various environmental initiatives on the go. Firstly, we are very proud of our rainwater harvesting programme, which dramatically reduces the amount of water we draw from municipal water sources. This means that we can wash approximately 60 000 cars across our facilities with rainwater for nearly eight months of the year. Adjacent to that, we have photovoltaic installations at most of our facilities, which generate electricity and make us less dependent on the national grid.

Q

What are your priorities for the year ahead?

We are very excited about the growth prospects for WeBuyCars. We believe we can achieve our new target of 15 000 vehicle sales per month over the medium term. To do this, we will focus on growing our market share through our physical and e-commerce platforms by differentiating the experience we offer our customers. A specific focus here is growing our B2C e-commerce activities. Opening our supermarket at the Dome will be a big step for us, and we want to bring WeBuyCars to new cities and towns in South Africa. We will be reaching George, Mbombela and Polokwane in FY2022, with more to come after that.

As we get a higher penetration of finance, insurance and allied products in our customer base, we will get better unit economics. And, over time, we will roll out our finance offering as a principal, which will give us a new profit stream.

Lastly, we are really excited about proving our concept and expanding internationally.

SA TAXI

A VERTICALLY INTEGRATED BUSINESS PLATFORM UTILISING SPECIALIST CAPABILITIES, ENRICHED PROPRIETARY DATA AND TECHNOLOGY TO PROVIDE DEVELOPMENTAL FINANCE, INSURANCE AND OTHER SERVICES TO EMPOWER MINIBUS TAXI SMEs, THUS SUPPORTING THE SUSTAINABILITY OF THE MINIBUS TAXI INDUSTRY.

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

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

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

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

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

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

Contributing to the **recapitalisation and sustainability of the minibus taxi industry,** a critical pillar of the public transport sector servicing the majority of South Africa's working population.

PERFORMANCE OVERVIEW

GROSS LOANS AND ADVANCES
R14.0 billion
FY2021 vs FY2020: ↑ 15%
FY2021 vs FY2019: ↑ 31%

NET INTEREST MARGIN
12.0%
FY2020: 11.8%
FY2019: 12.2%

NET INTEREST INCOME
R1 580 million
FY2021 vs FY2020: ↑ 16%
FY2021 vs FY2019: ↑ 30%

CREDIT LOSS RATIO
4.3%
FY2020: 7.3%
FY2019: 3.2%

NON-INTEREST REVENUE
R668 million
FY2021 vs FY2020: ↓ 3%
FY2021 vs FY2019: ↔ 0%

CORE RETURN ON EQUITY
13.6%
FY2020: 8.3%
FY2019: 24.1%

CORE HEADLINE EARNINGS
R499 million
FY2021 vs FY2020: ↑ 109%
FY2021 vs FY2019: ↓ 8%

CORE HEADLINE EARNINGS ATTRIBUTABLE TO THE GROUP
R413 million
FY2021 vs FY2020: ↑ 113%
FY2021 vs FY2019: ↓ 11%

STRATEGIC AND OPERATIONAL HIGHLIGHTS

POSITIONED TO RESUME LONG-TERM TRACK RECORD OF GROWTH

EARNINGS NEARING FY2019 LEVELS

Business model demonstrated its relevance in the COVID-19 environment

- The minibus taxi industry is indispensable to South Africa's economic activity.
- Minibus taxis are the only public transport mode that has experienced growth in number of commuters from 2013 to 2020:

MINIBUS TAXIS	↑ >16%
BUS	↓ ~28%
RAIL	↓ ~64%

A strong recovery in loans originated to pre COVID-19 levels

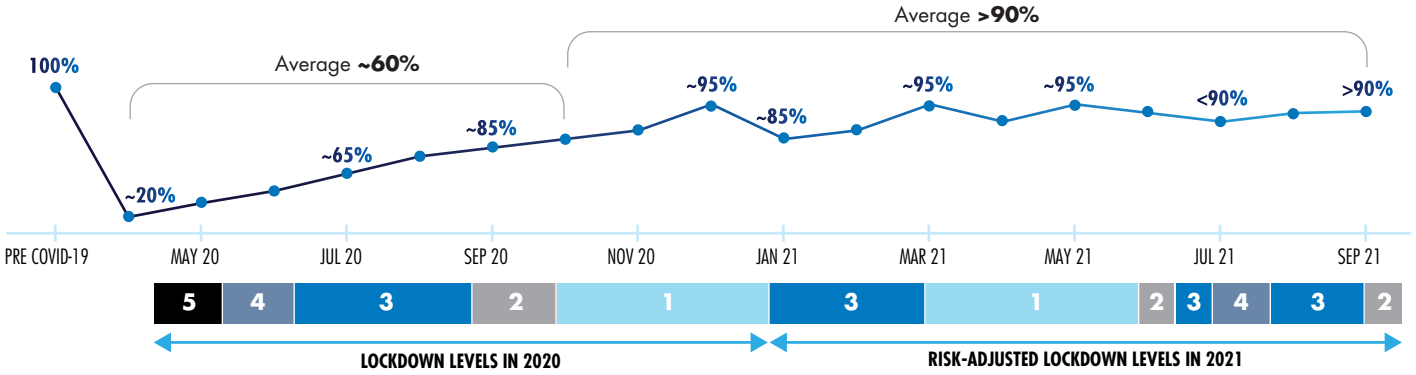
- Applications for both new and QRT minibus taxi vehicles are exceeding pre COVID-19 levels.
- The number of loans originated increased **37% to 8 591.**
- Continued momentum in the sale and finance of QRTs, with QRT loan originations increasing **62%.**
- Increased refurbishment capacity in SA Taxi Auto Repairs supported a higher supply of QRT vehicles to our dealerships, and in turn, loan originations.

Resilient operational, credit and financial performance

- Core headline earnings attributable to the group increased **113% to R413 million.**
- Adequately provided for the impact of COVID-19, with provision coverage of **5.6%** protecting the balance sheet.
- Performance impacted by:
  - A more severe and prolonged COVID-19 third wave.
  - Civil unrest in KwaZulu-Natal and Gauteng.
  - Minibus taxi conflict in the Western Cape in July 2021.

Loan collections have remained at ~90% of pre COVID-19 levels

(EXPRESSED AS A % OF PRE COVID-19 LEVELS)



DELIVERING SHARED VALUE

SA Taxi's societal purpose is to enable mobility access for millions of minibus taxi commuters through tailored developmental financing and support services for SMEs. Below is a summary of sustainability indicators that demonstrate enterprise value creation for the group and its key stakeholders.

See the sustainability report for detailed economic, social and environmental impact metrics.

HIGHLIGHTS FOR THE YEAR

SA Taxi vaccination centre, dedicated to the minibus taxi industry, opened July 2021.

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

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

FACILITATING ECONOMIC DEVELOPMENT

We empower SMEs through financial inclusion.

- We promote financial inclusion by providing sustainable and responsible loans to SMEs who might otherwise be denied access to credit.
  - **R32.8 billion** in loans originated since 2008, creating **95 855** SMEs.
- We provide support services to SMEs across the value chain.
  - **28 461** financed clients.
  - **30 342** and **11 309** insurance policies for financed clients and open market clients respectively.
  - **47 125** SA Taxi rewards customers.

SUPPORTING SOCIAL INCLUSION

We promote social inclusion by helping millions of commuters to access services and economic opportunities.

- We are a trusted and respected partner.
  - Proportion of repeat customers (indicating financed operator satisfaction levels) at **28%**.

BETTERING THE INDUSTRIES WE SERVE

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

- We form partnerships that promote inclusivity and safety of the industry.
  - **R152.2 million** total value of SANTACO dividend to date.
  - **43 741** Bridgestone tyres sold to the industry at a reduced rate.
  - **R2.2 million** investments in taxi infrastructure.
  - **R3.3 million** rewards earned by the industry through SA Taxi's reward programmes.
- We promote formalisation of the industry.
  - **R2.9 billion** tax contributed to fuel levies by SA Taxi's fleet.

STRATEGIC GROWTH INITIATIVES

REALISING FULL VALUE IN THE MINIBUS TAXI VERTICAL

CONTINUE ASSESSING OPPORTUNITIES FOR FURTHER VERTICAL INTEGRATION

- Focusing on core business operations of finance, insurance, auto repairs, auto parts and the dealerships (vehicle sales).

DEVELOP BESPOKE PRODUCTS FOR THE MINIBUS TAXI INDUSTRY

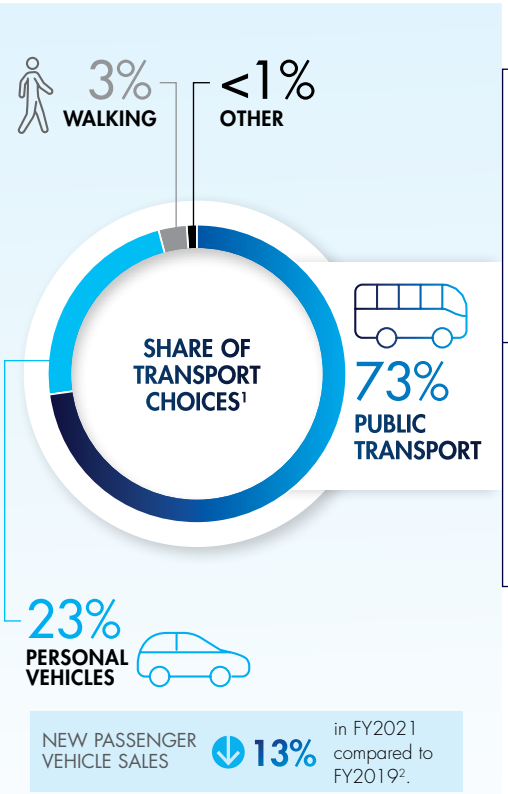
- Through industry partnerships and collaboration.
- Supporting operator affordability.

LEVERAGE 20+ YEARS OF IP TO EXPAND INTO NEW OR ADJACENT VERTICALS

BROADEN SA TAXI'S TOTAL ADDRESSABLE MARKET AND SUPPORT FUTURE ORGANIC GROWTH

MARKET CONTEXT

The minibus taxi industry is defensive and growing despite a challenging environment, with structural elements supporting the industry's resilience



84% MINIBUS TAXI

MINIBUS TAXI USE INCREASED >16% SINCE 2013[1]

- Preferred form of transport due to accessibility and flexibility
- **~15 million** commuter trips daily[3]
- Essential service with spend non-discretionary
- Currently **no government subsidy**[4]

13% BUS

BUS USE DECREASED >28% SINCE 2013[1]

- Higher dissatisfaction around bus stop facilities
- **~670 000** commuter trips daily (15% from FY2020)[5]
- Receives **56%** of government subsidy[4]

3% RAIL

RAIL USE DECREASED ~64% SINCE 2013[1]

- Dwindling operator capacity and lengthy travel times
- **~60 000** commuter trips daily (75% from FY2020)[5]
- Receives **44%** of government subsidy[4]

E-HAILING SERVICES

- Small proportion of public transport trips due to affordability constraints

Sources: 1. National Household Travel Survey 2020 (conducted before the start of the COVID-19 pandemic). | 2. Internal estimation applying eNatis and Lightstone data. |3. Reuters. | 4. Public Transport and Infrastructure System Report. | 5. Stats SA. | 6. Total monthly market supply of minibus taxis comprises Toyota, Nissan and Mercedes vehicles. SA Taxi's best estimate based on monthly National Association of Automobile Manufacturers of South Africa reports, internal and Lightstone data.

TOTAL ADDRESSABLE MARKET

>250 000
Minibus taxis

~80 000
Financed and/or insured

170 000
Unencumbered and aged

Average age >10 years

Ageing fleet requiring replacement and recapitalisation

SA TAXI'S TOTAL MONTHLY DEMAND EXCEEDS THE MARKET'S TOTAL MONTHLY SUPPLY

MONTHLY DEMAND
SA Taxi's total applications
~8 100
(FY2020: ~5 900)

>

MONTHLY SUPPLY[6]
Total market supply
~1 600
(FY2020: ~1 300)

	NEW	QRT
APPLICATIONS	5 550 (FY2020: ~4 000)	2 550 (FY2020: ~1 900)
APPROVALS	~31% (FY2020: ~35%)	
TAKE-UPS	~28% (FY2020: ~25%)	

New
~1 300
(FY2020: ~1 115)

QRT
~300
(FY2020: ~185)

EFFECT ON SA TAXI

- Strong demand for minibus taxis remains, exceeding pre COVID-19 levels, despite a challenging operating environment for minibus taxi operators characterised by COVID-19 lockdown restrictions, civil unrest and taxi conflict in parts of South Africa.
- Conservative strategies adopted in response to COVID-19:
  - Stricter credit granting criteria, resulting in lower approval rates.
  - Targeting experienced minibus taxi operators.
- Liquid and active market for SA Taxi's QRTs.
  - Resulting in strong recoveries as the asset retains value in an environment where demand exceeds supply.

ENVIRONMENT FOR SA TAXI OPERATORS

Despite a challenging environment, fare increases and a recovery in commuter mobility are supporting the resilience of minibus taxi operators

VEHICLE PRICES

TOYOTA HIACE (DIESEL) PRICE[1]
R496 000
Since FY2015: ↑ 36%
Last 12 months: ↑ 4%

RESULTING IN
~R4 439
↑ increase in monthly instalments since FY2015[2]

SA TAXI'S QRT
providing a reliable and affordable alternative in a challenging environment

SA TAXI'S INTEREST RATES

AVERAGE INTEREST RATE AT ORIGINATION
20.1%
Since FY2015: ↓ 3.8%

IMPACT ON MONTHLY INSTALMENT[2]
~R1 090
↓ reduction since FY2015

RISK-BASED PRICING INTEREST RATE RANGE
12.25% to 26.75%

SUPPORTS AFFORDABILITY OF INSTALMENTS for new and existing loans on book

FUEL PRICES, INCLUDING FUEL LEVIES

AVERAGE PETROL PRICE[4]
R16.07 per litre
FY2020: R14.84

AVERAGE DIESEL PRICE[4]
R13.69 per litre
FY2020: R13.23

1. Petrol price approaching R20 per litre[6] following increases in November 2021
2. Further fuel hikes experienced in December 2021. Fuel prices already at highest levels in history

COVID-19

OPERATING VEHICLES
100%

AVERAGE DISTANCE PER VEHICLE
~90%

PASSENGER LOADS
↓

REPO RATE

AVERAGE REPO RATE[3]
3.5%
FY2020: 6%
25 basis points rise in November 2021 to 3.75%

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

See page 84 for details on the recovery in activity levels and profitability.

FARES

FARE INCREASE FROM 2013 TO 2020[7]
↑ 9.3%
Supporting affordability of instalments

Further fare increases in response to the impact of COVID-19 expected in coming months

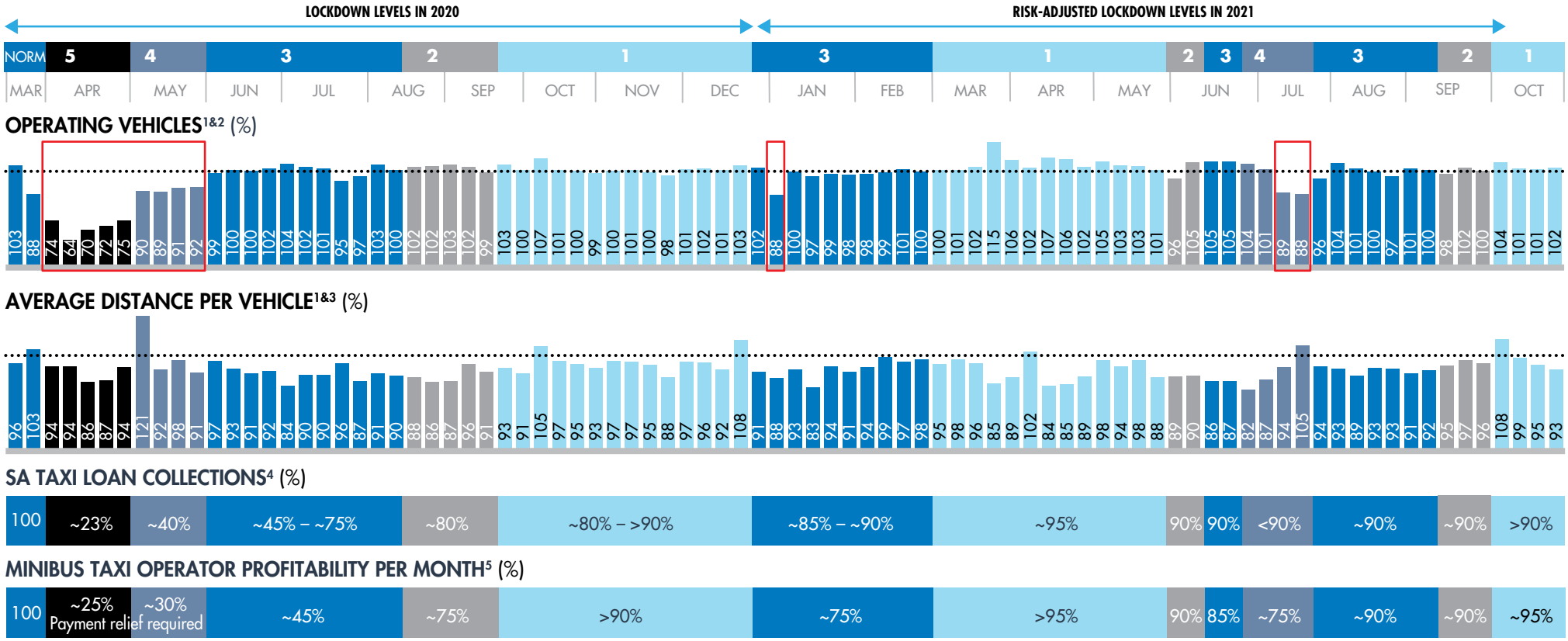
Sources: 1. Toyota recommended retail price, including VAT, at 30 September 2021. | 2. Calculated based on new loan originations.| 3. Average repo rate for the years ending 30 September 2020 and 2021. 4. www.energy.gov.za 12-month rolling average fuel price (October 2020 to September 2021). | 5. Internal estimates. | 6. https://businesstech.co.za/news/energy/533638/here-is-the-official-petrol-price-for-november-3/. | 7. National Household Travel Survey, average monthly costs for travel to work.

