



Transaction
Capital

INTEGRATED Report

for the year ended
30 September 2022

10 YEARS
AS A LISTED ENTITY



Contents

1

2

3

4

5

6

110 Performance overview
111 Market context and environment
113 Business model and activities
115 Strategic and operational highlights
116 Delivering shared value
117 Strategic growth priorities
118 Q&A with WeBuyCars CEO, Faan van der Walt

120 Performance overview
121 Market context and environment
123 Business model and activities
127 Strategic and operational highlights
128 Delivering shared value
129 Strategic growth priorities
130 Q&A with SA Taxi CEO, Terry Kier

133 Performance overview
134 Market context and environment
136 Business model and activities
139 Strategic and operational highlights
140 Delivering shared value
141 Strategic growth priorities
142 Q&A with Nutun CEOs, David McAlpin and John Watling

7

Navigating our report

Navigation tools are provided at the top of every page:



Full index Back Previous page Next page

Links to additional content are provided:



This icon refers to additional information available at www.transactioncapital.co.za.



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

Transaction Capital's primary SDGs

By targeting a select set of Sustainable Development Goals (SDGs), which are aligned to our core operational strategies, we are able to focus our efforts on making a significant positive impact.



Our material matters

- 1 Maintain track record of consistent growth
- 2 Remain agile and responsive 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
- 5 Managing for long-term sustainability



Our risks

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

Our capitals

- IC Intellectual capital HC Human capital FC Financial capital
SC Social and relationship capital MC Manufactured capital NC Natural capital



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

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

Our reporting suite



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.



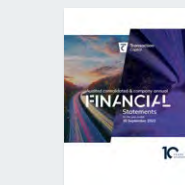
Risk report

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



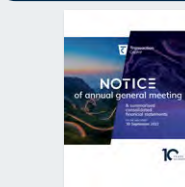
Sustainability report

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

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)	IFRS International Sustainability Standard Board's draft Sustainability Standards
✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓			
		✓	✓			
			✓		✓	✓
	✓	✓	✓	✓		
	✓	✓	✓	✓		
	✓	✓	✓	✓		

* Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.



1

Introduction

About this report

Our theme

Mobility



For communities around the world mobility serves as a critical enabler to economic activity. Through its divisions, WeBuyCars and SA Taxi, Transaction Capital enables the mobility of private and public commuters in South Africa.

Mobility not only speaks to who we are as a business but also to our brand vision as articulated in our recent brand refresh: We Go Where Others Won't Go. For Transaction Capital, to go where others dare not go, means that we look to carve a new path, to seek and find something unique, to pioneer, to disrupt and transform industries. It is with this vision in mind that we approached the design of our 2022 integrated report. The energetic movement lines are inspired by the daily movement of commuters moving the South African economy forward. The shared connectivity we all have is illustrated in many of our roads being interconnected with one road leading into the next.

“For years to come, we'll continue to look beyond the surface to achieve consistent returns. Where others won't go...we say, let's go

About this report

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

Scope and boundary

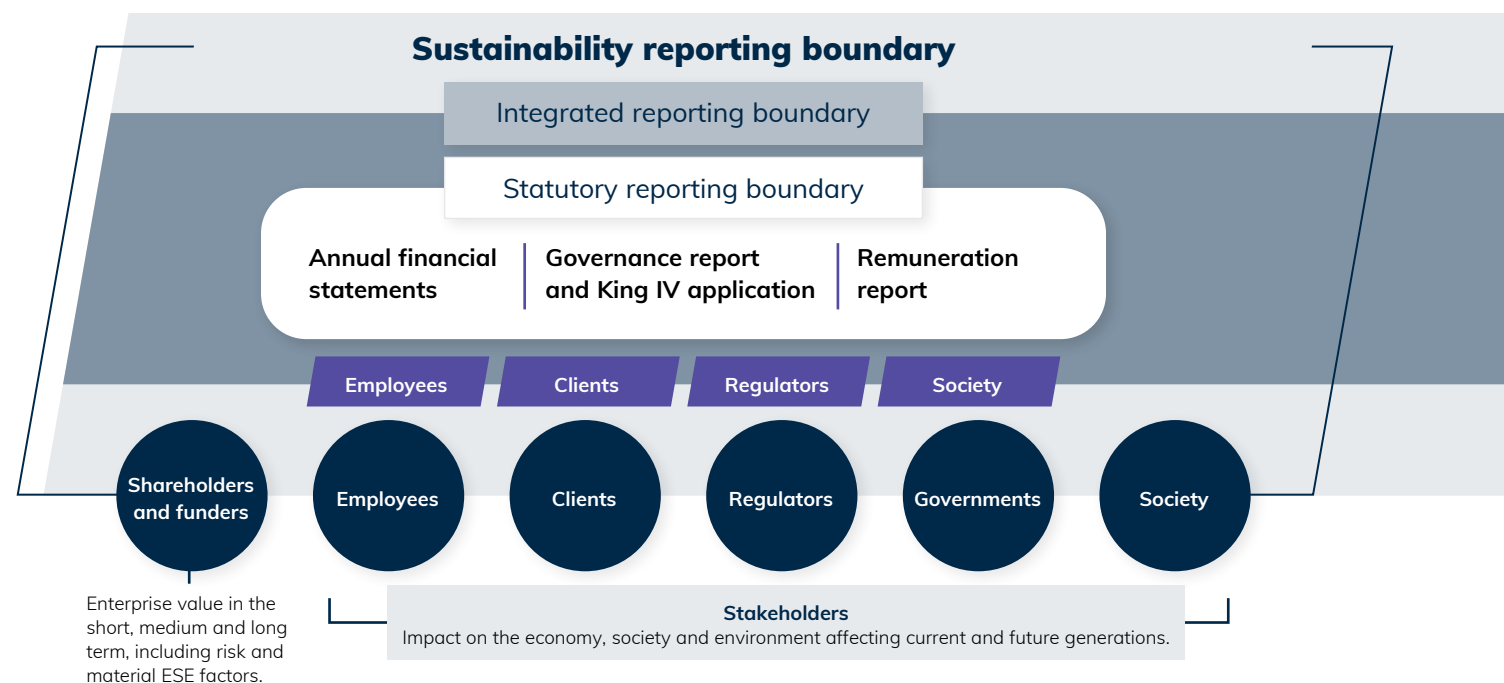
This report covers the financial year from 1 October 2021 to 30 September 2022, and includes material developments to the date of board approval. It covers the group holding company and its divisions, set out in the group profile on page 07, and other businesses in which the group has

significant interests. While Transaction Capital operates primarily in South Africa, this report also assesses our operations in Australia, Europe 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 integrated reporting boundary

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



About this report

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 and audio content available in this year's integrated report. Our integrated report is interactive and is best viewed digitally.

Based on internal and external feedback, including a formal review of our 2021 integrated report by an independent expert, benchmarked against best practice, we have made further improvements to this year's report.

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.

Our sustainability-related disclosures are guided by the United Nations Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) standards and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). More recently, Transaction Capital has early adopted the disclosure recommendations of the IFRS Sustainability and Climate Change standards.

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 service provider with expertise in integrated reporting advisory and editorial services.

Group internal audit provides a detailed audit of all financial indicators presented in this report, with the external auditors providing assurance as per the independent auditor's report.

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 17. 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 2022, the materiality determination process was conducted by executive management. 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 therefore 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 input obtained from the CEO, CFO, chief investment officer (CIO) and divisional CEOs. Other information in this report was drawn from board and 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 2022.