ENVIRONMENT FOR SA TAXI OPERATORS *continued*

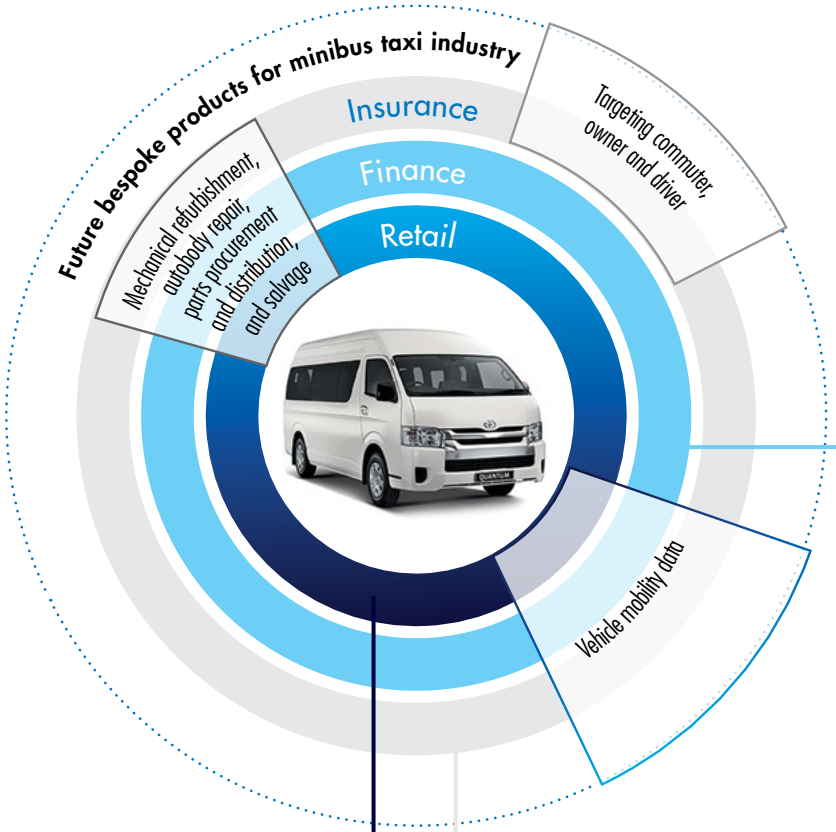
Recovery in the average activity of the minibus taxi fleet, collections and profitability

COVID-19 has proven that the minibus taxi industry is indispensable to South Africa's productivity and an early beneficiary of economic recovery.

SA Taxi's vehicle mobility analytics are applied to manage credit and insurance risk, providing granular insights related to the impact of COVID-19 restrictions on minibus taxi operators' activity and profitability.



1. Each 'bar' represents a week (benchmarked week 14 onwards in 2021 to 2019 activity). | 2. Minibus taxi vehicles in SA Taxi's fleet that have travelled more than10 kilometres a day. | 3. Total kilometres travelled by SA Taxi's minibus taxi fleet/number of operating vehicles. | 4. Collections activity expressed as a percentage of pre COVID-19 levels. | 5. Calculations are based on a new Toyota HiAce diesel vehicle, referring to average profitability after all expenses.



BUSINESS ACTIVITIES

SA Taxi's vertically integrated business model enables it to participate in margin across the minibus taxi value chain. SA Taxi applies and deepens its specialist competencies into adjacent market sectors, underpinned by its data and telematics capabilities, to deliver a comprehensive service to the minibus taxi industry, supporting its growth and sustainability.

SA TAXI FINANCE

Developmental credit provider, offering bespoke vehicle finance for the minibus taxi industry. Finances new vehicles and high-quality QRTs refurbished by SA Taxi Auto Repairs.

GROSS LOANS AND ADVANCES
R14.0 billion
↑ 15%

LOANS ON BOOK
35 381
↑ 8%

VEHICLES PER CLIENT
~1.3
FY2020: ~1.2

AVERAGE COST OF BORROWING
7.9%
FY2020: 9.8%

NET INTEREST MARGIN
12.0%
FY2020: 11.8%

CREDIT LOSS RATIO
4.3%
FY2020: 7.3%

GROSS LOANS AND ADVANCES – STAGE 3
20%
FY2020: 26%

RISK-ADJUSTED NET INTEREST MARGIN
7.7%
FY2020: 4.5%

SA TAXI PROTECT

Bespoke, comprehensive vehicle insurance and value-added products, tailored for the minibus taxi industry.

- Provides insurance to SA Taxi Finance clients as well as the open market via its broker network.
- Lower cost of claim supported through SA Taxi Auto Repairs due to efficiencies in operations, lower cost of parts procurement and savings via salvage, allowing for competitively priced premiums.

GROSS WRITTEN PREMIUMS
R1 015 million
↑ 12%

CREDIT LIFE CLAIMS PAID
R170 million
FY2019 (pre COVID-19): R47 million

INSURANCE CLIENTS
>33 000

PRODUCTS PER CLIENT
> 2

BROKER NETWORK TO EXPAND TOTAL ADDRESSABLE MARKET
> 100

MAJORITY OF FINANCED CLIENTS CHOOSE TO BE INSURED BY SA TAXI

SA TAXI DIRECT

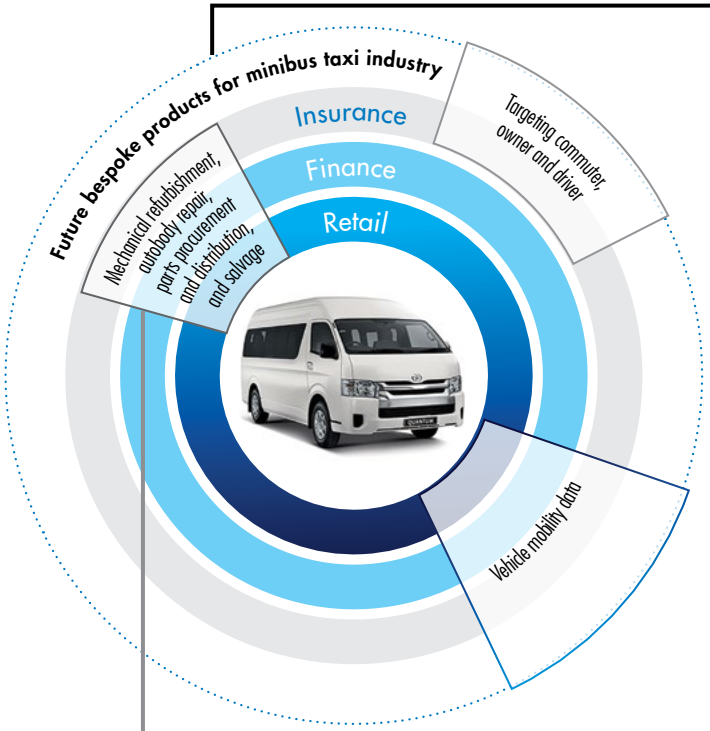
Procurement and retail of new minibus taxis and QRTs. SA Taxi Direct's QRTs are rebuilt to a high quality and are mechanically robust, providing a reliable and affordable alternative to buying new vehicles in this challenging environment.

VEHICLE TURNOVER
R1 021 million
↑ 63%

AVERAGE RETAIL MARGIN PER VEHICLE
~6%

VEHICLES SOLD THROUGH SA TAXI DIRECT RESULT IN PRODUCT MARGIN EARNED, A HIGH TAKE-UP OF SA TAXI INSURANCE AND ALLIED PRODUCTS, AND AN IMPROVED CREDIT PERFORMANCE DUE TO A BETTER-INFORMED CUSTOMER.

BUSINESS ACTIVITIES *continued*



SA TAXI REWARDS

Rewards programmes, including fuel, tyres and parts for the minibus taxi industry.

Medium-term strategy to combine telematics, rewards, finance and credit into a single transaction-based account for minibus taxi operators.

FUEL PROGRAMME
LAUNCHED IN APRIL 2018

In partnership with

CARDS ISSUED IN FY2021
> 15 000

LITRES OF FUEL PURCHASED IN FY2021
~16.3 million

TYRE PROGRAMME
LAUNCHED IN OCTOBER 2019

In partnership with BRIDGESTONE

ORIGINAL TYRE PURCHASE PRICE
~R1 800

REDUCED PRICE FOR TAXI OPERATORS
~R1 449

NUMBER OF TYRES SOLD IN FY2021
~44 000

PARTS PROGRAMME
LAUNCHED IN DECEMBER 2020

In partnership with autozone

NUMBER OF STORES NATIONWIDE
> 200

UNIQUE PARTS SOLD
> 5 000

New initiative: Brake pads in partnership with FUD FILTERS

SA TAXI AUTO PARTS

Procurement, salvage, distribution and retail of well-priced new and refurbished vehicle parts for distribution into SA Taxi Auto Repairs and to external repairers, and retail to minibus taxi operators.

Supports lower cost of refurbishment through:

- Importing and locally procuring new parts from source.
- Salvage operations that recover and refurbish used parts to a high quality.

SUPPLY TO SA TAXI AUTO REPAIRS
~R333 million
FY2020: ~R171 million

RETAIL TO EXTERNAL AUTOBODY REPAIRERS
~R75 million
sales revenue
FY2020: ~R29 million

RETAIL TO MINIBUS TAXI OPERATORS
~R45 million
sales revenue
FY2020: ~R36 million

RETAIL OF SALVAGE PARTS
~R30 million
sales revenue

SA TAXI AUTO REPAIRS

Dedicated autobody and mechanical refurbishment facility, servicing SA Taxi Finance and SA Taxi Protect.

Rebuilds high-quality QRTs, and mitigates credit risk and insurance losses by lowering the cost of refurbishment and the loss given default in SA Taxi Finance.

WORKSHOP FACILITIES
~24 000m²
FY2020: ~20 000m²

MINIBUS TAXIS REBUILT
> 3 600
per year
FY2020: ~3 000

RECOVERY RATES ON REPOSSESSION, REFURBISHMENT AND RESALE
> 75%

Q&A WITH TERRY KIER

SA TAXI CEO

Terry discusses the division's strategic initiatives to support its clients impacted by COVID-19, and positioning the business for efficiency and growth.

Q

What factors in your operating environment impacted most on the minibus taxi industry and SA Taxi's performance over the year?

The industry remains indispensable to South Africa's economic productivity, with most South Africans relying on public transport. It is the largest and most vital service in the integrated public transport network and more commuters choose minibus taxis over bus and rail services due to convenience and accessibility. Spending on minibus taxi transport is largely non-discretionary, making the industry defensive in tough economic conditions. Evidence for this is the industry's ability to operate during the COVID-19 pandemic, albeit at reduced capacity in response to restrictions, while bus and rail faltered.

Affordability continues to be a major factor for the industry. Retail prices for minibus taxis have risen 4% since October 2020 and the recommended retail price of a Toyota HiAce diesel vehicle is now R496 000, compared to R360 000 six years ago. At the end of 2021, the 12-month average for petrol and diesel prices were 19% and 17% higher than a year ago. The fuel price hikes in November and December 2021 have pushed the fuel price to its highest level in recent years. With passenger loads per trip down due to the impact of COVID-19, the industry's profitability is under strain and fare increases may be needed to alleviate the pressure.

Despite the disruptions relating to COVID-19 restrictions, all our clients have been able to operate since June 2020, albeit with travel distances slightly below pre COVID-19 averages. Add to that the knock-on impact of the civil unrest in KwaZulu-Natal and Gauteng, and the minibus taxi conflict in the Western Cape, our clients' ability to afford finance instalments and insurance premiums is strained.

Q

How has SA Taxi adjusted to these pressures?

SA Taxi remains in really good shape. We have come through the worst impacts of COVID-19, demonstrating the resilience of the business and the industry at large. Over time, we have built a business model that can weather harsh conditions. This year we have concentrated on reconfiguring elements of the business to strengthen our resilience and support our clients who are facing affordability constraints due to factors I have outlined.

Specifically, we have increased our refurbishment capacity to bring more QRTs to the market, offering operators a lower-cost, reliable alternative to buying a new minibus taxi. We have also increased access to spare parts by enhancing our import processes, and built out our capacity to repair and refit vehicles.

In terms of our credit performance over the last 18 months, we have focused on financing existing operators who understand the industry. It has been necessary to reduce our risk exposure to new operators coming into the market; this obviously protects our business, but it is also our duty as responsible lenders not to expose new entrants with no experience to loan agreements in these particularly challenging operating conditions.

Some clients are needing to extend the term of their loans in response to cost pressures. By matching the term of the loan to the profitability of the routes serviced and the performance of the client, we can support our clients without taking the risk of an asset-liability mismatch. Structured similarly to a mortgage bond, these extended term loans give our clients eight to nine years to settle, with no penalty for early settlement.

We are relieved that the minibus taxi conflict in the Western Cape in July 2021 was localised. It was a complicated situation and there were a number of factors that drove the conflict, including economic stress and the destabilisation in the local minibus taxi councils due to COVID-19-related deaths. We supported government in their efforts to quell the violence and congratulate them on moving quickly to restore order. For our part, we facilitate where we can and stopped funding any of the associations on those routes during the conflict.

Q&A with Terry Kier *continued*

Q

With the focus on providing more headroom for taxi operators to help with affordability, what does that mean for growth in SA Taxi?

We are a vertically integrated business with a defined offering in the minibus taxi industry. In boom times, vertical integration increases revenue streams across the value chain, but in tough times, you have to manage the impact across the vertical. As a result, we have focused on two critical elements – enhancing current integration in the vertical and expanding the vertical.

To enhance current integration, we have assessed every part of our existing business to ensure efficiency and effectiveness, thereby reshaping our cost structures – to deepen our resilience and to support affordability for clients. I have mentioned some of the initiatives already – reducing the costs of imported parts, ensuring our salvage teams are salvaging and refurbishing parts optimally, extending loan terms and extending our refurbishment facilities and capacity to bring more QRTs to market at a more affordable price.

Our focus on QRTs has seen us increase performance from refurbishing 280 QRTs a month in FY2020 to around 400 per month currently. And in expanding capacity, we have created new jobs for roles like mechanics, panel beaters and in parts importation, buying and salvage. We are acquiring second-hand minibus taxis for refurbishment wherever we can – directly in the market, at auctions and through banks – because we can add value to these vehicles and put them back on the roads as a reliable value-producing asset for small businesses. It is a unique capability in the local market, and I am not aware of a similar model globally.

To expand in the vertical, we are extending beyond our traditional focus on minibus taxi operators and drivers to include commuters across the industry. We have not yet applied our business model fully into the commuter base, but we are working at it. Our medium-term growth strategy here is to expand SA Taxi's total addressable market exponentially from 250 000 taxi operators to 15 million commuters a day. We are already evaluating and developing a range of products for this extended market in areas like electronic fare collections.

To reach this market most effectively, we will be partnering with organisations that can offer the specialist expertise that is not part of our core offering. SA Taxi brings over a decade of experience and IP, and unparalleled market access to our prospective partners, and we are evaluating partnerships with banks to leverage their payments capabilities. Our payments offering stands to redefine SA Taxi over the next five years – it will expand the way we operate, open new revenue streams and enhance our core business by honing our collections ability.

But we will stay true to a central tenant of our business as we bring this opportunity to fruition – to make sure that our clients' businesses have the best chance of success. Consequently, this growth opportunity will also open up new revenue opportunities for operators.

Our unique data advantage comes into play in enhancing value for our clients, where we can apply our data and insights to understand new opportunities and enhance decision-making. To support this competency, we have recruited new data, business analytics and actuarial skills into the business over the last year. Our teams are doing a lot of back-end development to enhance both operational integrity and efficiency, as well as product design. We always try to balance sophistication and simplicity in our products – to ensure they are efficient from a user perspective.

In developing our payments platform, SA Taxi and our partners are making sure that the service will enhance existing ways of doing business by making it better and more efficient, rather than adding complexity, for both operators and commuters. These offerings are being tested in pilot phases to ensure the solution works on the ground – or more correctly, on the road. As with all innovative products and services, success is not guaranteed. But we will keep on looking at and testing potential opportunities to enhance our services and extend our market.

Q

Does this partnership approach represent a change in focus for SA Taxi?

Delivering products and services in partnership with other credible players does represent a shift in ethos for SA Taxi, although our focus on partnering with operators and empowering them to be successful small business owners will not change. Historically we have run each component of our business in-house, across finance, insurance, repo teams, salvage and repairs. The only exception has been our partnership in providing telematics, but here we position ourselves as data consumers rather than telematics providers. The data generated from telematics has been key to our ability to develop business insights and mitigate risk as a key competitive edge.

Our evolving partnership approach is based on understanding our core competencies and matching them with the expertise of others able to bring a skillset that is complementary to our offering – such as payments. These are competencies required to unlock opportunities in the commuter market that we do not have, but which complement the significant value we can add as experts in the minibus taxi industry and through the route to market we provide. With the right partners, we can create products that are unique and highly beneficial to the South African transport sector.

To be clear, this is not about extracting profit; it is about creating additional revenue streams for our business and for taxi operators, which will enhance their business and profitability.

Q&A with Terry Kier *continued*

Q

Talking about the betterment of the industry, have there been any developments in bringing electric vehicles to South Africa to replace petrol- and diesel-powered minibus taxis?

There is a great deal of interest in electric vehicles, particularly their ability to transform public transport. However, we need to balance this excitement against the complexities our unique South African context presents to the viability of this mode of transport.

Firstly, the tax regime and incentives for electric vehicles are not yet conducive for import; an electric taxi will cost around double that of a locally manufactured diesel minibus taxi as things stand. However, government is currently reviewing excise duties on these vehicles, which should reduce import costs in time. As heavier vehicles (due to the weight of batteries), electric taxis also require different towing infrastructure. There is an additional weight consideration for road infrastructure itself, considering the wide reach of the minibus taxi industry. Batteries also reduce the number of passengers compared to traditional minibus taxis.

Beyond logistical considerations for the vehicles themselves, there are questions about the impact to the fiscus. The minibus taxi industry is a large fuel user and pays tax on every litre bought, which means a large loss of revenue. Also, as we know, electricity costs and supply are major issues in South Africa, so electrifying a fleet of minibus taxis will need to be considered in light of this constraint.

I am not suggesting that electric taxis do not have a place in our longer-term strategy, but there are many stakeholders that must be included, and constraints considered and planned for, to successfully replace the fleet. This requires more than an investigative journey – it needs a practical solutions-based approach to find a way through the complexities. Given our role in the industry, we are at the forefront of many of these discussions and are investigating key issues with our stakeholders. As always, our approach is grounded in the practical consideration of the real benefit to commuters and operators, especially as operators' livelihoods depend on the success of their small businesses.

We will be importing some electric taxis to assess their viability as the first step in what will likely be a medium- to long-term project. And we will remain an active partner in facilitating the shift to EVs in the minibus taxi industry, doing our part to resolve the complexities to the extent we can, given our sphere of influence.

Q

How is SA Taxi supporting its people considering the ongoing impact of the pandemic?

Personal loss, COVID-19 infections and the stress and strain of the pandemic has certainly taken its toll. We thankfully have a strong culture in this organisation and our management team has been in constant contact with their teams and has ensured that employees access support through wellness programmes and other support networks.

We have also taken time to reflect on our business, to learn and improve from the lessons over this period; to go back 'to normal' as things were before COVID-19 would be to lose the lessons of this challenging time. We are currently redesigning our offices and workspaces and, as mentioned, updating key processes to ensure we emerge from the pandemic with a better business for our people and our clients.

While working from home may be convenient and necessary during the pandemic, I am concerned that it is not necessarily healthy for employees or the business over the long term. We are a social species – and engaging with people is necessary to stimulate creativity and sustain the energy that fuels innovation. Our workspace redesign will ensure the health and safety of our employees who work on site (for example, our mechanics and panel beaters), as well as our office-based staff who can balance work-from-home and work-from-office. However, we continue to follow national directives and our own protocols to ensure workplace safety for all our people.

We have been very successful in attracting talented people into the business. Many workers have reflected on what meaningful employment means during the pandemic and they want to work somewhere where their value system aligns with the value system of the organisation, and where they can make a positive impact. Part of SA Taxi's success in attracting people with the skills we need comes down to our unique culture, and the work we do to support the small businesses that make up the unique industry we serve.

Q

What have been the sustainability highlights for SA Taxi?

In an operating environment bruised by the impact of a pandemic, you quickly realise that you are not only responsible for 1 400 employees – you also need to consider their extended families. The same holds for your clients and their networks. As business leaders in this country, it is vital that we understand our constituencies are broad – and for SA Taxi, that means our obligation extends to 250 000 operators and the wider industry.

That was the starting point for establishing the SA Taxi vaccination centre at our head office in Midrand, Gauteng in July 2021. We moved fast to establish the centre, with the support of the Department of Health and in partnership with the minibus taxi industry, international DFIs and local healthcare providers. The centre services the minibus taxi industry and our employees and their families, and over 16 000 vaccinations had been administered up to 12 November 2021. We are particularly proud of our contribution here, to support the industry by playing our part in preventing ongoing transmission and rebuilding our economy.

Also, I am proud of the efforts of all our people in SA Taxi winning the 'Most Sustainable Company in the Mobility Industry' category globally in the World Finance Sustainability Awards 2021. This recognises our social purpose of enabling mobility access for millions of commuters through tailored developmental financing and support services to SMEs, our alignment to the SDGs, and the resilience of our operations during the COVID-19 pandemic.

As mentioned by Sean in the CFO's report, SA Taxi issued its first bond backed by a sustainable bond framework through its Transsec 5 initial issuance. It was our largest single issuance to date at R900 million, with the notes listed in the JSE's sustainability segment.

Q

What excites you most about the future?

SA Taxi has never been a bystander in the industry; we have always taken an active role as an industry partner. We make sure that everything we do enhances the businesses of our clients and helps to build a better industry. It is much more than a commercial imperative, it is as much a moral obligation that we contribute to bettering small businesses in a country facing the issues that it does. And to make it clear that this is not altruism; this is an understanding that in our market and industry, the way to profit is in making sure that your clients run a better business, and to help people access opportunities to earn a livelihood.

We have a solid platform and I have outlined our initiatives to drive further efficiencies and pursue opportunities for growth. But what really excites me is SA Taxi's people. The infusion of new talent that we have brought into the organisation over the year is well timed – the time is right for new people and new ideas to be blended into the culture of the organisation, and for us not to be threatened by change.

Our sustainability is in the hands of people we have nurtured through the business over many years (in some cases, starting out working in taxi ranks and now heading up their own functions and teams) and a new generation with new skills, with the talent and creativity to develop new concepts and design new products that will continue to enhance the industry we serve long into the future.

TRANSACTION CAPITAL
RISK SERVICES

COMBINES ITS UNIQUE TECHNOLOGY, DATA AND ANALYTICS COMPETENCIES TO PROVIDE A RANGE OF DIGITALLY ENABLED BUSINESS SERVICES AS A TRUSTED PARTNER TO A GLOBAL CLIENT BASE AND 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** and create alternative revenue opportunities in adjacent market sectors.

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

Responding **effectively and ethically** to the complex market dynamics in which we operate.

Leveraging our expertise together with South Africa's robust, **low-cost infrastructure and technology environment** to enter markets in other English-speaking countries, including **Australia, Europe and North America.**

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

PERFORMANCE OVERVIEW

STRONG ORGANIC GROWTH APPLYING FY2019 AS A BASE

COST PRICE OF PURCHASED BOOK DEBT ACQUIRED

R1 240 million

FY2020: **R733 million**
FY2019: **R1 186 million**

NON-INTEREST REVENUE

R2 391 million

FY2021 vs FY2020: **4%**
FY2021 vs FY2019: **24%**

CORE RETURN ON EQUITY

18.7%

FY2020: **1.7%**
FY2019: **20.3%**

CORE HEADLINE EARNINGS ATTRIBUTABLE TO THE GROUP

R320 million

FY2021 vs FY2020: **662%**
FY2021 vs FY2019: **15%**

CARRYING VALUE OF PURCHASED BOOK DEBTS

R3 441 million

FY2021 vs FY2020: **37%**
FY2021 vs FY2019: **44%**

REVENUE FROM PURCHASED BOOK DEBTS

R1 383 million

FY2021 vs FY2020: **24%**
FY2021 vs FY2019: **53%**

ESTIMATED REMAINING COLLECTIONS

R6.4 billion

FY2021 vs FY2020: **23%**
FY2021 vs FY2019: **42%**

STRATEGIC AND OPERATIONAL HIGHLIGHTS

RETURNED TO LONG-TERM TRACK RECORD OF GROWTH

RESILIENT PERFORMANCE IN A CHALLENGING ENVIRONMENT

Business model gained relevance in the COVID-19 environment

The effective functioning of the consumer credit sector is critical to economic recovery.

Increased indebtedness and impaired consumer ability to service debt, resulting in significantly larger NPL portfolios to manage and/or acquire.

Strategic growth initiatives positioned to capture emerging opportunities

Structured to deliver in key areas of collections and transactional and business process outsourcing.

See page 93 for details of strategic growth initiatives.

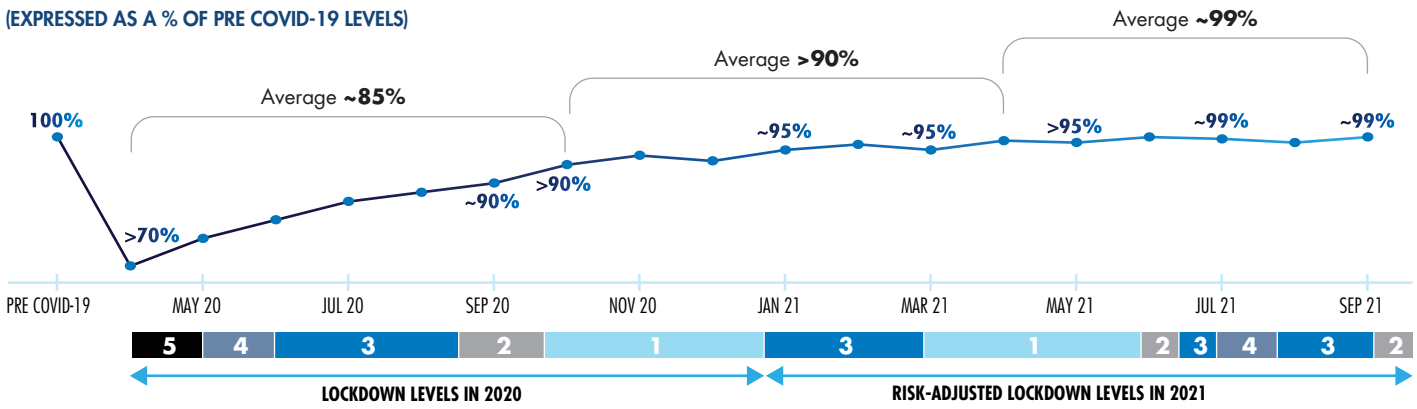
Robust operational and financial performance

Core headline earnings attributable to the group increased **662% to R320 million,** and grew **15%** on FY2019 as the pre COVID-19 base.

Collection services proved resilient in difficult environmental conditions:

- Growth of **8%** in FY2021 collections revenue (23% compared to FY2019).
- Decrease of **3%** in operating costs in FY2021.
- Growth of **17%** in pre-provision profit (34% compared to FY2019).

Collections on NPL portfolios owned as principal exceeded our expectations



DELIVERING SHARED VALUE

TCRS's societal purpose is to promote stable, functioning credit markets, facilitate financial rehabilitation and enable efficient payment systems. Below is a summary of sustainability indicators that demonstrate enterprise value creation for the group and its key stakeholders.

For detailed economic, social and environmental impact metrics, see our sustainability report at **www.transactioncapital.co.za.**

FACILITATING ECONOMIC DEVELOPMENT

We drive economic growth by promoting credit market stability.

- We support a sustainable supply of credit by unlocking value from our clients' NPLs.
  - **R3.5 billion** in South Africa | **R2.7 billion** in Australia
    Value recovered for clients through contingency and FFS collections in FY2021.
- Selling their NPL portfolios frees up operational capacity and 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 billion** regulatory capital release
- TCRS's NPL portfolios acquired to collect as principal in FY2021 related to **159 235** consumers, with an average outstanding balance of **R37 029**. According to our estimates, this resulted in an average consumer credit provision and risk-weighted release of **R15 011** and **R12 156** respectively.

SUPPORTING SOCIAL INCLUSION

TCRS rehabilitates debtors ethically and responsibly.

- We focus on the rehabilitation and education of debtors to enable expedited re-entry into credit markets.
  - **~180 000** rehabilitated debtors in FY2021, to the value of **R308 million.**
  - **R109** TCRS average fees per account versus **R1 176** maximum permitted per Debt Collection Act.

We are a trusted and respected partner.

- Ranked as **1st** or **2nd** best in **83%** of mandates in South Africa and **88%** of mandates in Australia.

BETTERING THE INDUSTRIES WE SERVE

TCRS works to better financial intermediation for all stakeholders.

- We provide a range of services that support financial intermediation, which facilitates payment and salary flows.
  - Value of electronic transactions processed by Transaction Capital Transactional Services is **R155.2 billion.**

STRATEGIC GROWTH INITIATIVES

POSITIONED TO FOCUS ON STRATEGIC GROWTH INITIATIVES AND CAPTURE EMERGING OPPORTUNITIES

STRUCTURED TO DELIVER IN KEY AREAS:

COLLECTION SERVICES | **TRANSACTIONAL SERVICES** | **BUSINESS PROCESS OUTSOURCE SERVICES**

COLLECTION SERVICES

- **Accelerated acquisition of NPL portfolios**
  - As sector dynamics in South African and Australia become clearer and return to pre COVID-19 levels of activity.
  - Significant opportunity in an underdeveloped and growing South African market, with no other listed entities.
  - A small position in Australia and other international markets provides a meaningful growth opportunity.
  - Co-investment in international NPL portfolios with local partners.

TRANSACTIONAL SERVICES

- Development of a more resilient and efficient payment and transaction process platform.
- Diversified by payment activity, client and sector.

BUSINESS PROCESS OUTSOURCE SERVICES

- Leveraging TCRS's low-cost South African infrastructure.
- Notable progress on assembling the team to deliver on the strategy.

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

ACQUISITION OF NPL PORTFOLIOS IN SOUTH AFRICA

New sellers are entering the market, with TCRS educating clients on best practice for the sale of NPL portfolios.

TCRS is expanding the asset classes in which it invests, including NPL portfolios sold prior to write-off, those collected via legal process, and portfolios sold on a bilateral or recurring contractual basis.

ACQUISITION OF NPL PORTFOLIOS IN AUSTRALIA

Australia's collections market is significantly larger than that of South Africa, and mainly comprises unsecured consumer loan and credit portfolios, a market segment where TCRS has over 20 years' experience in South Africa.

Further investment underpinned by:

- A growing database in Australia informing improved book pricing and collections.
- The deployment of technologies proven in South Africa into the Australian business.
- TCRS's analytics and pricing expertise.

ACQUISITION OF NPL PORTFOLIOS IN EUROPE

Our strategy remains valid and will be pursued, while maintaining a cautious and selective approach.

The portfolio to be diversified by asset originator, collection platform and geographic region, with:

- Investment in NPL portfolios and platforms that enable participation in underwriting and management decisions.
- Oversight frameworks developed that enable active management.

Provides a hard currency revenue stream for the group.

MARKET CONTEXT

TCRS remains defensively positioned in a challenging macro- and socioeconomic environment, with pressure on consumers exacerbated by the adverse impact of COVID-19

SOUTH AFRICA

ADULTS[1]

~39.6 million

CREDIT-ACTIVE CONSUMERS[2]

~26 million

NON-PERFORMING CREDIT-ACTIVE CONSUMERS[2]

~10 million (~38%)

23% of credit-active consumers are more than three months in arrears

ELEVATED LEVELS OF UNEMPLOYMENT[3]

- Unemployment rate of **34.4%** – the highest rate in 12 years
- **3.3 million** discouraged job seekers (FY2020: 2.5 million)

CREDIT EXTENSION IS RECOVERING, BUT LENDERS ARE MORE CONSERVATIVE[4]

- New credit granted ↑ **21%**
- Credit granted by retailers ↓ **13%**
- **33%** of credit applications were approved, ↓ from 39% in FY2020

HOUSEHOLD DEBT-TO-INCOME[5]

- ↓ **to 75.2%** (FY2020: 76.0%)

COST OF SERVICING DEBT[5]

- ↓ **to 7.7%** (FY2020: 9.0%)

INFLATION[6]

↑ to **5.0%**

(FY2020: 3.0%)

INTEREST RATES

↓ to five-decade low

AVERAGE REPO RATE[7]

3.5%

(FY2020: 6.0%)

25 basis point rise in November 2021 to 3.75%

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

Overdue debt balances continue to increase[8]

OUTSTANDING GROSS DEBTORS BOOK

↑ by R91 billion

38% OF LOANS NOT IN GOOD STANDING

Unsecured lending	Mortgage lending
R22 billion GRANTED (FY2020: R10 billion)	R57 billion GRANTED (FY2020: R13 billion)
▸ **53.5%** to individuals earning **> R15 000**	▸ **One in 10** mortgages overdue

CONSUMERS ACROSS ALL SEGMENTS CONTINUE TO BE IMPACTED BY THE PRESSURE IN THE ECONOMIC ENVIRONMENT[9]

Segment	Low income	Middle income	High income
Average income	R4 929	R12 468	R33 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 ↑ 25% since 2019**	**10% defaulted on vehicle finance (↑ 100% since 2019)**

THE IMPACT OF THE PANDEMIC CONTINUES TO BE FELT[10]

88%

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

61%

of South African consumers indicated that household finances have not recovered to pre COVID-19 levels

Sources: 1. Stats SA, adults aged 15 to 64. | 2. NCR Credit Bureau Monitor Q2 2021. | 3. Stats SA: Quarterly Labour Force Survey Q2 2021 versus Q2 2020. | 4. NCR Consumer Credit Market Report (CCMR) Q3 2020 – Q2 2021 versus prior year. | 5. South African Reserve Bank (SARB) Quarterly Bulletin: Average rate for the year ending 30 June 2020/21. | 6. Stats SA: Rate of inflation reported September 2020/21. | 7. SARB: Average repo rate for the year ending 30 June 2020/21. | 8. NCR CCMR Q32020 – Q2 2021. | 9. XDS Credit Stress Report Q2 2021. | 10. TransUnion Consumer Pulse Study Q3 2021.

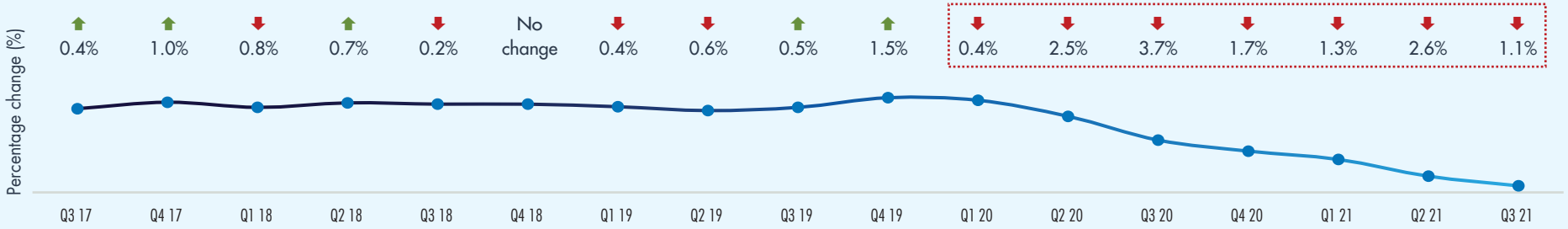
MARKET CONTEXT/SOUTH AFRICA *continued*

TCRS's business model gains relevance in the COVID-19 environment

TRANSACTION CAPITAL'S CONSUMER CREDIT REHABILITATION INDEX (CCRI)

CONSUMERS' PROPENSITY TO REPAY DEBT IS 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 SOUTH AFRICAN CONSUMERS IN CREDIT DEFAULT

NATIONAL REHABILITATION PROSPECTS DETERIORATING SINCE COVID-19 (Q1 2020)

ECONOMIC IMPACT OF COVID-19 ON TCRS's CLIENTS

- Recovery in credit extension
- Larger NPL portfolios
- Balance sheets and operations under pressure
- Increasing appetite to sell NPL portfolios
- Shift from fixed to variable cost structures through outsourced collection services

TCRS POSITIONED STRONGLY TO ACCELERATE THE ACQUISITION OF NPL PORTFOLIOS AND WIN AGENCY COLLECTION MANDATES DUE TO OUR:

- **~20 years'** experience in acquiring and collecting NPL portfolios
- Ability to adjust pricing methodology to prevailing market conditions, to achieve targeted returns and collection multiples
- Omni-channel and data analytics capabilities that support ongoing contacting and transacting with consumers
- Highly effective work-from-home capabilities and restructured staff complement
  - **>1 200 agents** working from home, resulting in improved efficiency and productivity due to flexible working hours

Source: NCR CCMR Q3 2020 – Q2 2021 vs prior year.