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, internal and external audit, as well as the board and its 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.

Every year, in accordance with the combined assurance framework, our audit committee gives assurance to the board over the effectiveness of the combined assurance activities within the group. The internal audit function evaluates audit committee-mandated financial, operational, compliance and risk management controls.

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.

Group internal audit has assessed 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 further enhance the integrated report.

Forward-looking statements

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.

Board approval

The board approved this report on 16 January 2023.

Ian Kirk
Chairman of the board

Suresh Kana
Lead independent non-executive director

David Hurwitz
Group CEO

Christopher Seabrooke
Independent non-executive director

Sean Doherty
Group CFO

Kuben Pillay
Independent non-executive director

Mark Herskovits
Group CIO

Diane Radley
Independent non-executive director

Jonathan Jawno
Executive director

Sharon Wapnick
Independent non-executive director

Michael Mendelowitz
Executive director

Albertinah Kekana
Independent non-executive director

Roberto Rossi
Executive director

Buhle Hanise
Independent non-executive director



2

Group at a glance

Group profile

At Transaction Capital, we are catalysts of unconventional potential. We invest in and operate a diversified portfolio of high-potential businesses in markets with historically low levels of stakeholder and client confidence. This gives us untapped opportunities for disruption, innovation and high returns.

Through WeBuyCars, SA Taxi and GoMo, we enable mobility access to private and public commuters through the provision of a disruptive range of mobility services including vehicle trade, finance, insurance and other allied products. Through Nutun, we provide a broad range of digitally enabled business services to clients across various sectors, locally and internationally.

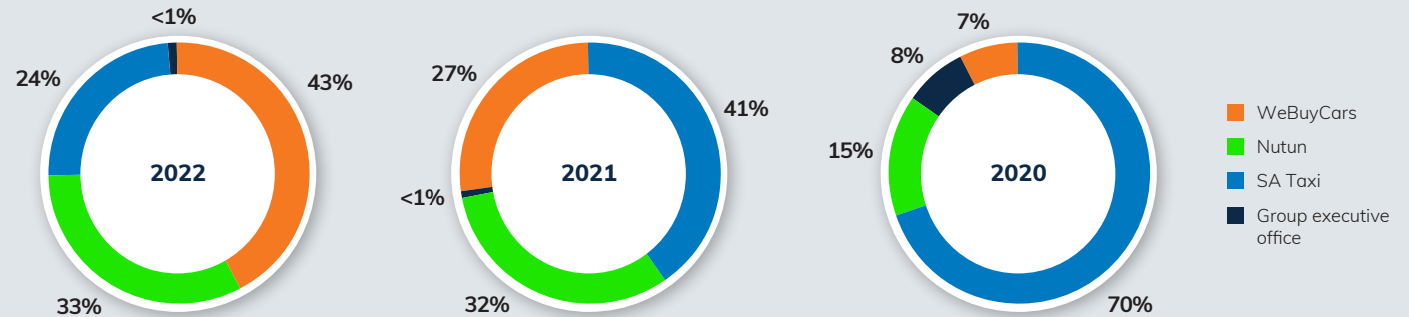
Our businesses have developed their unique market propositions by leveraging their specialist knowledge, data and technological advantages, to create competitive and innovative solutions that provide clients with excellent economic benefits and advance the industries in which we operate.

To scale and create distinctive, vertically integrated businesses, we partner with management teams who are knowledgeable, entrepreneurial, and considerably co-invested. Our businesses are robust and agile, as they are strategically positioned and defensive in relation to socioeconomic trends in their market segments.

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 and significant financial returns for our stakeholders.

Earnings composition and geographical areas

Composition of earnings attributable to Transaction Capital



United Kingdom



- ▷ Customer experience management (CXM) services to UK based clients, operationalised through our South African platform

Morocco



- ▷ Organic expansion in 2022

Fiji



- ▷ Inbound and outbound digital collections capability

South Africa



Australia

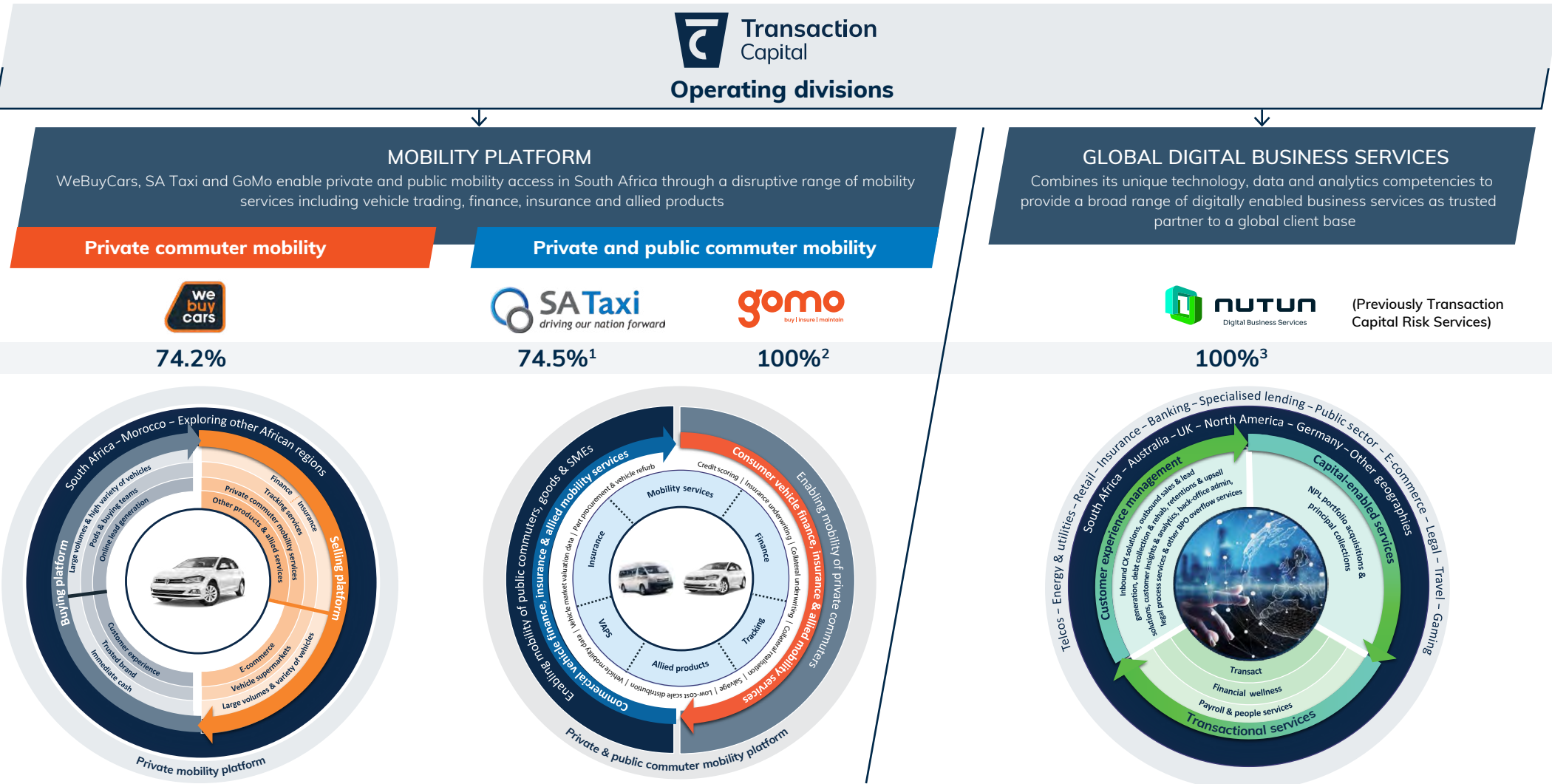


- ▷ CXM services

Transaction Capital group structure

WeBuyCars, SA Taxi and Nutun continue to transform and reposition their business models, enhancing their competitive value propositions and enabling them to expand their total addressable markets, while diversifying their revenues and deepening efficiencies within their existing and new verticals.