MARKET CONTEXT *continued*

AUSTRALIA

Consumers employed but highly leveraged

- **Unemployment rate ↓ to 4.5%**
  - Government support reducing work sought
- A decrease in hours worked putting pressure on employers to reduce costs
- Government support programmes renewed as lockdowns were extended
- Prolonged lockdowns forecast to cause the economy to contract
  - **2% to 4.5% contraction** in third quarter of calendar year
  - Slower than expected recovery
- Historically low interest rates and high property prices drive credit extension
- Persistently high levels of **household debt to disposable income at ~210%**

Debt collection environment

CONSUMERS

- Predominantly employed, but prolonged lockdowns and government support programmes are creating uncertainty
- Respond well to non-voice and digital channels, with high levels of 'right-party contact'
- Growing adoption of alternative 'Buy Now Pay Later' credit options over traditional credit products

MARKET PARTICIPANTS

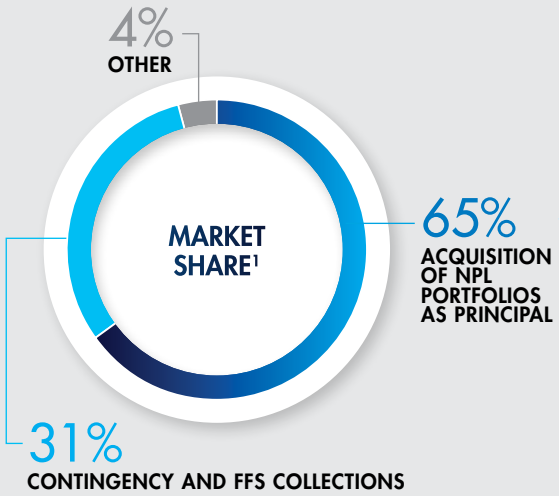
- Reduced access to funding for acquisition of NPL portfolios
- Increased regulatory compliance and focus on treating customers fairly
- The Royal Commission into Banking has resulted in restricted sales of NPL portfolios and increased compliance costs, with the government and major credit providers restricting collections activity
- Prompting a shift towards FFS

A fragmented collections market comprising >500 market participants, with early-stage market consolidation

PRICE PAID FOR NPL PORTFOLIOS ACQUIRED PER YEAR

AUS millions	FY2021[2]	FY2020	FY2019
Credit Corp	↓ ~A$60	↑ ~A$246	~A$229
Collection House[2]	↓ ~A$0	↓ ~A$25	~A$133
Pioneer Credit	↓ ~A$31	↓ ~A$60	~A$77
Recoveries Corp (TCRS)	↑ A$12	↓ A$7	A$12
Panthera and other smaller players in fragmented market	↓ ~A$47	↓ ~A$170	~A$208
TOTAL NPL PORTFOLIOS SOLD IN AUSTRALIA[4]	**↓ ~A$150**	**↓ ~A$510**	**~A$650**

~75%
OF SALES DONE ON A FORWARD FLOW BASIS



MARKET SHARE OF NPL PORTFOLIOS ACQUIRED

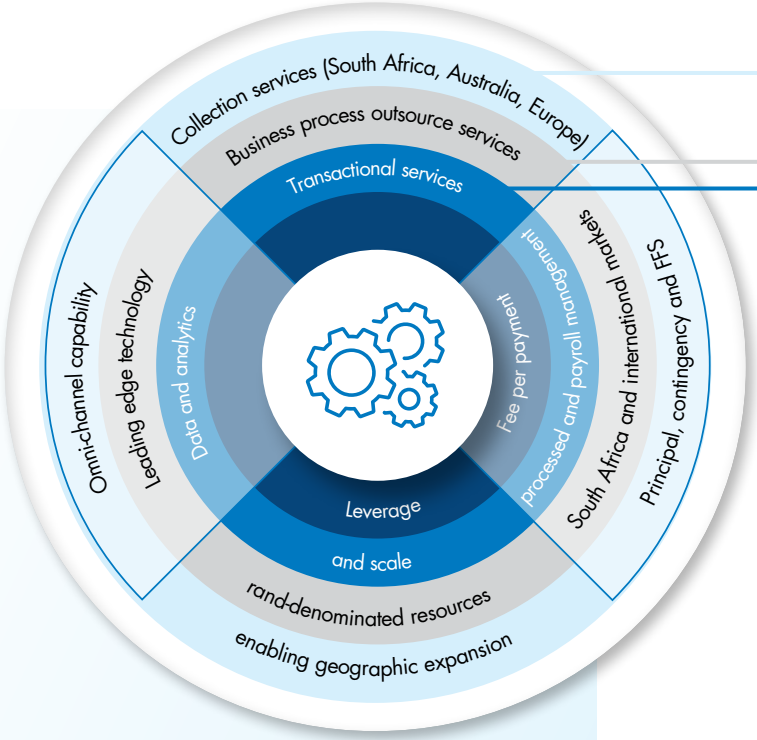
~40%	Credit Corp Group
~0%[2]	CollectionHouse Group
~21%	pioneer credit
~8%[3]	recoveriescorp connect. engage. succeed.
~31%	OTHER PLAYERS – PANTHERA FINANCE

4% illion | 3% recoveriescorp connect. engage. succeed.

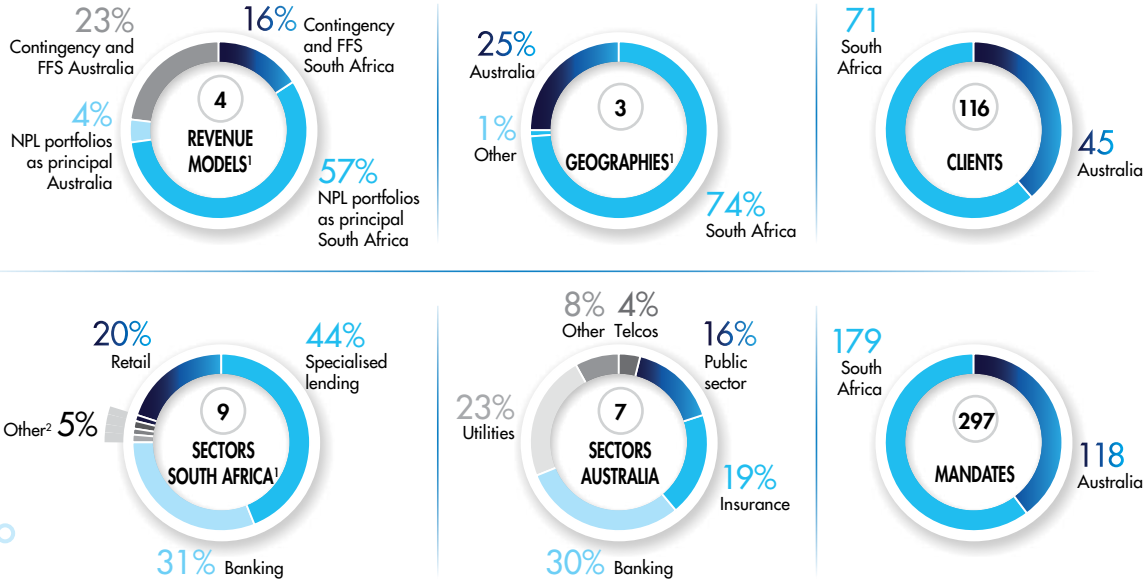
Internal estimates per analysis of reported results by companies mentioned above.
Sources: 1. IBIS World Report Debt collection in Australia December 2020, market share based on revenue. | 2. Collection House concluded the sale of its Australian PDL assets to Credit Corp on 23 December 2020. | 3. Rand amounts converted at a ZAR\|AUS FX rate of 0.087406 on 31 October 2021. | 4. Debt Sales Market Update by Bravure Group 2020, based on price paid for NPL portfolios.

BUSINESS ACTIVITIES

A business model diversified by business activity, revenue model, geography, sector, client and mandate supports performance in varying market conditions and reduces concentration risk.



COLLECTION SERVICES DIVERSIFICATION



BUSINESS PROCESS OUTSOURCING

CONSUMER-RELATED BUSINESS SERVICES

Digitally-enabled services leveraging off TCRS's unique and rand-based low-cost technology, data and analytics competencies to provide:

- Inbound customer experiences and retention services across the customer management lifecycle, using digital and omni-channel approaches.
- Insights based on interactions with customers on all omni-channel platforms.
- Outsourcing of legal, payroll and administration services.

TRANSACTIONAL SERVICES

PAYMENT SERVICES AND ACCOUNT MANAGEMENT

Specialists in customised, innovative and flexible payment processing services (including payroll), business solutions, data analytics and people management.

ALL BUSINESSES UNDERPINNED BY LEADING CAPABILITIES IN DATA, TECHNOLOGY AND ANALYTICS

Ongoing investments into data, technology and analytics inform precise and informed internal and external decision-making.

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

BUSINESS ACTIVITIES *continued*

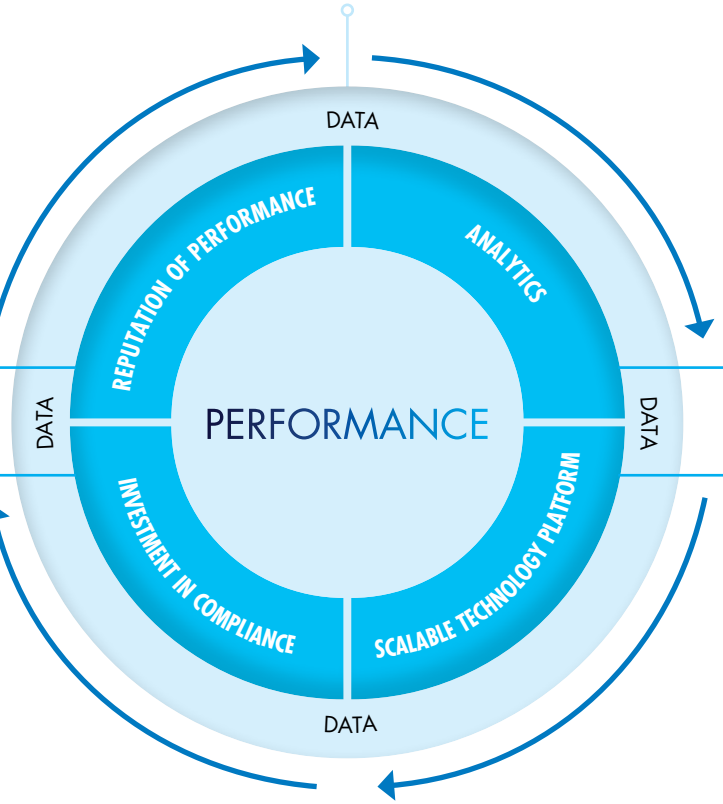
COMPETITIVE ADVANTAGES THROUGH TCRS'S MARKET POSITIONING

TCRS'S PROPRIETARY DATA

- Database of South Africa's distressed consumers
- Continually enriched (with collection and ContactAbility results)

REPUTATION OF PERFORMANCE

- Only local listed industry participant
- Diverse range of local and international stakeholders
- Ranked as **1st** or **2nd** best in **83%** of mandates in South Africa, and **1st** or **2nd** in **88%** of mandates in Australia
- Management and business information providing customised insights that add value for clients, allowing TCRS to win more mandates



ANALYTICS

- Predictive and 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

INVESTMENT IN COMPLIANCE

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

SCALABLE TECHNOLOGY PLATFORM

- Dialer enhances scale of ContactAbility
  - Enabled over any omni-channel with **>1 200** agents working from home:
    - » Highly effective work-from-home capabilities
    - » No compromise to data security or access to technology
    - » ↑ efficiency and productivity per agent due to more flexible working hours with ↓ in resources utilised
    - » ↓ infrastructure costs and cost of collection
    - » Strong value proposition to staff

Q&A WITH DAVID McALPIN

TCRS CEO

David discusses the division's strategic positioning and key growth initiatives in pursuit of a new vision for TCRS.

Q

COVID-19 has had a dramatic impact on economies and companies around the world. Which features of the operating environment are pertinent to TCRS's performance over the year?

The operating environment is definitely challenging and has impacted South African consumers particularly hard. Of the 26.2 million credit-active South African consumers at June 2021, almost 38% had impaired credit records. Transaction Capital's Consumer Credit Rehabilitation Index, which measures consumers' propensity to repay debt, has shown a continuous deterioration since the first quarter of 2020.

Despite the lowest interest rate in 50 years, household income is eroding and the number of consumers in debt distress is increasing. South Africa's unemployment rate remains critically high. This is placing immense strain on the consumer sector, especially as payment relief and government support measures come to an end. Nonetheless, around one-third of consumers making monthly debt repayments on our principal portfolio are not formally employed; this demonstrates a measure of resilience in South Africa's informal sector.

In Australia, higher job creation and lower levels of immigration have supported a recovery in unemployment to pre-pandemic levels. The country is recording historically low interest rates and current forecasts see gross domestic product growth rebounding to 4.5% in 2021. With government support programmes, debt moratoria and insolvency suspensions coming to an end, we anticipate that operating conditions in our Australian business will return to normality during 2022.

Despite challenging conditions, TCRS posted a resilient performance supported by collection revenue increasing by 8%. The acquisition of NPL portfolios was strong, reaching pre COVID-19 levels of book-buying activity. Our effective work-from-home capability and the proactive recalibration of our staff complement and associated infrastructure have seen us achieve higher levels of efficiency and productivity.

See page 61 onwards for details of the financial performance of each of TCRS's main business activities.

Q

Yet in these tough conditions, TCRS is repositioning itself to capture emerging growth opportunities. What are these key opportunities?

We have made great progress in shifting our business model to focus on three core service offerings – collection services, transactional services and business process outsource services. These are centred on our vision for the business – to create a global technology services business that leverages off our South African technology platform and call centre IP.

This competitive advantage positions TCRS for high-potential opportunities in each service offering. In our collection services business, the acquisition of NPL portfolios is a significant growth opportunity as more NPL portfolios come to market in South Africa. We see this trend accelerating as the impact of COVID-19 plays out over the medium term. The pressure on consumer-facing businesses will only increase as their credit portfolios deteriorate. This provides more scope for TCRS, as our clients deal with bigger NPL portfolios due to the increasing indebtedness of consumers and their impaired ability to service their debt.

The South African consumer debt market is currently underdeveloped. We are focused on helping to grow and develop greater sophistication in this market through some of our business development initiatives.

In Australia, we have the opportunity to accelerate NPL acquisitions as the country reopens after its vaccination rollout. Before the advent of COVID-19, the Australian market for NPL acquisition was worth some AUD600 million, many times larger than the South African market. Taking even a small market position here will transform the profitability of the Australian business.

The group's international NPL acquisition strategy has been refined, and where this was previously the remit of TC Global Finance, it is now being managed within TCRS. These nascent book-buying opportunities will drive the diversification of our portfolio by giving us a foothold in much larger international markets. Again, a small position in these markets provides a meaningful growth opportunity for us. We have co-invested in partnership with specialist credit managers in acquiring NPL portfolios in central and eastern Europe.

TCRS has almost 20 years of experience in acquiring NPL portfolios at attractive risk-adjusted returns. Our ability to adjust pricing methodology to the prevailing environment ensures that we can price NPL portfolios accurately to achieve targeted returns and collection multiples.

In our transactional or payment services business, we are building out a multi-bank, B2B transaction aggregation platform. This enables any transaction, whether a payment or receipt, to flow through the platform, with transactions reconciled to a client's bank statements across multiple banks. We are also developing a payroll BPO business, which will be an attractive proposition as an outsourced service as cost pressures increase for businesses.

Our newly established business process outsources services division is positioned to help clients mitigate the impact of the global shortage of human resources and skills, and attendant cost increases to hire and retain these skills. We have skilled call centre agents, material cost arbitrage, neutral accents and naturally empathetic people in South Africa, key to serving global clients as an offshore BPO destination. This is an exciting opportunity for TCRS to leverage our rand cost base, local technology platform and IP, and deep experience in managing large call centre operations to grow hard currency revenue earnings.

Q&A with David McAlpin *continued*

Q

What initiatives are in place to support these growth strategies?

Data, technology and analytics are core to our business and our success. We continue enhancing these digital capabilities to deliver a truly global offering. This requires ongoing innovation and investment in new technologies and IT systems, including campaign strategies, voice analytics, digital contact and transacting through our omni-channel capability. We also leverage gamification to drive higher productivity.

Through the use of data acquisition, AI and various machine learning approaches, we are constantly updating our core MDU. This enables the collection businesses to make better decisions about who to call, when to call, what instalment to ask for, and whether a settlement should be offered.

All of our systems comply with the Protection of Personal Information Act 4 of 2023.

To drive international sales in our new BPO service business, we have appointed an experienced global sales executive. While this business is only offering collection and inbound voice services at present, this dedicated resource will help us expand the services we offer and find and assess acquisitions to grow the business.

We have also appointed an executive to focus on innovation across TCRS, as a new position on our executive team. Their mandate will be to ensure that we adopt key digital trends and develop associated revenue opportunities, and to enhance the service we deliver to our clients and unlock additional value in the business.

Lastly, we are currently refreshing and modernising our brand to reflect our global technology services positioning. It will appeal to a new generation of clients and employees.

Q

How is TCRS aligning its workforce to a new world of work?

Firstly, we are actively managing our people-related risks. While a distributed workforce mainly working from home has the potential to undermine culture and morale, our technology backbone and work management systems have translated seamlessly to support a work-from-home model. Importantly, this has not compromised data security or employee access to our technology suite and databases. Our formalised workforce management processes include defined procedures and communication channels (allowing employee engagement across multiple platforms), and involve setting clear expectations for our teams.

The success of the work-from-home model also means we can offer flexibility to our employees involving a hybrid of work-from-home and work-from-office. In combination with using our data and analytics capabilities to drive effective campaign management, we are seeing higher levels of productivity across our call centre agents.

Given the strategic growth opportunities I discussed earlier, we have mitigated the risk of management being overstretched by appointing a number of executives across TCRS over the year. This gives us additional bench strength to go after these growth opportunities without losing focus on our core operations.

Q

What progress has there been in enhancing TCRS's employee value proposition?

As I mentioned, the flexibility of work-from-home/work-from-office has been well received by employees. This is enabled by our technology backbone and business information systems that effectively monitor and manage all aspects of our business. But technology alone is worthless without capable and skilled teams that can apply its benefits to drive our growth ambitions.

During the year, we launched our integrated wellness programme for all TCRS employees to support their intellectual, social, physical and emotional health. We also invest significantly in skills development and training, to equip our team to drive our growth. This investment also deepens the skills pool in our markets.

I am proud that Transaction Capital Recoveries' Investors in People Silver accreditation has been reaffirmed this year. Established 30 years ago, this United Kingdom-based organisation has accredited over 50 000 organisations internationally. As Silver accreditation is only achieved by approximately 15% of assessed organisations, this confirms that we are aligned to internationally recognised standards.

We continue making good progress in building our reputation as employer of choice in a highly competitive skills environment, especially in attracting the technology and data science skills that are key to our growth.

See the sustainability report for details of people management, training and learnerships.

In South Africa, I am particularly pleased that Transaction Capital Recoveries retained a Level 1 B-BBEE rating, reaffirmed in December 2021. The rating incorporates Transaction Capital Transactional Services. It reflects our focus on empowerment and our involvement in the Youth Employment Service (YES) programme, a business-led collaboration with government and labour that aims to create one million work opportunities for youth. Also, we are benefiting from long-standing initiatives that have secured a strong pipeline of employment equity candidates who are now moving into leadership roles. This is driving real transformation in our race and gender profile at divisional board and senior management levels.

For us, leadership development starts long before senior management levels. To further our transformation ambitions and develop high-calibre emerging talent, our two-year graduate programme targets young black graduates (younger than 25) in various academic disciplines that are relevant to our operations. These graduates are supported by a mentor and a network of on-the-job coaches to afford them opportunities to progress within TCRS.

Q

How is TCRS contributing to the resilience of the markets in which it operates?

We believe in a partnership approach in all aspects of our business – obviously in our relationships with our clients and service providers, but also in our involvement in the broader industry. We are represented in a number of industry forums (such as the Council for Debt Collectors, the South African Credit & Risk Reporting Association and the Association for Debt Recovery Agents), where our active participation helps to formalise and strengthen the industry, and keeps us up to speed with industry developments.

Our business has gained relevance in the COVID-19 environment as it underpins the effective functioning of the consumer credit sector, which is critical to economic recovery. In 2021, our acquisition of NPL portfolios to the value of R1.1 billion freed up operational capacity and capital for our client base, enabling them to resume lending. The increased indebtedness of consumers and their impaired ability to service debt stands to increase the number of portfolios available to manage and acquire. Our focus on the rehabilitation and education of debtors speeds up their re-entry into the credit markets, with around 180 000 debtors rehabilitated during FY2021.

Lastly, in terms of our commitment to reducing our GHG emissions, we are planning to move all our Johannesburg-based operations to one A-grade environmentally responsible and resource-efficient office. This will result in cost savings and stands to increase collaboration between our teams. It will also enhance the value proposition for our employees.

See our sustainability report for details of our ESE performance.

Q

What is exciting you most about the future for TCRS?

The transformation of TCRS into a global technology services business is an exciting prospect for me, the executive team and our teams across the division. It offers distinct avenues for growth for the group and leverages the competitive advantage that we have built over the last two decades – being our scale, our South African rand-denominated resources and technology, and our data and analytical capabilities. This places TCRS in a unique position to capture emerging growth opportunities, both at home and elsewhere in the world.

For the year ahead, our focus is to pursue the growth strategies I have already outlined:

- Increasing NPL portfolio acquisitions in South Africa and Australia.
- Developing our international NPL book-buying business through partnerships and co-investment structures.
- Continued investment in technology, data and analytical competencies.
- Developing our B2B aggregation platform in Transactional Services.
- Growing our international BPO business.
- Assessing and moving on strategic acquisitions to speed up implementation.
- Attracting and investing in skilled, dynamic people resources.

05

REMUNERATION

Remuneration policy
PAGE 105

Implementation report
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REMUNERATION REPORT

03
MATERIAL THEME
Retain, support and develop our people, and attract the right skills

RELATED MATERIAL MATTERS

- Support and develop employees in a challenging professional and personal context to maintain performance levels.
- Enhance retention and attraction mechanisms, especially for leaders and key skills, to support business growth and meet transformation objectives.

For Transaction Capital, compensation is a critical determinant of organisational performance and sustainability. This view is based on the belief that all factors underpinning enhanced performance require the highest calibre of leadership and specialist technical expertise, and that stakeholders' interests are best served by aligning strategy, business model, structure, staffing and compensation. Moreover, without attracting, motivating and retaining the best available talent, even the best strategies, business models and structures will fail.

These principles are reflected in one of the core components of Transaction Capital's strategy, which emphasises the group's commitment to investing in human and intellectual capital. This investment is informed firstly by the view that there is a normal distribution of talent in every field of endeavour, and secondly that the performance and sustainability of Transaction Capital will correlate highly with where its employees rank within that distribution. Put simply, the better Transaction Capital's people, the better the company. This is all the more relevant in the current environment, where the entrepreneurial flair of the group is augmented by the depth and quality of management teams across the organisation.

Attracting and retaining high-calibre talent depends on providing both intrinsic and extrinsic rewards. While this remuneration report deals with the latter, intrinsic rewards are reflected in Transaction Capital's employee value proposition, which strives to provide talented individuals with good leadership, personal development and support, and meaningful work in an intellectually stimulating and demanding environment. To complement this, compensation policies aim to sustain a performance-driven and entrepreneurial culture where the most talented people at all levels consider Transaction Capital and its divisions as an employer of choice.

GOVERNANCE OF COMPENSATION

To provide stakeholders with insight into how Transaction Capital's remuneration policies and structures support its ability to create value, the group continues to refine the remuneration report with reference to King IV, the International Integrated Reporting Framework and the JSE Listings Requirements, and in consultation with shareholders (as detailed in the shareholder engagement section on page 104). The board approved this remuneration report and believes that the performance criteria used to determine and measure short- and long-term incentive awards are fair and align appropriately with Transaction Capital's goals, strategies and shared-value outcomes, taking the requirements of all stakeholders into account.

REMUNERATION COMMITTEE COMPOSITION AND MANDATE

The board has ultimate responsibility for the appropriateness of remuneration policies and executive remuneration. The board delegates oversight of this responsibility to the group's remuneration committee, which at the date of this report comprises the following independent non-executive directors:

- **KUBEN PILLAY (Chairperson)**
- **IAN KIRK**
- **CHRISTOPHER SEABROOKE**
- **SHARON WAPNICK**

The remuneration committee's mandate is to ensure that the group's remuneration policies:

- Are fair, responsible and transparent.
- Attract, motivate, reward and retain human capital.
- Promote the achievement of strategic objectives within the organisation's risk appetite.
- Promote positive outcomes.
- Promote an ethical culture and responsible corporate citizenship.

Within this mandate, the remuneration committee believes that a well-designed remuneration policy maintains appropriate alignment between the interests of shareholders and executives, and the principles of good governance. The remuneration committee assesses the mix of fixed remuneration, variable remuneration and long-term incentives (LTIs) to meet the group's needs and strategic objectives, in addition to reviewing the robustness of LTI schemes in ensuring continued contribution to shareholder value.

The remuneration committee is also responsible for ensuring that the implementation and execution of the remuneration policy achieves its objectives.

PRINCIPLES OF REMUNERATION

The following overarching principles are applied to remuneration:

- Transaction Capital's remuneration policies are approved by the remuneration committee and the board.
- Remuneration policies are designed to eliminate differential compensation related to gender, race and location, and apply the principle of equal pay for equal work.
- Compensation is defined on a cost-to-company (CTC) basis, with all benefits included and fully taxed.
- Formal and informal research and benchmarking are performed to determine market norms for similar positions.
- Remuneration is aligned to individual financial and non-financial outputs measured through performance management systems that focus on goals achieved and exceeded.
- Remuneration policies are designed to achieve the group's requirements to retain identified employees, while aligning the interests of employees with those of shareholders and other stakeholders.
- Performance incentives are used to drive specific behaviours that support group, divisional or departmental performance and ensure alignment with the group's sustainability and transformation objectives. In this regard, sustainability and transformation targets are included as qualitative measures in the short-term incentive (STI) structures of key executives.
- Performance incentives are designed to promote an entrepreneurial culture in which individual and collective performance, above and beyond a designated role, is rewarded and encouraged within the group.
- Incentives and bonuses at executive level are aligned to profit growth and relevant return metrics, as well as key non-financial measures, additional key operational outputs and individual performance. In certain instances, a portion of these incentives may be deferred or delivered in the form of a share plan award to support both the retention of identified executives and decision-making based on long-term value creation.
- In instances where an executive's decisions have a direct impact on shareholder value, an element of their compensation is aligned with the medium- to longer-term value of Transaction Capital or each respective division, specifically through defined LTI schemes.
- The remuneration committee continually assesses whether those executives charged with setting and implementing group strategy are meaningfully invested in Transaction Capital, by way of direct investment and/or through an LTI scheme. A policy of a minimum investment in the group for key executives is in place.
- A malus and clawback policy, adopted in 2020, allows the business to adjust variable remuneration awarded to participants before the vesting of an award (malus) and, in the case of participants who are members of executive committees, to recover variable pay after vesting or even payment (clawback), under appropriate circumstances.
- Any change to the compensation of any individual at every level of the group must be approved by their second-level manager, with the remuneration committee approving the compensation of all executive directors, including the CEO and his direct reports, and certain functional specialists.
- Subject to the remuneration committee's approval, 'good leavers' will receive a pro rata benefit due to them in terms of LTIs.

SHAREHOLDER ENGAGEMENT

At the 2020 AGM on 5 March 2021, 96.10% of shareholders voted in favour of the group's remuneration policy, with 81.72% voting in favour of the remuneration implementation report.

Following engagements with shareholders after the 2020 AGM, several enhancements have been applied to the remuneration policy and disclosure in the 2021 financial year, as outlined below.

ENHANCEMENTS TO THE REMUNERATION POLICY

Defined distribution of weightings for quantitative, qualitative and discretionary components of executives' STI awards.	Short-term incentives
Defined distribution of weightings for HEPS and ROE as LTI hurdles.	Long-term incentives

ENHANCEMENTS TO REMUNERATION DISCLOSURE

Granularity provided to the distribution of weightings for quantitative, qualitative and discretionary components of executives' STI awards.	Executive directors
Additional detail provided for sustainability targets included as a measure in the qualitative component of STIs for key executives.	Executive directors
Disclosed distribution of weightings between HEPS and ROE as LTI hurdles.	Long-term incentives
Detail on contractual terms and payments on termination of employment for executives.	Service contracts and payments on termination of employment

The group's remuneration policy and implementation report are presented to shareholders annually for consideration and approval under the terms of separate non-binding advisory votes at the AGM, as recommended by King IV and prescribed by the JSE Listings Requirements.

In the event that 25% or more of the votes cast are recorded against either the remuneration policy resolution or the remuneration implementation resolution, or both, then pursuant to paragraph 3.91 of the JSE Listings Requirements, the company will extend an invitation to dissenting shareholders to engage with the company to discuss the reason for their dissenting votes.

PART 1

REMUNERATION POLICY

The success of Transaction Capital and its divisions relies on a wide range of leadership, managerial, functional and technical skills. Many of these skills are unique to specific divisions, departments or organisational levels.

The entrepreneurial culture of the group requires that the remuneration policy remains competitive and flexible, while encouraging positive outcomes and promoting an ethical culture and good corporate citizenship.

EMPLOYEES

Throughout Transaction Capital, fixed and variable compensation policies and practices are structured to attract, motivate and retain the specific talent and skills required at each level for the progress of the group and its divisions. For the most part, these policies are determined by, and structured according to, divisional or departmental requirements within the remuneration principles described previously.

LEADERSHIP

Transaction Capital regards the individual and collective intellectual acuity, education, experience and industry knowledge of its most senior leaders and talent pool as a core capability and a source of competitive advantage. As such, the compensation, recruitment, performance, development and succession of the group's top executives are monitored directly by the CEO, together with his direct reports, with direct oversight by the remuneration and nominations committees and the board.

Executive compensation strives to attract, reward and retain the highest calibre of individuals in terms of education, expertise and experience, particularly in light of the specialised skillset required in the industries in which the group operates. In addition, executive remuneration strives to align executives with stakeholder priorities.

The different components of remuneration, summarised in the table below, aim to attract, motivate, align and retain scarce talent, while discouraging dysfunctional short-term behaviour.

Remuneration component	Remuneration policy	Reference
BASIC SALARY	Total CTC measured against the 60th percentile of the market.	See alongside
BENEFITS	Group life, provident fund, medical cover and disability cover.	See alongside
SHORT-TERM INCENTIVES	Variable annual incentives based on achieving divisional/ group quantitative objectives, plus a qualitative portion awarded based on non-financial measures and individual performance.	Short-term incentives
LONG-TERM INCENTIVES	Executives participate in LTI schemes where their decisions are likely to have an impact on shareholder value. These schemes serve to harmonise the required attributes of shareholder alignment, retention of key talent and long-term sustained performance.	Long-term incentives
TOTAL REWARD	**Providing competitive and attractive total compensation with a portion paid over the medium to long term.**	

BASIC SALARY AND BENEFITS

Executive CTC is determined against the findings of an outsourced benchmarking engagement, utilising the Paterson Classic system as an indicator of grades for the executive team. This is measured against the 60th percentile of the market, considering the company's market capitalisation, industry, revenue and earnings to ensure appropriate remuneration for level of seniority. Formal and informal research, coupled with market norms and industry practice, are also taken into consideration.

A market-related CTC provides executives with a competitive stable income and provides a standard of living consistent with the demands of a specific position. This represents a sufficiently high portion of the total remuneration to avoid overdependence on the variable components of remuneration.

Executives receive additional benefits that provide financial structures for death, retirement, health and wellness.

SHORT-TERM INCENTIVES

The overall award of STIs for executive directors aligns with the performance of the respective divisions. STIs promote the achievement of strategic objectives determined annually, based on the requirements of the group within the organisation's risk appetite as well as positive outcomes.

Quantitative and qualitative targets are pre-approved by the remuneration committee prior to the commencement of the forthcoming financial year for group and divisional executives.

The remuneration committee must satisfy itself that such payments are fair and reasonable, and are disclosed to shareholders as required by remuneration governance principles.

Maximum STI award (expressed as months of annual CTC)

- CEOs: 12 months
- Other executives: Nine months

	Quantitative component	Qualitative component
MAXIMUM QUANTITATIVE AWARD	▶ CEOs: Nine months ▶ Other executives: Six months	▶ CEOs: Three months* ▶ Other executives: Three months*
MAXIMUM WEIGHTING	▶ CEOs: 75% ▶ Other executives: 67%	▶ CEOs: 25% ▶ Other executives: 33%
PERFORMANCE HURDLES	A combination of factors are considered in setting quantitative STI targets, depending on the role of the executive and the division in which they are employed (as pre-approved by the remuneration committee): ▶ Growth in divisional headline earnings or the group's HEPS above consumer price inflation (CPI). ▶ ROE or return on invested capital (ROIC). ▶ New business origination or growth in revenue. ▶ Unfettered access to debt capital or the reduction in the cost of capital. Qualitative STIs can only be earned if a minimum quantitative STI award hurdle is achieved.	The remuneration committee considers individual performance in meeting strategic imperatives, which include: ▶ Strategy implementation, including but not limited to: • Enhanced risk management processes. • Technology and system optimisation. • New client acquisition. • Embedding the combined assurance framework into day-to-day business operations. ▶ Meeting employment equity targets, with a specific focus on top and senior management representation. ▶ Improvement in B-BBEE scorecards. ▶ Sustainability performance targets, including the operationalisation of the group's ESE framework. ▶ Efficient capital management. ▶ Identification, successful implementation and integration of acquisitions. ▶ Other non-financial key performance indicators (KPIs).
DISCRETIONARY COMPONENT	In instances where – in the opinion of the remuneration committee – an individual executive has outperformed set KPIs, a discretionary STI may be awarded. A portion of this award may be deferred or delivered in the form of share plan awards at the sole discretion of the remuneration committee. In the 2021 financial year, while SA Taxi did not achieve the return to 2019 performance levels that is a condition for the award of STIs, a discretionary STI was awarded to the SA Taxi executive team. See the implementation report on page 110 for more detail.	

* *The limit for SA Taxi's qualitative STI component in the 2021 financial year has been set at two months for the CEO and other executives, with the maximum total STI award remaining at 12 months and nine months for the CEO and other executives respectively.*

LONG-TERM INCENTIVES

Executives participate in LTI schemes where their decisions have an impact on shareholder value. These schemes serve to harmonise the required attributes of shareholder alignment, retention of key talent and long-term sustained performance.

CONDITIONAL SHARE PLAN

The Conditional Share Plan (CSP) provides executives with an opportunity to share in the equity growth and success of Transaction Capital and that of the division in which they are employed. This provides direct alignment between the executives and shareholders as any vesting amount of the CSP is based on the company's share price for group employees and on divisional valuations for divisional employees.

Transaction Capital has a decentralised management structure that devolves authority and responsibility to its divisions. To support this strategic objective, a primary objective of the LTI scheme is to link the scheme's performance to the equity value of the respective divisions. The scheme is fully embedded within SA Taxi and TCRS, while WeBuyCars' management team will be brought into the Transaction Capital remuneration structures over the coming years. While Transaction Capital group executives are incentivised based on the share price and performance of the group as a whole, the CSP also caters for divisional executives who are believed to be in a position to directly impact the performance and valuation of each division, while delivering on the division's strategy. Its purpose is to incentivise participants to deliver on business strategy over the long term, and to act as a retention mechanism and tool to attract prospective employees.