TC Ventures has 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 that are relevant to our divisions.



1. TC consolidates 82.13% of SA Taxi due to vendor financing provided by SA Taxi to SANTACO.
2. TC Motor holdings (TCMH) owns 100% of GoMo. TC owns 99% of TCMH.
3. TC owns 100% of Nutun Holdings. Nutun Holdings has various subsidiaries at different ownership percentages.

Key achievements in 2022



Transaction Capital

R1 246 million

Core continuing earnings
FY2021: \uparrow 24%

172.5 cents

Core continuing earnings per share
FY2021: \uparrow 17%

70 cents

Dividend per share
FY2021: \uparrow 35%

628

Jobs created for youth
<25 years old

MSCI | A

ESG rating
2022

\uparrow 28%

Shareholder return
CAGR FY2012 – FY2022

10th place

Share Price Performance
Sunday Times Top 100 Companies 2022

7th place

Top 10 ranking of EY's Excellence
in Integrated Reporting 2022 awards

Mobility platform



R540 million

Core earnings attributable to group
FY2021: \uparrow 100%

125 812

Number of vehicles sold
FY2021: \uparrow 43%

130 177

Number of vehicles purchased
FY2021: \uparrow 42%

18.2%

Finance and insurance penetration
FY2021: 13.6%

34 300

E-commerce sales
FY2021: 26 810

2 487

Employees
FY2021: 1 468

Solar power at 8 of our 13 vehicle supermarkets contributing 29% of electricity consumption

Water harvesting at 11 vehicle supermarkets to wash vehicles with rainwater for up to 8 months



R304 million

Core earnings attributable to group
FY2021: \downarrow 26%

R15.4 billion

SA Taxi gross loans and advances
FY2021: \uparrow 9%

R1 631 million

Net interest income¹
FY2021: \uparrow 3%

R241 million

GoMo gross loans and advances
FY2021: Nil



R411 million

Net insurance income
FY2021: \uparrow 3%

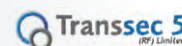
1 604

Employees
FY2021: 1 492

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

Inaugural **social bond issuance**
on JSE's sustainable segment

Social bond of the year award 2022
Environmental Finance



Global digital business services



R409 million

Core earnings attributable to group
FY2021: \uparrow 28%

R3.0 billion

Revenue²
FY2021: \uparrow 26%

R1 442 million

Cost price of purchased book debts acquired
FY2021: R1 240m

R4 208 million

Carrying value of purchased book debt
FY2021: \uparrow 22%

R7.2 billion

Estimated remaining collections
FY2021: \uparrow 13%

5 638

Employees
FY2021: 2 466



Nutun was awarded the Top Employer for 2023 certification.

B-BBEE Level 1 Status

1. From the provision of financing to customers.
2. Revenue from CE & CXM services.

Investment case



Our business models adapt and evolve, as we identify opportunities to accelerate and augment growth

Sean Doherty, CFO

Identifies, invests in and operates a diversified group of **high-potential, digitally advantaged businesses which are deliberately positioned in relation to structural socioeconomic elements** 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.

Builds its business platforms to develop unique value propositions, driving **diversified and resilient revenue streams**, utilising 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 these 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.

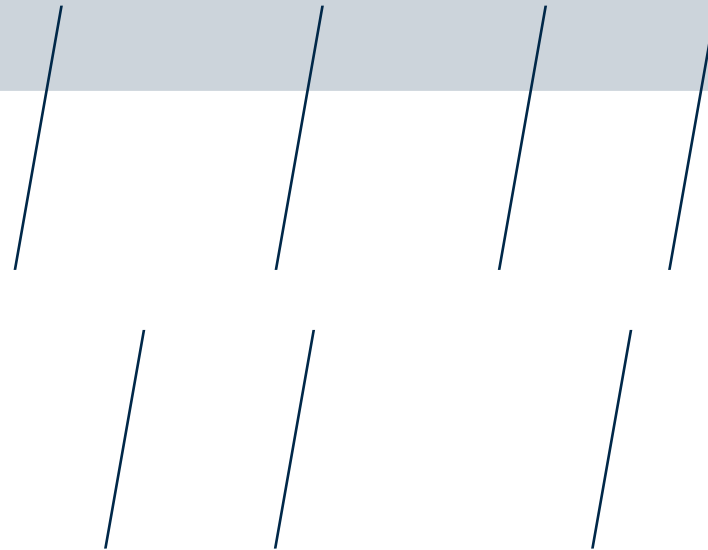
Ability to **identify new opportunities** and to **adapt and evolve** our business models, by deepening **vertical integration** and expanding into **adjacent market segments, related asset classes** and **new geographic markets**, thereby growing our earnings base.

Positioned to continue delivering **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.



3

Value creation



How we create value

Our definition of value

Our aim is to deliver shared value outcomes for our stakeholders by generating strong commercial returns on a consistent basis while simultaneously creating net positive socioeconomic returns with enduring benefits.

Our value creation is driven by the following capitals:

IC 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, overlaid with mature governance structures and processes that defend stakeholder trust and provide competitive advantage in our markets.
- Specialist expertise and digital competencies drive superior data, leading-edge technology and analytics capabilities (including artificial intelligence (AI)) that enable accurate pricing and underwriting 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.

HC 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 in 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 enables us to appropriately plan for succession, which includes recruiting and developing graduates to build our internal talent pipeline.

NC Natural capital

- While our direct impact on the natural environment is low, our indirect impacts in both WeBuyCars and SA Taxi are significant in the sale of second-hand vehicles and the sale of new and refurbished minibus taxis to service the minibus taxi industry. Despite this, both divisions contribute to the circular economy and result in avoided emissions from these industries.
- In line with trends seen in the vehicle market, WeBuyCars will transition to selling lower carbon alternative vehicles as the market progresses and transitions.
- We acknowledge that our most impactful influence is to manage and reduce the carbon emissions in our financed minibus taxi portfolio. Our efforts are focused on modernising the minibus taxi fleet with various initiatives which contribute to the circular economy.

FC 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.
- Capital management discipline instilled by paying shareholders a consistent dividend (policy of between 2.0 to 2.5 times) from operationally generated cash and funding acquisitions through both surplus operationally generated cash and capital raises (debt and equity).

SC Social and relationship capital

- Maintaining good relationships with our stakeholders and delivering net positive socioeconomic returns supports access to funding, enables 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.
- Nutun's evolution into a global digital services business is an exciting opportunity to leverage off South Africa's growing popularity as an outsourced customer engagement services destination, to earn international revenue off a local cost base and create jobs locally.
- Expanding into new and adjacent markets through industry partnerships and collaboration.

MC Manufactured capital

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.

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.

GoMo

- GoMo was launched in 2022 and aims to disrupt and capture market share in the under-penetrated used vehicle finance and insurance sector.
- GoMo leverages SA Taxi's credit intellectual property (IP), WeBuyCars' data and distribution network, and Transaction Capital's funding capabilities.