Annual CSP awards occur in November/December each year, with interim awards catering for new joiners and special circumstances. All awards are subject to remuneration committee approval.

Executives' CTC and job grades are considered in the quantum of awards. In general terms, the following annual awards are granted:

- 50% of CTC – executive directors or divisional directors/executives.
- 30% of CTC – senior executives.
- 20% of CTC – junior executives and scarce skills requiring retention.

The remuneration committee may apply discretion for CSP awards granted in addition to the formulaic job grade awards (as detailed above) depending on:

- Executive performance delivered.
- Potential and tenure.
- STIs relative to market benchmarks.
- An executive's equity value assessed against the group's minimum shareholding requirement.

The CSP mechanism is overseen and approved by the remuneration committee. It operates as follows:

Detail	Group executives	Divisional executives
GRANT PRICE	10-day VWAP of Transaction Capital share on date of issue.	Divisional notional value per share on date of issue.
NUMBER OF CSPs GRANTED	Equal to the monetary value of the LTI award, as approved by the remuneration committee, divided by the approved share price of the relevant member group to which the LTI award relates.	
EXERCISE PRICE	10-day VWAP of Transaction Capital share on date of exercise.	Divisional notional value per share on date of exercise.
VALUATION	Transaction Capital share price.	A valuation of each division is performed by an independent expert on the date of the CSP award and exercise. Among others, the following key metrics are considered in determining divisional valuations: ▶ Level of revenue and earnings. ▶ Growth in revenue, cost-to-income ratios and HEPS. ▶ ROE, return on assets and net asset value. ▶ Credit performance. ▶ Assessment of quality of earnings and expected future performance. ▶ Dividend pay-out rates and cash conversion levels. ▶ A 'sum of the parts' of the divisions is compared to the group market capitalisation for reasonability.
COST	Executives receive CSP awards for zero cost.	
VESTING PERIOD	The CSP vesting period was amended in 2019 to vest in years three, four and five after the award, in equal proportions of 33.33% per annum.	

CONDITIONAL SHARE PLAN *continued*

Detail	Group executives	Divisional executives

PERFORMANCE CRITERIA

Performance criteria are pre-set by the remuneration committee for each vesting period.

The most recent performance criteria have been set as follows (per division for divisional executives, and on a consolidated basis for group executives):

Thresholds	Continuing core HEPS growth over vesting period (Weighting: 67%)	ROE target (Weighting: 33%)	% of CSP to be awarded*
Minimum vesting	CPI (South Africa)	≥ 15%	25%
	CPI (Australia)	≥ 9%	25%
On-target performance	CPI + 9% (South Africa – group)	≥ 16%	100%
	CPI + 7% (South Africa – SA Taxi and TCRS)	≥ 16%	100%
	CPI + 5% (Australia)	≥ 10%	100%

** Growth levels between bands will be vested on a proportionate basis.*

Note that the valuation, and thus the benefit received by executives on vesting, is determined on the share price of Transaction Capital for group executives and on the divisional valuations for divisional executives. This provides direct alignment with shareholders and considers the performance and valuation of the group and divisions as a whole. As such, executives are exposed to all performance metrics of the group on which the valuation of the group is determined, and not simply the metrics of growth in core HEPS and ROE over the vesting period.

Commencing from the May/June 2019 CSP awards and in line with the revised remuneration policy, no further awards based only on continued employment of an executive have been issued.

STRETCH-PERFORMANCE

Stretch-performance is to be rewarded, where select executives (as approved by the remuneration committee on every CSP issuance) will receive an additional component of their CSP settlement value, should predetermined stretch-performance criteria be met.

Stretch-performance criteria will be set annually by the remuneration committee with reference to CPI, the operating environment and budgets. The most recent stretch-performance criteria have been set as follows:

	Continuing core HEPS growth over vesting period	% of CSP to be awarded
South Africa	CPI + 15%	120%
Australia	CPI + 12%	120%

If minimum performance criteria are not achieved (tabled above), there will be no additional settlement.

DELIVERY

Once the vesting period has passed and performance criteria are met, the participant receives shares in Transaction Capital to the value of the notional CSP awards on date of vesting.

CONTINUED EMPLOYMENT

Employees are required to remain in the employ of the group to be eligible for vesting of the CSP (subject to standard 'good leaver' rules). However, no portion of the CSP award is based on continued employment alone, and all are subject to the performance criteria detailed above.

The CSP achieves the following objectives:

- It motivates and rewards participants for creating long-term value through the opportunity to earn significant reward for superior performance.
- It creates a direct line of sight between the performance of each division and the incentive earned.
- Participants receive a right to a full share.
- It directly aligns the interests of the participants with those of shareholders.

The remuneration committee approved a policy stipulating that the number of Transaction Capital shares issued in terms of the CSP awards will not exceed 5% of the issued ordinary shares of Transaction Capital at the time of approval of the CSP by shareholders. The CSP was approved by shareholders at a general meeting held on 20 October 2016.

DIRECT INVESTMENT

Under appropriate circumstances, senior executives of a business may be afforded the opportunity to co-invest in that business (generally by way of an equity subscription partly funded by the company), which incentivises and aligns their long-term interests with those of the business, Transaction Capital and its shareholders.

FOUNDERS

As the founding directors of Transaction Capital, Jonathan Jawno, Michael Mendelowitz and Roberto Rossi fulfil a non-traditional role. As Transaction Capital has evolved over the past two decades, and in its almost 10 years since listing, it has been able to implement a unique structure that incorporates best-of-breed digital technology, data analytics, capital management skills, corporate structure and governance, while retaining the ability to leverage off and benefit from the unique entrepreneurial, strategic and business development skills offered by its founders. This has enabled the founders' positive impact on Transaction Capital to continue to be value accretive.

It is by design that the founders do not have specific operational or line responsibilities or executive teams reporting directly to them. However they each support, advise and, in certain instances, lead Transaction Capital's executive teams within specific portfolios and areas of expertise. This daily involvement includes balance sheet management and optimisation, credit risk management, accounting and tax, legal, local and international strategies, organic and acquisitive growth, and complex stakeholder engagement. This entails one or more of the founders being directly represented on and engaging with all the divisional boards and their control and advisory committees, and with divisional executives directly, as well as in all corporate head office activities, including asset and liability quantum and risk management, and capital allocation decisions.

The highly skilled and fully functional executive teams at SA Taxi, WeBuyCars and TCRS have responsibility for decision-making and are accountable for the results of these decisions. Predefined limits are, however, in place, requiring authority from the shareholder (Transaction Capital) for decisions that are strategic in nature, financially material or impact the roles of the divisional executive teams. The founders have imbued a 'partnership' decision-making model that, regardless of the authority limits, encourages executives to involve their direct reports, as well as the founders, in important decisions. This engagement enables robust, agile and decisive decision-making on all significant issues within Transaction Capital, generally resulting in a better outcome. The founders' track record of contributing significantly to measurable value demonstrates the success of this structure.

In addition, the founders have used their international networks and expertise to establish TC Global Finance, a strategic growth initiative in which Transaction Capital and the founders are equal partners and which is funded by the partners equally with no facilitation. Their direct investment, involvement and responsibility for this initiative has de-risked this international expansion significantly for Transaction Capital. It would not have been possible without their presence, expertise and extensive contacts internationally.

See page 32: Q&A with David Hurwitz, group CEO for details of TC Global Finance's growth strategy and the founders' role in executing this strategy.

Given the unique structure and entrepreneurial nature of the engagement and operating relationship with the founders, Transaction Capital's normal remuneration and incentive schemes are not applied to the founders. They have no set STI structures and do not participate in any LTI structures or any share schemes at all. The founders receive base CTC packages at low levels relative to their inputs and any realistic benchmarking. At the end of each financial year, the independent non-executive members of the remuneration committee, in consultation with the CEO, consider the founders' inputs and successes during the year, and then award each of them an appropriate incentive bonus for the period. This may be a multiple of CTC (taking account of industry and size benchmarking where appropriate), and/or may be a one-off deal or success-linked award.

Michael Mendelowitz and Pilatucom Holdings Limited (the shares of which are held in trusts in which Jonathan Jawno and Roberto Rossi are joint contingent discretionary beneficiaries) collectively continue to be a significant shareholder of the group.

SERVICE CONTRACTS AND PAYMENTS ON TERMINATION OF EMPLOYMENT

The CEO and executives have indefinite service contracts with six-month notice periods. While the normal retirement age is 65, company policy makes provision for extending the working relationship between the executive and the company beyond this age.

In the event of redundancy, the CEO and executives are entitled to severance pay equal to two weeks' CTC per completed year of service, as guided by local legislation. 'Good leavers' will receive a pro rata benefit due to them in terms of unvested LTIs, subject to remuneration committee oversight and approval.

The CEO is entitled to a restraint of trade payment equal to his annual remuneration package applicable immediately prior to the termination date, while other executives have no entitlement to a restraint of trade payment.

Service contracts do not contain any other provisions relating to severance payments due on termination of employment, for whatsoever reason, or following a change of control of the company. In the event of a change of control, share allocations will be dealt with in terms of the rules of the relevant share scheme.

MINIMUM SHAREHOLDING REQUIREMENT

The remuneration committee instituted a policy in 2019 that key executives should hold a meaningful interest in the equity value of Transaction Capital, with a minimum target exposure to Transaction Capital's equity value maintained at three times annual CTC (held directly or indirectly). Where the equity value of a key executive of the group is determined to be low, accelerated annual LTI awards or a one-off LTI award may be awarded.

The remuneration committee continually reviews the equity value held by key executives in the group. The policy aims to apply appropriate retention mechanisms (through equity value), while ensuring alignment to the interests of Transaction Capital's shareholders. The assessment of the executives' equity value comprises:

- The value of LTI allocations, subject to the fulfilment of vesting conditions, awarded in terms of the CSP.
- The value of direct shareholding in Transaction Capital. These positions may be historic or due to the vesting of LTIs.
- The value of direct shareholding in a subsidiary of Transaction Capital.

See page 118: Minimum shareholding requirement for a detailed breakdown of equity value per executive.

MALUS AND CLAWBACK

A malus and clawback policy applies to variable remuneration (both STIs and LTIs), and allows the business to adjust variable remuneration awarded to participants before the vesting of an award (malus) and, in the case of participants who are members of executive committees, to recover variable pay after vesting or even payment (clawback), under appropriate circumstances. In this way, the business can recover value from key executives and thereby align risk and individual reward.

NON-EXECUTIVE DIRECTORS

The annual fees paid to non-executive directors of the company for their services as directors and as members of the various board sub-committees are determined on a market-related basis and are benchmarked against industry norms. No additional meeting attendance fees are paid.

The fees are approved by the remuneration committee and the board prior to being presented to shareholders for approval at the group's AGM.

Non-executive directors are required to retire on the third anniversary of their appointment and may offer themselves for re-election. As appropriate, the board, through the nominations committee, proposes their re-election to shareholders.

Non-executive directors do not participate in any of the group's LTI plans.

PART 2

IMPLEMENTATION REPORT

This implementation report details the remuneration committee's application of the group's remuneration policy and principles during the year under review.

EXECUTIVE COMPENSATION

COST TO COMPANY

The remuneration committee believes that CTC is fair in light of the outcomes of the benchmarking undertaken as well as relative market norms.

SHORT-TERM INCENTIVES

Transaction Capital posted a strong recovery in earnings in the 2021 financial year, with the group returning to its long-term track record of growth following 2019 as the pre COVID-19 base. Core HEPS grew 234%, and 15% over 2019, supported by strong organic growth from SA Taxi and TCRS and high-growth earnings from WeBuyCars. The group also achieved core headline ROE of 15.1%.

Core HEPS from continuing operations attributable to the group

147.9 cents

FY2021 vs FY2020	FY2021 vs FY2019
↑ 234%	↑ 15%
FY2020: 44.3 cents	FY2019: 129.0 cents

CORE HEADLINE EARNINGS FROM CONTINUING OPERATIONS

SA Taxi driving our nation forward	Transaction Capital Risk Services	we buy cars *
@ 100%	@ 100%	@ 100%
R499 million	R320 million	R541 million
FY2021 vs FY2020	FY2021 vs FY2020	FY2021 vs FY2020
↑ 109%	↑ 662%	↑ 79%
FY2020: R239 million	FY2020: R42 million	FY2020: R302 million
FY2021 vs FY2019	FY2021 vs FY2019	FY2021 vs FY2019
↓ 8%	↑ 15%	↑ 74%
FY2019: R545 million	FY2019: R278 million	FY2019: R311 million

** WeBuyCars is consolidated as an effective 74.2% subsidiary of the group with effect from 3 August 2021. The WeBuyCars management team will be brought onto the Transaction Capital remuneration structures in future years.*

The STI award framework for the 2021 financial year measured financial performance against 2019 as a base, as the group's stated ambition was to return to growth off 2019 levels after the unprecedented disruption in the 2020 financial year as a result of COVID-19.

In addition to meeting the respective ROE targets, the group, TCRS and WeBuyCars achieved its growth ambition, and therefore quantitative STI targets were achieved to varying degrees. Despite growing headline earnings 109% over 2020, SA Taxi has not yet returned to 2019 performance levels, and as a result did not qualify for quantitative or qualitative awards in terms of the rules of the STI framework.

The remuneration committee has exercised its discretion in rewarding SA Taxi executives with an STI award limited to half of what could have been earned at the CEO level (see Terry Kier remuneration table on page 114). This principle has been applied to the SA Taxi executive team. The remuneration committee considered the following aspects when deciding on this course of action:

- SA Taxi, more than any of Transaction Capital's other businesses, has been impacted by COVID-19 and the slower than anticipated recovery driven by factors outside of SA Taxi's control, such as slow vaccination rollout.
- SA Taxi's original 2021 budget did not consider the severity of the third wave of the pandemic, which moved the country to an extended lockdown and into lockdown level 4.
- In addition, the civil unrest in KwaZulu-Natal and Gauteng, as well as taxi unrest in the Western Cape, directly impacted SA Taxi's business and momentum throughout the year.
- Despite these conditions, SA Taxi's operational performance was excellent, and the business is almost back to 2019 performance levels.
- SA Taxi also achieved all its qualitative hurdles, including improving to a level 4 B-BBEE contributor status and operationalising the ESE framework.
- In addition, the SA Taxi team:
  - Pivoted the business strategy to increase the supply of QRTs by doubling its refurbishment capacity, resulting in increased cash in the business and the servicing of all debt repayments.
  - Achieved record levels of QRT loan originations and repossessions.
  - Achieved strong collections in an uncertain, subdued environment.
  - Opened a COVID-19 vaccination site dedicated to the minibus taxi industry and its employees.
  - Bolstered SA Taxi's critical executive and scarce skills.

LONG-TERM INCENTIVES

The remuneration committee believes that due to the unprecedented nature of the COVID-19 pandemic, the principle of aligning shareholder value with employee awards needs to be balanced with the long-term sustainability of the business and the critical need to retain key talent. The group's executives have performed well to grow shareholder value and position the business for future value creation in this environment.

The vesting of LTI awards re-commenced in 2021 at both Transaction Capital group and TCRS, following the one-year deferral of awards in the 2020 financial year. The remuneration committee has further resolved that the SA Taxi LTIs that only partially vested in 2021 could be deferred until November 2022, at the election of each employee, at which point performance conditions will be reassessed in accordance with clause 7.2.3 of Transaction Capital's CSP rules.

Executive directors' and prescribed officers' remuneration and specific considerations by the remuneration committee during the year are detailed in the section that follows. CTC numbers for the 2020 financial year are presented net of Solidarity Fund contributions made by executive and non-executive directors in response to COVID-19 in 2020.

EXECUTIVE DIRECTORS

DAVID HURWITZ (CEO)

LINK BETWEEN PERFORMANCE AND REWARD

- Led the group back to pre-pandemic growth levels, delivering HEPS growth over the 2019 financial year of 15% at a core headline ROE of 15.1%. This was achieved through strong organic growth by SA Taxi and TCRS and high-growth earnings from the acquisition of WeBuyCars.
- Accelerated the acquisition of a further 24.3% of WeBuyCars and guided negotiations of options to acquire the remaining 25.1% of the company over the next five years.
- Protected the balance sheet by leading an accelerated bookbuild in July 2021.
- Leading innovation in the group through the establishment of TC Ventures.
- Continued transparent and frequent stakeholder engagement with employees, shareholders and debt investors throughout the pandemic.
- Provided guidance and leadership around ensuring the health and safety of employees through the pandemic.
- Guided credit management and provisioning policies.
- Continued to lead Transaction Capital's operationalisation of ESE-related matters.
- Improved the group's B-BBEE contributor status.

PERFORMANCE AGAINST STI SCORECARD

	Performance hurdles	Maximum award available	2021 performance against hurdles	Outcome	Award
QUANTITATIVE COMPONENT	Growth in HEPS above CPI and ROE.	9 months	Group HEPS growth % / Months CTC / Group ROE % / Months CTC > CPI + 5% / 3.00 / > 10% / 3.00 > CPI + 10% / 4.00 / > 15% / 4.00 > CPI + 15% / 5.00 / > 20% / 5.00 > CPI + 20% / 6.00 / > 25% / 6.00	✓	8 months
QUALITATIVE COMPONENT (limited to three months)	Meeting employment equity targets.	2 months	All new hires at the group executive office in 2021 were black (African, Coloured and Indian) candidates.	✓	2 months
	Improvement in B-BBEE scorecard level.	0.5 months	Transaction Capital improved its B-BBEE contributor status from a Level 5 in 2020 to Level 3 in 2021.	✓	0.5 months
	Operationalisation of ESE framework.	0.5 months	Progress in operationalising the ESE framework in 2021 includes: ▸ Establishing a group-wide ESE steering committee. ▸ Appropriate and formalised reporting channels. ▸ The setting of short- and medium-term ESE targets. ▸ Developing a group-wide carbon footprint base year and appropriate reduction targets.	✓	0.5 months
TOTAL		**12 months**			**11 months**
DISCRETIONARY	Not applicable.				

David's total reward comprised:	2021	2020
Salary	R5 110 619	R3 862 323
Short-term employee benefits	R627 550	R599 835
STI	R5 958 333	–
LTI (present value of award)	R4 278 339	R4 635 135
TOTAL	**R15 974 841**	**R9 097 293**

EXECUTIVE DIRECTORS *continued*

SEAN DOHERTY (CFO)

LINK BETWEEN PERFORMANCE AND REWARD

- Protected the balance sheet by providing support on the accelerated bookbuild in July 2021.
- Guided credit management and provisioning policies.
- Provided support on the WeBuyCars transaction.
- Embedded the new risk, ethics and internal audit structures.
- Operationalised the ESE framework, which has led to improved ESG scores.
- Implemented actions to ensure the health and safety of our employees.
- Unlocked efficiencies through the creation of a shared service centre at the group executive office for certain governance functions.
- Development of and initial execution against an integration plan for WeBuyCars.
- Development and launch of a CA training programme starting in January 2022.

PERFORMANCE AGAINST STI SCORECARD

	Performance hurdles	Maximum award available	2021 performance against hurdles	Outcome	Award
QUANTITATIVE COMPONENT	Growth in HEPS above CPI and ROE.	6 months	Group HEPS growth % / Months CTC: > CPI + 5% / 2.50; > CPI + 10% / 3.00; > CPI + 15% / 4.50; > CPI + 20% / 6.00 Group ROE % / Months CTC: > 10% / 2.00; > 15% / 3.00; > 20% / 4.00; > 25% / 5.00	✓	6 months
QUALITATIVE COMPONENT (limited to three months)	Meeting employment equity targets.	2 months	All new hires at the group executive office in 2021 were black (African, Coloured and Indian) candidates.	✓	2 months
	Improvement in B-BBEE scorecard level.	0.5 months	Transaction Capital improved its B-BBEE contributor status from a Level 5 in 2020 to Level 3 in 2021.	✓	0.5 months
	Operationalisation of ESE framework.	0.5 months	Progress in operationalising the ESE framework in 2021 includes: ▸ Establishing a group-wide ESE steering committee. ▸ Appropriate and formalised reporting channels. ▸ The setting of short- and medium-term ESE targets. ▸ Developing a group-wide carbon footprint base year and appropriate reduction targets.	✓	0.5 months
	Embedding combined assurance framework into day-to-day business operations.	0.5 months	▸ Internal audit, risk and ethics functions centralised. ▸ Combined assurance framework with an appropriate cost base visible. Framework now informs assurance plans.	✓	– Maximum reached
TOTAL		**9 months (maximum)**			**9 months**
DISCRETIONARY	Not applicable.				

Sean's total reward comprised	2021	2020
Salary	R2 569 551	R2 371 092
Short-term employee benefits	R480 966	R454 409
STI	R2 250 000	–
LTI (present value of award)	R3 059 330	R2 267 200
TOTAL	**R8 359 847**	**R5 092 701**

EXECUTIVE DIRECTORS *continued*

MARK HERSKOVITS (CIO)

LINK BETWEEN PERFORMANCE AND REWARD

- Protected the balance sheet through providing support on the accelerated bookbuild in July 2021.
- Involved in the negotiation and led the execution of the WeBuyCars transaction.
- Leading innovation in the group by being responsible for strategic execution at TC Ventures.

PERFORMANCE AGAINST STI SCORECARD

	Performance hurdles	Maximum award available	2021 performance against hurdles	Outcome	Award
QUANTITATIVE COMPONENT	Growth in HEPS above CPI and ROE.	6 months	Group HEPS growth % / Months CTC: > CPI + 5% / 2.50; > CPI + 10% / 3.00; > CPI + 15% / 4.50; > CPI + 20% / 6.00 Group ROE % / Months CTC: > 10% / 2.00; > 15% / 3.00; > 20% / 4.00; > 25% / 5.00	✓	6 months
QUALITATIVE COMPONENT (limited to three months)	Meeting employment equity targets.	2 months	All new hires at the group executive office in 2021 were black (African, Coloured and Indian) candidates.	✓	2 months
	Improvement in B-BBEE scorecard level.	0.5 months	Transaction Capital improved its B-BBEE contributor status from a Level 5 in 2020 to Level 3 in 2021.	✓	0.5 months
	Operationalisation of ESE framework.	0.5 months	Progress in operationalising the ESE framework in 2021 includes: ▶ Establishing a group-wide ESE steering committee. ▶ Appropriate and formalised reporting channels. ▶ The setting of short- and medium-term ESE targets. ▶ Developing a group-wide carbon footprint base year and appropriate reduction targets.	✓	0.5 months
	Project implementation.	0.5 months	▶ Executed on the WeBuyCars transaction.	✓	– Maximum reached
TOTAL		**9 months (maximum)**			**9 months**
DISCRETIONARY	Not applicable.				

Mark's total reward comprised:	2021	2020
Salary	R2 613 202	R2 409 396
Short-term employee benefits	R540 933	R488 010
STI	R2 326 430	-
LTI (present value of award)	R2 924 343	R3 013 986
TOTAL	**R8 404 908**	**R5 911 392**

PRESCRIBED OFFICERS

TERRY KIER (SA TAXI CEO)

LINK BETWEEN PERFORMANCE AND REWARD

- Led SA Taxi to headline earnings growth of 109% over 2020 and a core headline ROE of 16.4%.
- Pivoted the business strategy to increase the supply of QRTs by doubling SA Taxi's refurbishment capacity, resulting in increased cash in the business and the servicing of all debt repayments.
- Led SA Taxi to record positive operational metrics in terms of:
  - Repossessions.
  - Refurbishment capacity for the supply of QRTs.
  - QRT loan originations.
- Rolled out a vaccine clinic for the minibus taxi industry and employees of both SA Taxi and the broader group.
- Recruited critical executive and scarce skills into SA Taxi to support future growth.
- Was instrumental in negotiating the WeBuyCars transaction and has successfully overseen Transaction Capital's investment in this business as an associate and, after the group took a controlling stake, is leading the integration of the business into the group.

PERFORMANCE AGAINST STI SCORECARD

	Performance hurdles	Maximum award available	2021 performance against hurdles	Outcome	Award
QUANTITATIVE COMPONENT	Growth in SA Taxi headline earnings and ROIC.	10 months		✗	N/A

SA Taxi Headline earnings growth %	Months CTC	SA Taxi ROIC %	Months CTC
> CPI + 29%	2.50	> 10%	1.00
> CPI + 34%	4.00	> 15%	2.50
> CPI + 39%	6.00	> 20%	4.00
> CPI + 44%	8.00	> 25%	5.00
> CPI + 49%	10.00	> 30%	6.00
> CPI + 54%	12.00	> 35%	7.00
> CPI + 59%	14.00	> 40%	8.00

QUALITATIVE COMPONENT (limited to two months)	Meeting employment equity targets of senior and top management representation.	1 month	Achieved targets set out in employment equity plan.	✓	N/A – no qualitative STI awarded as quantitative hurdles were not achieved.
	Improvement in B-BBEE scorecard to Level 5 or less.	1 month	SA Taxi improved its B-BBEE contributor status from Level 4 in 2020 to Level 3 in 2021.	✓	N/A – no qualitative STI awarded as quantitative hurdles were not achieved.
TOTAL		**12 months**			**–**
DISCRETIONARY	Nine cheques awarded by the remuneration committee.				

Terry's total reward comprised:	2021	2020
Salary	R3 989 116	R3 429 954
Short-term employee benefits	R881 399	R1 781 232
STI	R4 015 134	-
TOTAL	**R8 885 649**	**R5 211 186**

Terry does not participate in the LTI schemes. Refer to Direct investment on page 118 for further detail.

PRESCRIBED OFFICERS *continued*

DAVID MCALPIN (TCRS CEO)

LINK BETWEEN PERFORMANCE AND REWARD

- Embedded the fundamentally changed TCRS operating model to allow call centre agents to work from home. The demonstrated feasibility of this approach during COVID-19 has resulted in TCRS continuing to pursue the work-from-home model as a sustainable means of achieving cost savings in the future. The successful embedding of this operating model enabled TCRS to achieve headline earnings growth of 15% over 2019 and a core headline ROE of 19.9%.
- Led the development of next-generation collection campaigns which positively impacted both revenue and costs.
- Developed strong business development pipeline back to 2019 levels.
- Created a European NPL structure, identified partners and developed a pipeline which will support further geographic diversification.
- Recruited critical executive and scarce resources across the business to support future growth.

PERFORMANCE AGAINST STI SCORECARD

	Performance hurdles	Maximum award available	2021 performance against hurdles	Outcome	Award
QUANTITATIVE COMPONENT	Growth in TCRS headline earnings and a minimum ROE of 15%.	9 months		✓	9 months

TCRS Headline earnings growth %	Months CTC	TCRS ROE %	Vesting % of STI
> CPI + 7.5%	8.00	< 10%	0%
> CPI + 10%	9.00	> 10%	50%
> CPI + 11.5%	9.50	> 15%	100%
> CPI + 13%	10.00		
> CPI + 15%	10.50		
> CPI + 17.5%	11.00		
> CPI + 20%	12.00		

QUALITATIVE COMPONENT (limited to three months)	Meeting employment equity targets of senior and top management representation, and maintaining the B-BBEE scorecard at Level 1.	2 months	Achieved targets set out in employment equity plan. TCRS maintained its B-BBEE contributor status at Level 1 in 2021.	✓	2 months
	Strategy execution.	1 month	Refer to the Link between performance and reward section.	✓	1 month
	Operationalisation of ESE framework.	1 month	Progress in operationalising the ESE framework in 2021 includes: ▸ Appropriate and formalised reporting channels. ▸ The setting of short- and medium-term ESE targets.	✓	– Maximum reached
TOTAL		**12 months (maximum)**			**12 months**
DISCRETIONARY	Not applicable				

David's total reward comprised:	2021	2020
Salary	R3 371 321	R3 129 757
Short-term employee benefits	R652 686	R303 548
STI	R3 711 682	-
LTI*	R10 139 337	R785 824
TOTAL	**R17 875 026**	**R4 219 129**

** David's 2021 LTI award represents a one-off award issued as part of his CEO transition by 2026. No further LTIs will be awarded during this time (2022 to 2026).*

FOUNDERS

JONATHAN JAWNO

- Established TC Ventures to lead innovation in the group.
- Continued to drive the group's international acquisitive growth strategy through TC Global Finance.
- Guided the strategic direction of the group, divisions and capital markets team.
- Assisted in all elements of the WeBuyCars transaction, creating material value for the group.
- Protected the balance sheet by providing support on the accelerated bookbuild in July 2021.
- Continued to drive Transaction Capital's operationalisation of ESE-related matters.
- Assisted David, Sean and Mark in managing capital, credit and provisioning-related risks.

Jonathan's total reward comprised:

	2021	2020
Salary/directors' fee*	R3 929 180	R3 679 630
Short-term employee benefits	R175 236	R233 070
STI	R6 000 000	–
LTI	–	–
TOTAL	**R10 104 416**	**R3 912 700**

** With effect from 1 January 2021, the fees were paid to Smuts Capital Limited, a non-resident services company.*

ROBERTO ROSSI

Roberto Rossi, previously a non-executive director, was appointed as an executive director with effect from 30 September 2021. As such, fees earned for the period 1 October 2020 to 30 September 2021 are disclosed as part of non-executive directors' fees on page 119. Roberto, like the other founders, does not participate in the LTI scheme.

MICHAEL MENDELOWITZ

- Established TC Ventures to lead innovation in the group.
- Continued to drive the group's international acquisitive growth strategy through TC Global Finance.
- Guided the strategic direction of the group, divisions and capital markets team.
- Led the acceleration and negotiation of the WeBuyCars transaction, including further options to acquire the remaining 25.1% of the business by 2026, creating material value for the group.
- Continued to drive Transaction Capital's operationalisation of ESE-related matters.

Michael's total reward comprised:

	2021	2020
Salary/director's fee*	R3 913 237	R3 667 820
Short-term employee benefits	R177 167	R244 880
STI	R6 000 000	R15 000 000
LTI	–	–
TOTAL	**R10 090 404**	**R18 912 700**

** With effect from 1 January 2021, the fees were paid to Dubnov Capital Limited, a non-resident services company.*

There were no post-employment, post-termination or other long-term benefits paid to executive directors during the year under review.

FUTURE FOCUS AREAS FOR DETERMINING EXECUTIVE STIs

Focus areas that will inform STIs for executive directors in the next financial year are as follows:

- Continued headline earnings and HEPS growth above 2021 levels.
- Achieving the ROE performance target.
- Integrating WeBuyCars into the Transaction Capital group.
- Achieving and improving on employment equity performance targets.
- Maintaining B-BBEE scorecard levels.
- Enhanced risk management, including management of model reviews and internal audit findings.
- Achievement of the ESE framework's targets set in the 2021 financial year.
- Technology and systems optimisation and execution.
- Continued growth in SA Taxi, driven by:
  - Realising opportunities for further vertical integration in its core business operations.
  - Developing bespoke products for the minibus taxi industry, including electronic fare collections and transactional accounts.
  - Leveraging IP to expand into new or adjacent market verticals, including private vehicle finance.
  - Broadening its total addressable market to support future organic growth.
  - Achieving specific human capital goals, including improving the retention rate of key employees and developing employees in line with succession plans.
- TCRS:
  - Rebrand the division in line with refined strategy and the successful launch of the new brand.
  - Grow the acquisition of NPL portfolios, including through the expansion into the European NPL market.
  - Expansion of Transaction Capital Transactional Services, including establishing a business development team and pipeline, business-to-business transaction aggregation and payroll platforms, and earned wage access business.
  - Expansion of the business process outsourcing services division to incorporate international clients.
  - Continued investment in technology and system optimisation, with a specific focus on driving innovation and adopting key trends to introduce new clients and unlock international revenue streams.
  - New client acquisition.
  - Achieving specific human capital goals, including the number of black employees represented in senior and middle management.
- WeBuyCars:
  - STI focus areas being developed as part of the integration plan.

LONG-TERM INCENTIVES

CONDITIONAL SHARE PLAN

It is the view of the remuneration committee that LTI awards promote long-term equity value creation for employees and shareholders alike, while STI awards serve to reward superior financial and operational performance for the past financial year. As the value of the CSP on vesting is based on the equity valuation of each division (and Transaction Capital group for group employees), employees are rewarded for the quality and sustainability of earnings over the long term, thus aligning their interests with the group's shareholders. As a result, the growth hurdle of the CSP is viewed to be appropriate.

The following table shows the CSP position of executive directors and prescribed officers at 30 September 2021:

	Component	Present value of CSP awards R	CSP awards Number	Vesting period Years	CSP awards exercised during the year Number	Gains on CSP awards exercised during the year R
EXECUTIVE DIRECTORS						
David Hurwitz	Group					
Granted on 22 November 2016		382 007	30 759	2 to 4	–	–
Granted on 22 November 2017		1 414 535	113 680	2 to 5	–	–
Granted on 20 November 2018		2 990 230	183 554	2 to 5	–	–
Granted on 26 November 2019		3 632 316	191 007	3 to 5	–	–
Granted on 24 November 2020		4 635 135	255 192	3 to 5	–	–
Granted on 16 November 2021		4 278 339	105 638	3 to 5	–	–
Sean Doherty	Group					
Granted on 19 June 2019		5 568 168	323 668	3 to 5	–	–
Granted on 26 November 2019		1 634 558	85 954	3 to 5	–	–
Granted on 24 November 2020		2 267 200	124 823	3 to 5	–	–
Granted on 16 November 2021		3 059 330	75 539	3 to 5	–	–
Mark Herskovits*						
Granted on 22 November 2016	Group	326 791	26 313	2 to 4	–	–
Granted on 29 May 2017	SA Taxi	–	–	2 to 4	164 824	2 547 166
Granted on 22 November 2017	Group	712 693	57 276	2 to 5	–	–
Granted on 20 November 2018	Group	1 493 535	91 680	2 to 5	–	–
Granted on 26 November 2019	Group	1 615 142	84 933	3 to 5	–	–
Granted on 24 November 2020	Group	3 013 986	165 938	3 to 5	–	–
Granted on 16 November 2021	Group	2 924 343	72 206	3 to 5	–	–
PRESCRIBED OFFICERS						
David McAlpin	TCRS					
Granted on 22 November 2016	TCRS	310 817	72 283	2 to 4	–	–
Granted on 22 November 2017	TCRS	5 476 644	1 140 402	2 to 5	–	–
Granted on 25 March 2019	TCRSX	11 460 166	2 196 837	2 to 4	–	–
Granted on 24 November 2020	TCRS	785 824	142 102	3 to 5	–	–
Granted on 13 March 2021	TCRS	10 139 337	1 837 673	2 to 4	–	–

** Mark Herskovits' historic SA Taxi CSP awards were converted to group CSP awards in the current year.*

Jonathan Jawno, Michael Mendelowitz and Terry Kier do not participate in the CSP.

Refer to note 29 in the group's 2021 consolidated annual financial statements available at www.transactioncapital.co.za for further detail on the CSP.

DIRECT INVESTMENT

EQUITY INVESTMENT IN SA TAXI

Terry Kier holds a direct investment of 0.57% (2020: 1.24%) in SA Taxi Holdings (Pty) Ltd (SA Taxi) through his family trust, The Empire Family Trust, incentivising him and directly aligning his long-term interests with those of SA Taxi, Transaction Capital and its shareholders. Terry disposed of 0.67% of his shareholding in SA Taxi to Transaction Capital in December 2020 for total proceeds of R54 million.

EQUITY INVESTMENT IN WEBUYCARS

Transaction Capital Motor Holdco (Pty) Ltd (TCMH) is a wholly owned subsidiary of Transaction Capital Limited, and owns a controlling 74.2% stake in We Buy Cars (Pty) Ltd (WeBuyCars). Terry Kier was assigned responsibility for the oversight of Transaction Capital's investment in WeBuyCars, in addition to his role as SA Taxi CEO.

The Empire Family Trust subscribed for 100 Class C shares in TCMH for R27.6 million in 2021. The 100 Class C TCMH shares entitles the Empire Family Trust to an effective 1% shareholding in TCMH. The Class C TCMH shares will convert to ordinary shares in TCMH after all remaining earn-out payments are paid, representing an effective 1% interest in TCMH at that time.

The share subscription was funded by TC Treasury (Pty) Ltd (TC Treasury), a wholly owned subsidiary of Transaction Capital Limited, which lent The Empire Family Trust the subscription amount on an interest-free basis.