Nutun

- Nutun's customer engagement services segment leverages our ZAR cost base, local technology platform and IP, as well as a deep experience in managing outcomes-based call-centre operations to deliver a range of digitally enabled business services across clients' value chains.
- Master Data Universe and associated algorithms enhance omni-channel collections activity.

Strategic trade-offs and the impact on our capitals

In our strategic decision-making process, we sometimes have to forego value in one area in order to maximise value creation in another. These trade-off decisions are taken based on the group's strategic priorities and in accordance with the delegation of authority framework as approved by the board.

Below are the key strategic trade-offs made during the 2022 financial year.

Capital investment

Transaction Capital remains well capitalised, with adequate access to liquidity to execute on our divisions' organic growth initiatives and respond to opportunities arising from market dynamics. In 2022 the group identified the opportunity to leverage the combination of competencies between WeBuyCars and SA Taxi to build a meaningful used vehicle mobility platform. GoMo was launched in 2022 and combines SA Taxi's competencies in assessing credit risk and providing vehicle finance, and WeBuyCars' ability to efficiently underwrite and recover on the value of used vehicles. GoMo has received an overwhelmingly positive market response, with the number of loan applications being significantly higher than anticipated. This product is thus strategically better positioned within SA Taxi.

As we grow our GoMo offering, SA Taxi will seek to recalibrate its minibus taxi business by being more selective in the taxi operators and vehicle variants supported. This prudent approach will contribute to preserving credit quality, as SA Taxi targets higher quality and more experienced minibus taxi operators.



Mobility platform expansion and the impact on our carbon footprint

Through its divisions, WeBuyCars and SA Taxi, Transaction Capital enables the mobility of private and public commuters in South Africa. These businesses have a positive socioeconomic impact by enabling vehicle ownership to a segment of the market which historically did not qualify for asset backed lending due to the age of the vehicle (in the case of used vehicle finance) or the credit quality of the individual. SA Taxi also contributes positively to the circular economy by extending the life of existing vehicles through its extensive refurbishment capabilities. However, given that the vehicles and minibus taxis financed are internal combustion engines powered by diesel and petrol fuels, we recognise the impact business growth has on our value chain emissions.



Positive impact on capitals



Negative impact on capitals

Business model

Transaction Capital's business model is designed to deliver on its purpose of sustainable value creation while effectively managing the resources and relationships crucial to the business. Our capital inputs (at 30 September 2022) reflect the stocks of value available to the group for future value creation.

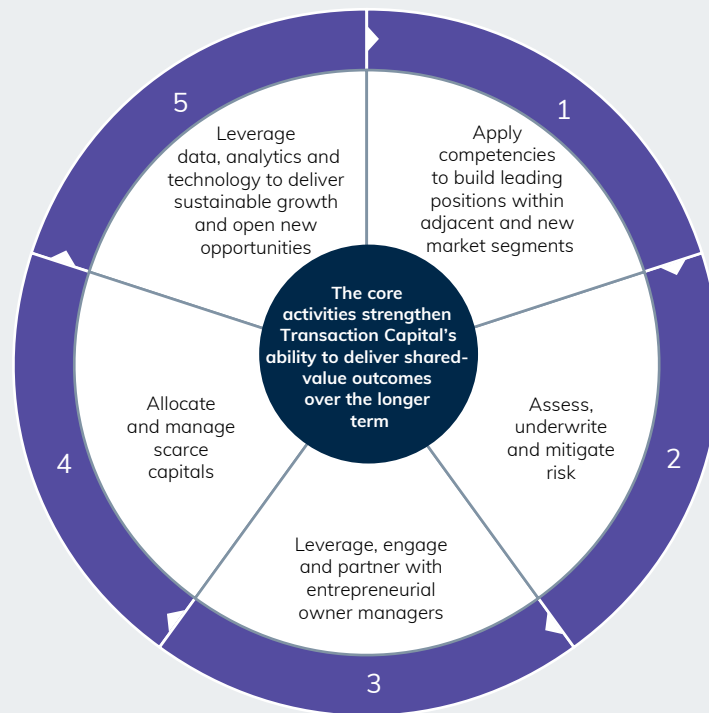
Stakeholders impacted

Inputs

IC	Intellectual capital	<ul style="list-style-type: none"> Unique mix of founder-led innovation and business development, with professional management skills 25 years' experience in building and developing businesses around unconventional assets Proprietary data sets combined with leading technology and analytics capabilities 	Constraints <ul style="list-style-type: none"> Ensuring sufficient sector and geographic experience to pursue local and international opportunities
		Top risks affecting our capitals	
FC	Financial capital	<ul style="list-style-type: none"> Total equity: R9.6 billion R1.3 billion of undeployed capital available at holding company level Undrawn debt facilities available to fund loan originations at SA Taxi and acquisition of NPL portfolios at Nutun 	Constraints <ul style="list-style-type: none"> Volatility in capital markets Operating environment creating affordability constraints
		Top risks affecting our capitals	
HC	Human capital	<ul style="list-style-type: none"> Owner-manager culture Expert, entrepreneurial and significantly co-invested management teams Incentive structures linked to performance and value drivers 9 784 employees 	Constraints <ul style="list-style-type: none"> Competing for scarce financial and technology skills Competing for EE candidates with specialist skills
		Top risks affecting our capitals	
MC	Manufactured capital	<ul style="list-style-type: none"> SA Taxi: Monthly refurbishment capacity of ~ 400 vehicles, ~ 28 500m² workshop space WeBuyCars: 13 vehicle supermarkets with capacity of 8 580 vehicle bays Nutun: Master data universe and workforce management tools 	Constraints <ul style="list-style-type: none"> Muted rebound in economic growth in South Africa SA Taxi: OEM supply below demand
		Top risks affecting our capitals	
SC	Social and relationship capital	<ul style="list-style-type: none"> Diverse and growing range of clients across market segments Embedded ESE framework supports access to DFI funding Strategic partnership with SANTACO Trusted brands with business models established over 20+ years 	Constraints <ul style="list-style-type: none"> Income inequality, poverty, unemployment and lack of service delivery in South Africa
		Top risks affecting our capitals	
NC	Natural capital	<ul style="list-style-type: none"> Electricity, water and waste services from municipalities and service providers Grey water harvesting systems in WeBuyCars Renewable electricity production through Solar PV at WeBuyCars and SA Taxi 	Constraints <ul style="list-style-type: none"> South Africa's dependency on coal along with electricity supply disruptions due to loadshedding Water scarcity and eroding infrastructure
		Top risks affecting our capitals	

Business activities

Further detail on the business activities of each business is available here:



Foundational governance

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

Outputs

Key products and service outputs by our divisions

<p>Enable a safe and trusted used car buying and selling experience to both individual customers and dealerships</p> <ul style="list-style-type: none"> 130 177 vehicles purchased (▲ 42%) 125 812 vehicles sold (▲ 43%) 18.2% finance and insurance penetration (FY2021: 13.6%) 	<p>Empower SMEs through financial inclusion, including credit extension and insurance</p> <ul style="list-style-type: none"> R15.4 billion gross loans and advances (▲ 9%) 5.7% credit loss ratio Provide innovative insurance products to taxi operators. R1.1 billion gross written premiums (▲ 13%) Repair and/or refurbish minibuss taxis: >4 450 minibuss taxis refurbished Provide rewards to minibuss taxi operators R4 million rewards earned. 	<p>Enable economic sustainability in the communities we serve by combining unique technology, data and analytical competencies to provide a range of digitally enabled business services as a trusted partner to a global client base.</p> <ul style="list-style-type: none"> Acquire NPL portfolios R4.2 billion carrying value of purchased book debts (▲ 22%) Revenue from CE services R1.8 billion (▲ 30%) Revenue from CXM services R1.2 billion (▲ 22%)
<p>Proprietary vehicle F&I enabling purchase of older vehicles traditionally not financed by banks</p> <ul style="list-style-type: none"> 1 132 loans on book R241 million gross loans and advances 		

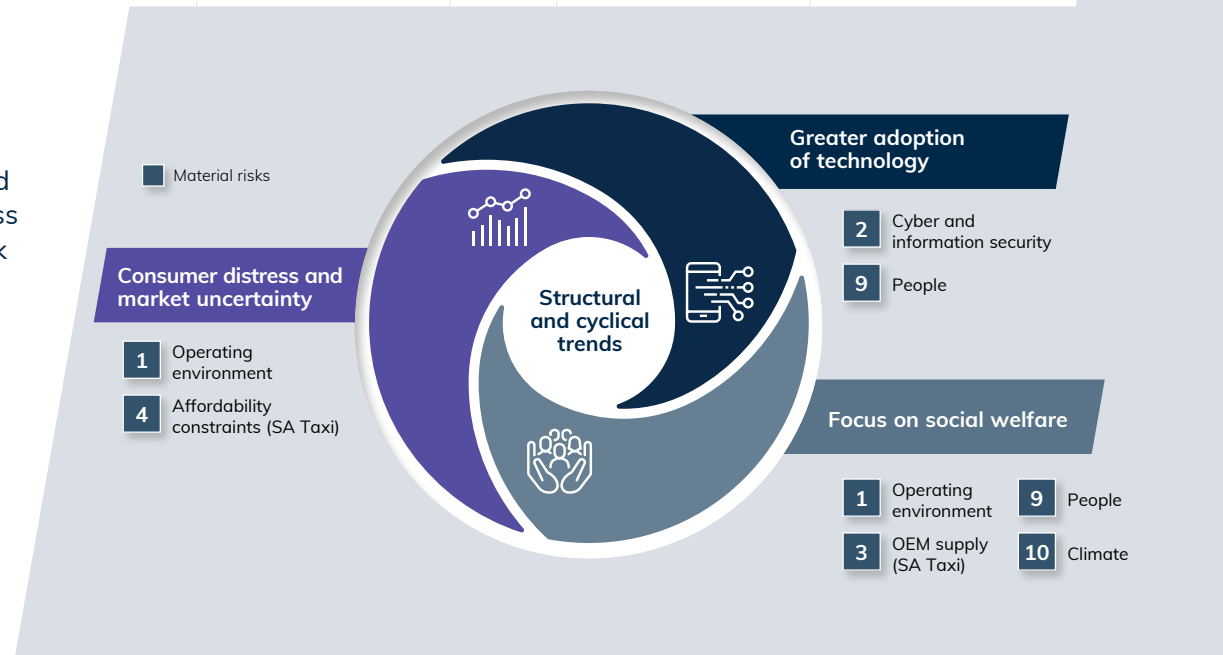
Outcomes

IC	Intellectual capital	<ul style="list-style-type: none"> Proprietary datasets enabling development of new products and services supported by enhanced analytics Leveraging WeBuyCars' and SA Taxi's competencies, GoMo was launched in 2022 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 Nutun, the master data universe supports accurate book pricing and operational efficiency Leveraging its technology platform and call centre IP, Nutun now delivers an augmented suite of digital business services diversified across geographies, sectors and clients In WeBuyCars, AI and machine learning ensures vehicles are bought and sold at a fair price, driving profitability and consumer trust 	Shareholders and funders • Clients
		Top risks affecting our capitals	
MC	Manufactured capital	<ul style="list-style-type: none"> Consolidated 3 Johannesburg premises into 1 new green building Addition of UK to geographies serviced from South Africa <p>SA Taxi</p> <ul style="list-style-type: none"> Increased refurbishment capacity by 4 500m² (▲ 19%) supporting ability to refurbish ~400 vehicles per month (▲ 33%) <p>WeBuyCars</p> <ul style="list-style-type: none"> 5 additional vehicle supermarkets adding ~2 460 vehicle bays, including The Dome in Gauteng supporting vehicle trading, and growing our brand value. E-commerce platform accounts for ~27% of total sales on higher sales volumes – with a longer-term focus to expand business-to-consumer capabilities 	Shareholders and funders • Employees • Clients
		Top risks affecting our capitals	
SC	Social and relationship capital	<ul style="list-style-type: none"> B-BBEE ratings: <ul style="list-style-type: none"> Group: Level 3 Nutun: Level 1 SA Taxi: Level 4 R12.7 million corporate social investment spend Nutun <ul style="list-style-type: none"> NPL portfolios purchased released ~R12.6 billion risk-weighted assets, strengthening clients' balance sheets by accelerating cash flow and removing non-performing loans Rehabilitated ~215 000 debtors in the year WeBuyCars <ul style="list-style-type: none"> Enabling first time vehicle ownership Transparent vehicle assessment report by independent party (Dekra) gives customers full disclosure to make informed purchase decision Mandatory roadworthy certification on financed vehicles contributes to safer roads AI led pricing ensures sellers receive fair pricing SA Taxi <ul style="list-style-type: none"> R196.8 million dividend paid to the minibuss taxi industry to date 75% of customers classified as previously under-banked Financing provided to 100% black-owned and 25.5% female-owned SMEs 2.1 million commuter trips per day provided by SA Taxi's financed fleet 	Shareholders and funders • Employees • Clients • Regulators • Society
		Top risks affecting our capitals	
NC	Natural capital	<ul style="list-style-type: none"> Absolute scope 1 and 2 GHG emission reduction targets aligned to below 2°C classification Replacement of older petrol vehicles with newer diesel vehicles at SA Taxi reduces the carbon footprint of the minibuss taxi industry by 9.9% Extending the life of vehicles at WeBuyCars, results in avoided emissions from manufacturing new cars of between 1 – 1.4 million tCO₂e Rainwater harvesting systems at WeBuyCars provide sufficient supply to wash cars for approximately 8 months of the year Renewable electricity generation at WeBuyCars and SA Taxi, contributes to 16% of the group's electricity consumption. 	Clients • Society • Employees
		Top risks affecting our capitals	
FC	Financial capital	<ul style="list-style-type: none"> R1 246 million core continuing earnings (FY2021: ▲ 24%) 172.5 cents core continuing earnings per share (FY2021: ▲ 17%) 14% core continuing return on average equity (FY2021: 15.1%) 4.4% core continuing return on average assets (FY2021: 4.4%) 70 cents total dividend per share (FY2021: 52 cents) 28% total shareholder return (FY2012 – FY2022) 	Shareholders and funders
		Top risks affecting our capitals	
HC	Human capital	<ul style="list-style-type: none"> Diverse workforce in South Africa Focus on increasing diversity of governing bodies – targets included in STI structures of key executives Transformation targets included in LTI for key executives 32% total employee turnover rate (FY2021: 29%) 20% voluntary employee turnover rate (FY2021: 16%) 33 hours average training per employee (FY2021: 26 hours) 	Shareholders and funders • Employees • Regulators • Society
		Top risks affecting our capitals	

Operating context

Heightened geopolitical tensions in the global environment have contributed to persistently high inflation rates, while also stifling economic growth across various regions. In light of these challenges, the South African Reserve Bank (SARB) has revised its global growth forecast for 2022 down from 3.3% to 3%¹, with an expectation of even lower growth in 2023.