Terry's shareholding in SA Taxi and TCMH was valued at R48.4 million and R41.4 million, respectively, at 30 September 2021. Terry owes TC Treasury an amount of R39.9 million at 30 September 2021. Fringe benefits tax has been levied on the interest-free loan, the benefit of which is included in Terry's executive compensation table. The loan is repayable on certain predetermined events. The Empire Family Trust has pledged its SA Taxi and Class C TCMH shares to TC Treasury as security for remaining loan obligations.

Terry does not participate in the CSP plan.

MINIMUM SHAREHOLDING REQUIREMENT

The remuneration committee continually assesses whether those executives charged with setting and implementing group strategy are meaningfully invested in Transaction Capital, by way of direct investment and/or through the CSP. As mentioned previously, the remuneration committee has set an executive investment policy that mandates that key executives should hold a meaningful interest in Transaction Capital, with a minimum target exposure to Transaction Capital's equity value maintained at three times annual CTC (held directly or indirectly). Where the equity value of a key executive of the group is determined to be low, accelerated annual LTI awards or one-off LTI awards may be awarded.

The executive directors and prescribed officers of the group hold the following direct or indirect equity value in Transaction Capital Limited at 30 September 2021, aligning their interests with the broader shareholder base:

	Notes	Shares held Number	Valuation of shares at closing share price on 30 September 2021 R	CSP position at 30 September 2021* R	Total equity value to the group R	Cover of annual CTC Times
EXECUTIVE DIRECTORS						
Sean Doherty		–	–	21 261 398	21 261 398	>3
Mark Herskovits		1 603 475	66 079 205	16 952 787	83 031 992	>3
David Hurwitz	1	3 596 769	148 222 850	30 799 061	179 021 911	>3
PRESCRIBED OFFICERS						
Terry Kier	2	–	–	–	–	
David McAlpin		445 249	18 348 711	36 069 551	54 418 262	>3
FOUNDERS						
Jonathan Jawno	3	36 333 333	1 497 296 653	–	1 497 296 653	>3
Michael Mendelowitz		36 333 333	1 497 296 653	–	1 497 296 653	>3
Roberto Rossi	3	36 333 334	1 497 296 694	–	1 497 296 694	>3
TOTAL		**114 645 493**	**4 724 540 766**	105 082 797	4 829 623 563	

** CSP valuations are determined on current share prices and are prior to any tax payable.*

1. *The Dovie Trust, of which David Hurwitz is a discretionary beneficiary, owns 3 596 769 shares in Transaction Capital Limited.*
2. *The Empire Trust, of which Terry Kier is a discretionary beneficiary, owns 0.57% of SA Taxi and an effective 1% in TCMH, valued at R89.8 million in total.*
3. *Pilatucom Holdings Limited owns 72 666 667 shares in Transaction Capital Limited. All the shares of Pilatucom Holdings Limited are held by trusts of which Jonathan Jawno and Roberto Rossi are joint discretionary contingent beneficiaries.*

NON-EXECUTIVE DIRECTORS' FEES

Fees paid to non-executive directors are for directorship and membership of board sub-committees, with no additional meeting attendance fees paid. This is due to board members providing input to the company on an ongoing basis, which is not limited to the attendance of meetings.

The fees paid to non-executive directors have been determined on a market-related basis, as recommended by the remuneration committee and the board, and approved by shareholders at the AGM.

Fees paid to non-executive directors for the year ended 30 September 2021:

Board members	Christopher Seabrooke[1] R	Buhle Hanise[2] R	Suresh Kana[3]	Albertinah Kekana[4]	Ian Kirk[5]	Phumzile Langeni[6] R	Paul Miller[7] R	Kuben Pillay[8] R	Diane Radley[9] R	Roberto Rossi[10] R	Sharon R	TOTAL R
Board chairman (including committee attendance)	1 750 000	–	–	–	–	–	–	–	–	–	–	**1 750 000**
Lead independent director	–	–	114 583	–	–	–	–	10 417	–	–	–	**125 000**
Director	–	410 000	375 834	205 000	375 834	410 000	–	410 000	410 000	410 000	410 000	**3 416 668**
Alternate director	–	–	–	–	–	–	153 750	–	–	–	–	**153 750**
Audit committee (chairperson)*	–	–	–	–	–	–	–	–	435 000	–	–	**435 000**
Audit committee (member)*	–	175 000	160 417	–	160 417	–	–	–	–	–	–	**495 834**
Risk and technology committee (chairperson)*	–	–	–	–	24 167	–	–	–	–	–	–	**24 167**
Risk and technology committee (member)*	–	–	11 667	–	–	–	–	–	11 667	–	–	**23 334**
Asset and liability committee (chairperson)	–	–	265 833	–	–	–	–	–	–	–	–	**265 833**
Asset and liability committee (member)	–	11 667	–	–	128 333	–	–	–	140 000	–	–	**280 000**
Remuneration committee (chairperson)	–	–	–	–	–	–	–	290 000	–	–	–	**290 000**
Remuneration committee (member)	–	–	–	–	128 333	–	–	–	–	140 000	–	**268 333**
Nominations committee (member)	–	–	128 333	–	–	–	–	140 000	–	140 000	128 333	**536 666**
Social and ethics committee (chairperson)	–	–	–	–	–	290 000	–	–	–	–	–	**290 000**
Social and ethics committee (member)	–	–	128 333	–	–	–	–	140 000	–	140 000	–	**408 333**
TOTAL ANNUAL FEES	**1 750 000**	**596 667**	**1 185 000**	**205 000**	**817 084**	**700 000**	**153 750**	**990 417**	**996 667**	**830 000**	**538 333**	**8 762 918**

* *With effect from 1 September 2021, the board resolved to establish a new board sub-committee known as the risk and technology committee. The sub-committee previously referred to as the audit, risk and compliance committee was renamed the audit committee with effect from the same date.*

1. *Christopher Seabrooke is also the chairperson of the nominations committee and a member of the remuneration and asset and liability committees. Christopher resigned as a member of the audit committee with effect from 1 November 2020.*
2. *Buhle Hanise resigned as a member of the asset and liability committee with effect from 1 November 2020.*
3. *Suresh Kana was appointed as lead independent director, chairperson of the asset and liability committee, and a member of the audit, nominations and social and ethics committees with effect from 1 November 2020.*
4. *Albertinah Kekana was appointed as an independent non-executive director with effect from 1 April 2021.*
5. *Ian Kirk was appointed as an independent non-executive director and a member of the audit, remuneration and asset and liability committees with effect from 1 November 2020.*
6. *Phumzile Langeni resigned as an independent non-executive director with effect from 30 September 2021.*
7. *Paul Miller resigned as an alternate non-executive director to Roberto Rossi with effect from 1 April 2021.*
8. *Kuben Pillay resigned as lead independent director with effect from 1 November 2020.*
9. *In addition to the fees received above, Diane Radley received directors' fees of R344 200 excluding VAT for acting as an independent non-executive director of SA Taxi Holdings (Pty) Ltd and Transaction Capital Risk Services Holdings (Pty) Ltd.*
10. *Roberto Rossi was appointed as an executive director with effect from 30 September 2021. In addition to the fees received above, Roberto Rossi received R9.2 million for consulting services rendered to Transaction Capital Limited.*
11. *Sharon Wapnick was appointed as a member of the nominations committee with effect from 1 November 2020, and as a member of the remuneration committee with effect from 30 September 2021.*

Fees paid to non-executive directors for the year ended 30 September 2020:

Board members	Christopher Seabrooke[1] R	Buhle Hanise R	Phumzile Langeni[2] R	Paul Miller[3] R	Kuben Pillay[4] R	Diane Radley[5] R	Roberto Rossi[6] R	Sharon Wapnick[7] R	TOTAL R
Board chairman (including committee attendance)	1 585 417	–	–	–	–	–	–	–	**1 585 417**
Lead independent director	–	–	–	–	141 667	–	–	–	**141 667**
Director	–	370 917	370 917	175 726	370 917	370 917	370 917	196 293	**2 226 602**
Alternate director	–	–	–	146 393	–	–	–	–	**146 393**
Audit, risk and compliance committee (chairperson)	–	–	–	–	–	394 875	–	–	**394 875**
Audit, risk and compliance committee (member)	–	158 542	114 792	–	–	–	–	–	**273 333**
Asset and liability committee (member)	–	127 000	–	–	–	127 000	–	–	**254 000**
Remuneration committee (chairperson)	–	–	–	–	263 667	–	–	–	**263 667**
Remuneration committee (member)	–	–	–	60 349	–	–	66 651	–	**127 000**
Nominations committee (member)	–	–	–	–	127 000	–	127 000	–	**254 000**
Social and ethics committee (chairperson)	–	–	263 667	–	–	–	–	–	**263 667**
Social and ethics committee (member)	–	–	–	–	127 000	–	82 333	–	**209 333**
TOTAL ANNUAL FEES	**1 585 417**	**656 458**	**749 375**	**382 468**	**1 030 250**	**892 792**	**646 901**	**196 293**	**6 139 954**

1. *Christopher Seabrooke was also the chairperson of the nominations committee and a member of the remuneration committee, the audit, risk and compliance committee, and the asset and liability committee.*
2. *Phumzile Langeni resigned as a member of the audit, risk and compliance committee with effect from 30 June 2020.*
3. *Paul Miller resigned as a non-executive director with effect from 12 March 2020 and was appointed as an alternate director to Roberto Rossi effective the same date.*
4. *Kuben Pillay was appointed as lead independent director with effect from 15 July 2019.*
5. *In addition to the fees received above, Diane Radley received directors' fees of R338 283 excluding VAT for acting as an independent non-executive director of SA Taxi Holdings (Pty) Ltd and Transaction Capital Risk Services Holdings (Pty) Ltd.*
6. *Roberto Rossi was appointed as a member of the social and ethics committee and the remuneration committee with effect from 1 February and 12 March 2020 respectively. In addition to the fees received above, Roberto received R3 353 099 for consulting services rendered to Transaction Capital Limited.*
7. *Sharon Wapnick was appointed as an independent non-executive director with effect from 12 March 2020.*

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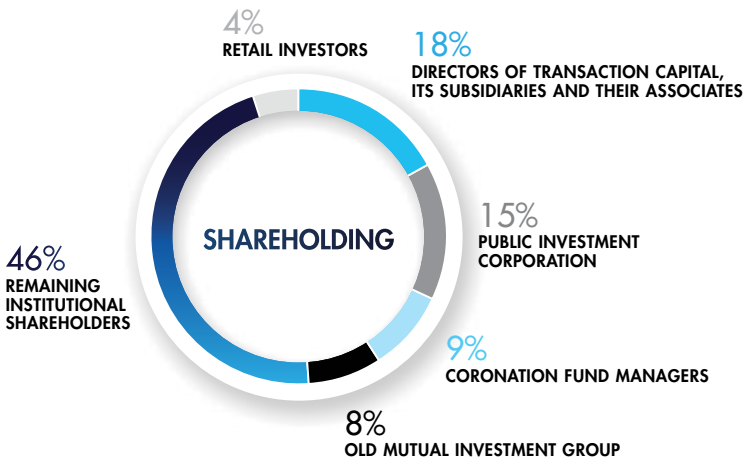
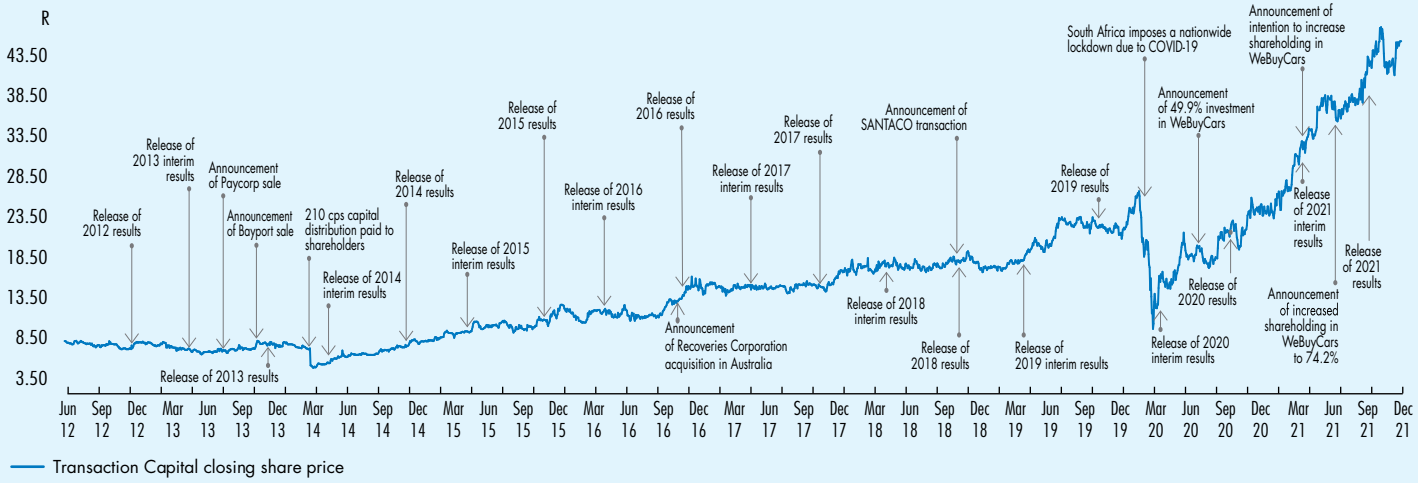
SUPPLEMENTARY INFORMATION

SHAREHOLDER ANALYSIS

At 30 September 2021	Number of shareholders	Number of shares (million)	Number of shares (%)
Non-public			
Directors of Transaction Capital, its subsidiaries and their associates	34	124	18
Subtotal	34	124	18
Public			
Public Investment Corporation	1	108	15
Coronation Fund Managers	1	64	9
Old Mutual Investment Group	1	56	8
Remaining institutional shareholders	156	325	46
Retail investors	1 375	31	4
Subtotal	1 534	584	82
TOTAL	1 568	708	100



TRANSACTION CAPITAL SHARE PRICE PERFORMANCE SINCE LISTING (JUNE 2012)



Performance on the JSE Limited

1 October 2020 to 30 September 2021

Traded share prices		
Closing	R	41.21
High	R	41.21
Low	R	19.30
Volume-weighted average	R	30.81
Volume of shares traded during the past 12 months	Units	255 553 163
Market capitalisation	Rbn	29.2

GLOSSARY

Accsys	A 100% owned subsidiary of TCRS
AGM	Annual general meeting
AI	Artificial intelligence
B-BBEE	Broad-based black economic empowerment
Board	The Transaction Capital board of directors
BPO	Business process outsourcing
B2B	Business-to-business (vehicle dealerships)
B2C	Business-to-consumer
CA	Chartered Accountant
CAGR	Compound annual growth rate
CEO	Chief executive officer
CFO	Chief financial officer
CIO	Chief investment officer
COVID-19	The novel Coronavirus and the disease it causes
CPI	Consumer price inflation
cps	Cents per share
CSP	Conditional share plan
CTC	Cost to company
DEKRA	A vehicle inspection certification providing information on the mechanical and technical status of a vehicle
DFIs	Developmental finance institutions
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ERC	Estimated undiscounted remaining gross cash collections from NPL portfolios over the next 120 months
ESE	Economic, social and environmental
ESG	Environmental, social and governance
EVs	Electric vehicles
FFS	Fee-for-service
FY	Financial year
F&I products	Finance, insurance-based, tracking and other allied products
GDP	Gross domestic product
GHG	Greenhouse gasses
Group	Transaction Capital
HEPS	Headline earnings per share
IFRS	International Financial Reporting Standards
IP	Intellectual property
IT	Information and technology
JIBAR	Johannesburg Interbank Average Rate
King IV	King IV Report on Corporate Governance™ for South Africa, 2016
KPIs	Key performance indicators
LTI	Long-term incentive
MDU	Master Data Universe
NCR	National Credit Regulator
NPLs	Non-performing loans
NPL portfolio	Non-performing consumer loan portfolios acquired by TCRS to be collected as principal
OECD	Organisation for Economic Co-operation and Development
OEMs	Original equipment manufacturers
Open market	In SA Taxi, insurance clients not financed by SA Taxi Finance
POPI Act	Protection of Personal Information Act 4 of 2023
Public Investment Corporation	Public Investment Corporation SOC Limited
QRT	Quality renewed taxi
RBH	Royal Bafokeng Holdings
Recoveries Corporation	Recoveries Corporation, an Australian 100% owned subsidiary of TCRS
Repo rate	Rate at which the South African Reserve Bank lends money to banks
ROE	Return on average equity
ROIC	Return on invested capital
SANTACO	South African National Taxi Council
SDGs	United Nations Sustainable Development Goals
STI	Short-term incentive
SMEs	Small and medium-sized enterprises
TCFD	Recommendations of the Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes of carbon dioxide equivalent
TCRS	Transaction Capital Risk Services
Vehicle supermarket	WeBuyCars vehicle warehouse and showroom
VWAP	Volume-weighted average price
4IR	Fourth industrial revolution

ADMINISTRATION

Share code: **TCP**
ISIN: **ZAE000167391**
JSE Limited sector: **Financial Services**
Listing date: **7 June 2012**
Year end: **30 September**
Company registration number: **2002/031730/06**
Country of incorporation: **South Africa**

Directors

EXECUTIVE

Sean Doherty (CFO)
Mark Herskovits (CIO)
David Hurwitz (CEO)
Jonathan Jawno
Michael Mendelowitz
Roberto Rossi

INDEPENDENT NON-EXECUTIVE

Buhle Hanise
Suresh Kana (lead independent director)
Albertinah Kekana
Ian Kirk
Kuben Pillay
Diane Radley
Christopher Seabrooke (chairman)
Sharon Wapnick

Company secretary and registered office

Lisa Lill
342 Jan Smuts Avenue
Hyde Park
Johannesburg, 2196
(PO Box 41888, Craighall, 2024)

JSE sponsor and equity markets broker

Investec Bank Limited
(Registration number 1925/002833/06)
100 Grayston Drive
Sandton, 2196
(PO Box 785700, Sandton, 2146)

Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Legal advisers

Edward Nathan Sonnenbergs Inc.
(Registration number 2006/018200/21)
150 West Street
Sandton, 2196
(PO Box 783347, Sandton, 2146)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

Independent auditors

Deloitte & Touche
(Practice number 902276)
5 Magwa Crescent
Waterfall City, 2090
(Private Bag X6, Gallo Manor, 2052)