The macro-environment in South Africa remains fragile, amidst the rising cost of living, reflected in the highest inflation rates seen in the past 13 years, above the SARB's target range. To curb inflationary pressures, the Reserve Bank has continued to hike interest rates, placing further pressure on households. The growth of the economy is further threatened by energy and water insecurity, with ongoing loadshedding and threats of water rationing in the near future. South Africa's GDP prediction has been revised downward to 1.9%¹, with 0.4% and 0.3% growth projected in the last two quarters of 2022. COVID-19 has resulted in various shifts in the labour market such as the "great resignation" and has accelerated the adoption of digital technologies. Although the environment remains challenging, especially for developing economies, Transaction Capital and its divisions are defensive, resilient and well positioned in relation to macro-economic dynamics.



Consumer distress and market uncertainty

Link to material risks:



Consumers and operators facing financial pressure

- In September 2022, inflation reached 7.5%, with the biggest contributors being increases in cost of food (▲12%), utilities (▲4%) and transport (▲18%)².
- Interest rates have returned to 6.25%, levels seen pre-COVID, following six hikes in the past 12 months, and a recent interest rate hike of 75 basis points announced by The Monetary Policy Committee in response to rising inflation¹.
- New credit granted increased by 13% over the past 12 months, with a 50% increase in credit granted by retailers⁴.
- 60% of households focussed on reducing discretionary spend to counter rising costs of living⁶.

Mobility sector in flux

- Rising fuel and energy prices, with record increases driven by global uncertainty.
- Used vehicle prices increased for the 13th consecutive quarter⁵, with used vehicle inflation at 8.3%, above CPI. New vehicle prices have normalised, and new vehicle inflation is below CPI.
- Recovery of vehicles traded, with new vehicle sales increasing by 10% and used vehicle volumes remaining unchanged from the prior year.
- Commuter shift from passengers to first time vehicle owners.
- Shift from new to used vehicles due to affordability constraints.
- Banks adding liquidity into used vehicle market as they seek growth.
- Minibus taxi prices have increased by more than 6.6% in the past year due to supply side constraints.
- Commuter mobility remains below pre-pandemic levels.

Our strategic response



- Pressure on disposable income increasing the appeal of used vehicles, driving growth in the sector.
- Continued physical expansion combined with driving growth in e-commerce and finance and insurance (F&I) penetration.
- Dynamic, AI led pricing responds to changes in vehicle supply and demand.



- Enables mobility access for public commuters.
- 73% of commuters rely on public transport³ and spend is non-discretionary, this makes the industry defensive in a challenging economic environment.
- Focus on development of bespoke mobility products to support minibus taxi operator profitability.
- Investment into the production and sale of quality renewed taxis (QRTs), offering minibus taxi operators a more affordable and reliable alternative to a new vehicle.
- First fare increase since the start of the pandemic implemented in July 2022 to offset the impact of vehicle and fuel price increases, as well as lower commuter volumes.



- Provides significant opportunity to acquire non-performing loan (NPL) portfolios, and facilitate payments on behalf of clients through agency and fee-for-service collections.
- Increased need for consumer wellness initiatives in light of increasing consumer indebtedness.
- Supports effective functioning of consumer credit markets and payment systems critical to socioeconomic recovery and rehabilitation of consumers.

Sources:

1. Statement of the Monetary Policy Committee – Sept 2022. | 2. Stats SA | Consumer Price Index – Sept 2022. | 3. NHTS. | 4. NCR CCMR Q2 2022. | 5. Transunion VPI Q2 2022. | 6. Transunion Consumer Pulse survey. | 7. KPMG.



Greater adoption of technology

Link to material risks:

2 9

Macro trends

Growth in the use of the internet

- ▷ The pandemic accelerated adoption of the internet, with 5.25 billion individuals using the internet (66.2% of world's population)¹³.
- ▷ Increase in internet usage of 1 355% between 2000 and 2022¹³.

Increased adoption of e-commerce

- ▷ In total, e-commerce sales generated US\$4.9 trillion, with mobile accounting for 72.9% of all online purchases¹³.
- ▷ The e-commerce industry is expected to grow by US\$11 trillion between 2021 and 2025¹³.

Digitalisation in ways of work

- ▷ Businesses have had to undergo rapid digital adoption, with 66% of HR leaders indicating that a hybrid way of work was already in place in 2021¹³.

Our strategic response



- ▷ World class digital systems developed in-house.
- ▷ Advancement of e-commerce strategy, 27.3% online sales off higher volumes.
- ▷ Launched finance capability for online sales.



- ▷ Applies leading-edge analytics to real-time vehicle mobility datasets.
- ▷ Leverages mobility data to inform pricing and risk management across the financing and insuring of minibus taxis.



- ▷ Ongoing innovation and investment in new technologies including voice analytics, gamification, digital contact and transacting through an omni-channel capability.
- ▷ Continued investment in work-from-home as well as offshoring and near-shoring opportunities across various regions.



Focus on social welfare

Link to material risks:

1 3 9 10

Macro trends

Disproportionate lingering impact of COVID-19

- ▷ Developing economies, such as South Africa, are still battling with the recovery of their economies following the impact of the pandemic. GDP expected to grow at 1.9% following a downward revision¹.
- ▷ Unstable electricity supply remains a barrier to growth for various sectors.
- ▷ Developed economies growth remains below pre-COVID levels¹.
- ▷ Vehicle chip shortages persist due to supply chain disruptions as a result of continued geopolitical tensions⁹.

Rise of ESEG

- ▷ COVID-19 has underscored the need for businesses to integrate their economic, social, environmental and governance (ESEG) and business strategies, with companies realising that ESEG matters have a significant impact on the fulfilment of business strategy⁷.
- ▷ The recent floods in KwaZulu-Natal had a devastating impact on social welfare, impacting 826 businesses and costing in excess of R7 billion⁸.

Shifts in the labour market

- ▷ Unemployment rate remains elevated at 32.9% despite the slight improvement in the previous two quarters¹⁰.
- ▷ Great resignation not yet over, with 20% of employees indicating intention to resign in 2022¹¹.
- ▷ Hybrid working models becoming the norm.
- ▷ Rise in outsourced work, with South Africa voted as a preferred destination. 775,000 jobs expected by 2030, servicing an international client base¹².
- ▷ South Africa's economy supported by large and resilient informal sector.

Our strategic response



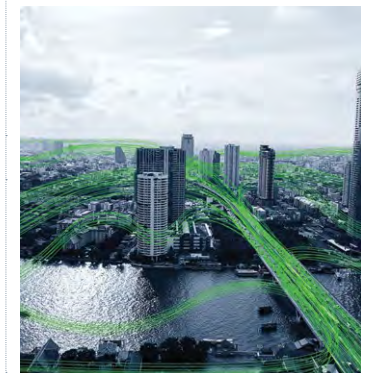
- ▷ Growing trend of consumers opting to trade down from new to used vehicles, amplified by COVID-19.
- ▷ Making vehicle ownership accessible to South Africans.



- ▷ Enables safer and more reliable mobility access for millions of commuters.
- ▷ Promotes the sustainability of the minibus taxi operators and industry (essential to the SA economy).
- ▷ Diversifying vehicle options for operators, enabling continued growth of the business in the midst of supply disruptions following the flooding of the Toyota plant in KwaZulu-Natal.



- ▷ Expanding into capital-light, digital customer services, diversified across sectors and geographies.
- ▷ Leveraging ZAR cost base, local technology platform and IP to earn international revenue and create jobs locally.



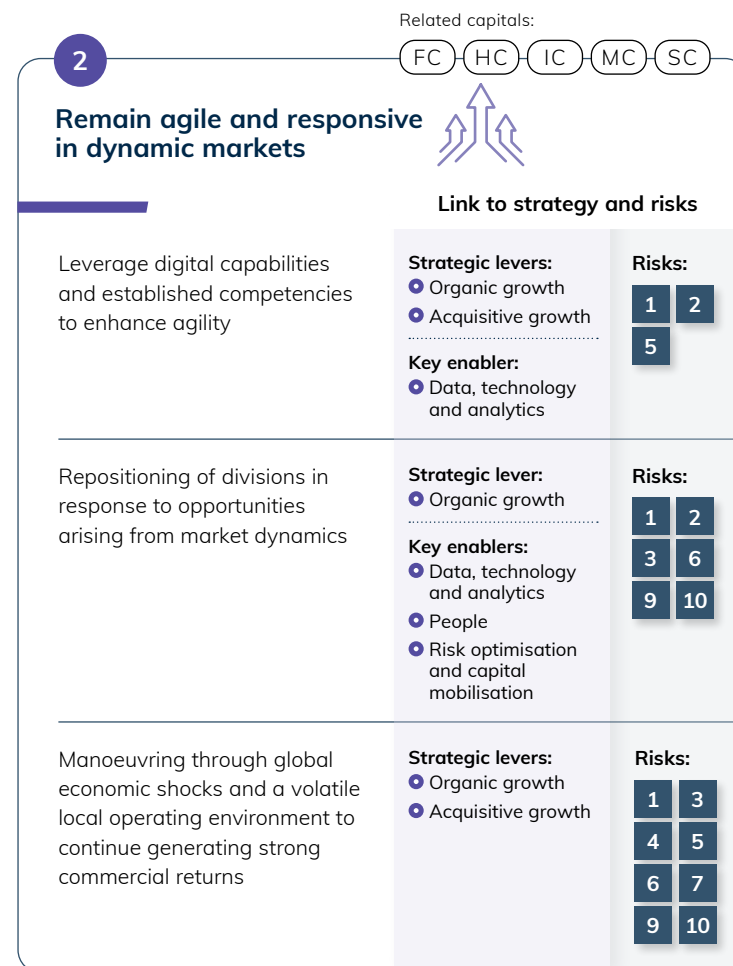
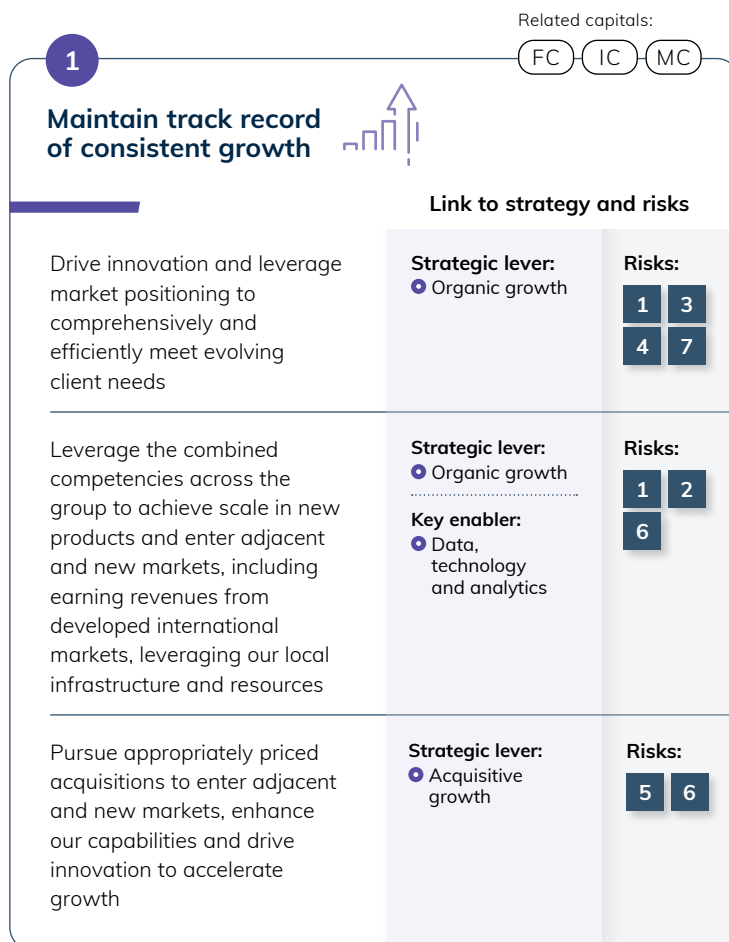
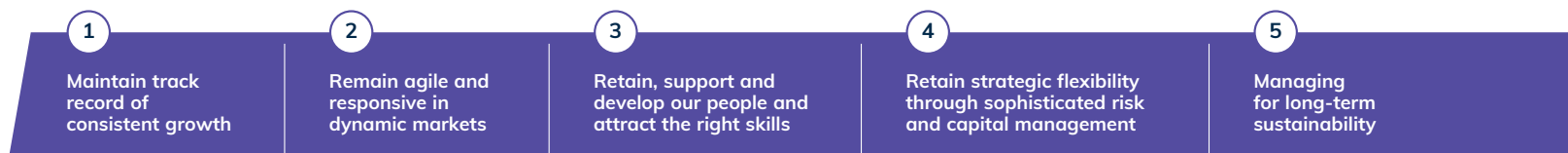
Material matters

Transaction Capital considers material matters to be those factors most relevant to our ability to continue delivering shared value outcomes. These are considered from the perspective of 'double materiality'; matters which are material to investors or other financial capital providers (financial materiality) and those that impact the environment, people and the economy (impact materiality).

When determining our material matters a number of factors are considered 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 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. They also represent the group's approach to creating long-term sustainable shared value for all our stakeholders.

The following material matters were considered and approved by the board in November 2022:



3

Related capitals:

FC HC IC

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



Link to strategy and risks

Support and develop employees in a challenging professional and personal context to maintain performance levels

Key enabler:
• People

Risks:
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

Risks:
1 9

Enhance retention and attraction mechanisms, particularly for leaders and key skills, to support business growth and meet transformation objectives

Strategic lever:
• Organic growth
Key enabler:
• People

Risks:
1 9

Progress against the group's transformation targets, with a particular focus on employment equity profiles and diversity

Key enabler:
• People

Risks:
1 8
9

4

Related capitals:

FC IC NC

Retain strategic flexibility through sophisticated risk and capital management



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

Risks:
1 6
7 8

Focus on cost control, and maintain efficient capital and cash flow approach

Key enablers:
• Data, technology and analytics
• Risk optimisation and capital mobilisation

Risks:
1 2
6 7

Remain responsive to the dynamic risk environment to prevent value erosion and maximise opportunities

Key enabler:
• Risk optimisation and capital mobilisation

Risks:
1 4
5 7
8 10

5

Related capitals:

HC IC NC SC

Managing for long-term sustainability



Link to strategy and risks

Driving the operationalisation of our Economic, Social, Environmental (ESE) frameworks within the divisions

Strategic lever:
• Organic growth
Key enablers:
• Data, technology and analytics
• People
• Risk optimisation and capital mobilisation

Risks:
1 6
9 10

Embedding climate-related risk identification, analysis, monitoring and reporting across the group

Key enabler:
• Risk optimisation and capital mobilisation

Risks:
1 6
10

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.

Risks:
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.

The traditional view of risk is negative, with risks characterised as threats with adverse consequences. Our approach has evolved to seeing risk as including opportunity, thus modifying the risk response planning process. This gives equal status to opportunities and threats and seeks to manage them proactively to achieve the associated benefits. Ultimately, we are able to enhance value creation through executing on these opportunities.

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.

Material risks (summary table)

↑ Elevated ↓ Reduced ↔ Static

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

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

Inherent risk

	1 Unlikely 5 years+	2 Possible 3 – 5 years	3 Likely 1 – 3 years	4 Almost certain 0 – 1 year
Catastrophic 5			9 10	1 2 4 6 7 8
Critical 4				3 5
Significant 3				
Minor 2				
Insignificant 1				
Impact				
	Likelihood			

Residual risk

	1 Unlikely 5 years+	2 Possible 3 – 5 years	3 Likely 1 – 3 years	4 Almost certain 0 – 1 year
Catastrophic 5				
Critical 4		6 7 8	1 2 3	
Significant 3		5 9	4 10	
Minor 2				
Insignificant 1				
Impact				
	Likelihood			

↑ Elevated ↓ Reduced ↔ Static

1 Operating environment

The global macro-economic environment in 2022 was characterised by rising fuel and energy prices, inflationary pressures, and rising interest rates resulting from geopolitical tensions and withdrawal of monetary and fiscal stimulus. In South Africa, this was combined with frequent power outages and persistently high unemployment. These factors have a significant impact on consumer behaviour.

FC MC NC

Link to material matters



Our response: mitigation and associated opportunities

Mitigation actions

Nutun

- ▶ Nutun's world-class technology-led hybrid operating model continues to yield higher productivity per agent.

WeBuyCars

- ▶ Continued to expand its nationwide footprint in 2022.
- ▶ Harnesses data and technology to drive e-commerce growth.

- ▶ Established a presence in Morocco as part of the international expansion strategy.
- ▶ Continued enhancement of brand awareness, trust and customer experience.
- ▶ In collaboration with SA Taxi, WeBuyCars launched GoMo, the group's own vehicle finance product as principal.

SA Taxi

- ▶ Introduced innovative products to meet the affordability challenges of customers.

Opportunities

Nutun

- ▶ Increased consumer indebtedness and a deterioration in their ability to service debt contributed to larger NPL portfolios available for Nutun to manage and acquire.
- ▶ Nutun's digital customer engagement services segment is positioned to help international clients mitigate the impact of the global shortage of human resources.

WeBuyCars

- ▶ Structural support includes cash-strapped consumers trading down to more affordable used vehicles.
- ▶ Trading mostly in older used vehicles, positions WeBuyCars to benefit from the South African population's shift into private vehicle ownership.

SA Taxi

- ▶ SA Taxi's fully refurbished quality renewed taxis (QRTs) provide an affordable yet reliable alternative to buying a new vehicle.

2 Cyber crime 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.

To date, cybersecurity risk across the group has been well managed.

IC SC

Link to material matters



Our response: mitigation and associated opportunities

Mitigation actions

The group's risk structures are managed by the Cyber Security Committee.

Structures are discussed, reviewed and permeated through the group by the Cyber Security Committee.

- ▶ Robust firewalls, employee awareness training, targeted threat protection, virus and malware scanning, and ongoing external vulnerability testing.
- ▶ Nutun is ISO27001 (Information Security Management System) certified.
- ▶ Multi-layered intrusion prevention systems.

- ▶ Ongoing information security maturity assessments by third-party service providers.
- ▶ Encryption of sensitive data in the production and development environment.
- ▶ Group cyber risk insurance policy.
- ▶ Compliance with the letter and spirit of all laws, regulations and codes.
- ▶ A comprehensive POPI programme.
- ▶ Due diligence process carried during the evaluation of potential acquisitions includes an assessment of the IT landscape and information security control environment.

Opportunities

- ▶ Centralisation of cyber security policies and procedures will allow the group to benefit from economies of scale and best in class processes.
- ▶ Regular hardening of cyber security defences, preventative and detective, will drive down insurance risk and coverage costs.

↑ Elevated ↓ Reduced ↔ Static

3 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.

The devastating KwaZulu-Natal floods in mid-April 2022 led to the temporary closure of the Toyota plant. This had a negative impact on the availability of new minibus taxis.

The risk of low availability of parts could be further compounded by worsening tension between China and Taiwan. While SA Taxi will be able to source parts from other countries such as India, it will result in delays and increased parts costs.

MC

[Link to material matters](#)  

Our response: mitigation and associated opportunities

Mitigation actions

- ▶ Increased focus on QRT strategy and refurbishment capacity.
- ▶ Expansion of QRT dealership network, increase distribution of pre-owned vehicles through WeBuyCars super stores and partnering with other non-affiliated distribution channels.
- ▶ Development and execution of GoMo to diversify credit risk into a different product set and client base being consumer vehicles. This will allow SA Taxi access to additional growth levers and optionality to grow as the South African economy changes over time.
- ▶ Ongoing engagement with OEMs to secure a consistent supply of vehicles, product offerings and parts into the market and integration of their supply and repair channels.
- ▶ SA Taxi Auto Parts ensures a consistent supply of quality parts at a lower cost through its salvage and retail operations.

Opportunities

- ▶ Continued exploration of alternative vehicle types, including electric vehicles.

4 Affordability constraints (SA Taxi)

Higher interest rates, increasing fuel prices and inflation have continued to put the profitability of the minibus taxi industry under pressure in FY2022.

FC MC

[Link to material matters](#)   

Our response: mitigation and associated opportunities

Mitigation actions

SA Taxi

- ▶ Has a vertically integrated business model that positions it well to serve clients across the full minibus taxi value chain.
- ▶ Applies leading-edge analytics to its real-time vehicle mobility datasets to manage credit and insurance risk.
- ▶ New products developed to address affordability constraints of minibus taxi operators including debt rehabilitation programme.
- ▶ Continues to drive the sale and finance of QRTs, lowering the cost of ownership for a minibus taxi operator that is seen as an affordable yet reliable alternative to buying a new vehicle.

- ▶ Increased insurance policy originations by introducing new product lines and enhancements to products and pricing.
- ▶ Increased refurbishment capacity at SA Taxi Auto Repairs to support higher QRT vehicle supply to our dealerships and, in turn, increase loan originations.
- ▶ Supports competitively priced insurance premiums by leveraging SA Taxi Protect's competitive advantage in reducing cost of claim through efficiencies in SA Taxi Auto Repairs and SA Taxi Auto Parts.
- ▶ Targeting higher quality and experienced minibus taxi operators, resulting in lower loan approvals and lower net interest margins.

Opportunities

- ▶ Continues to assess opportunities for further vertical integration to broaden its addressable market within the minibus taxi market and support future organic growth.

Elevated
 Reduced
 Static

5

Acquisitive strategy execution

Transaction Capital identifies, develops and partners with expert, coinvested and entrepreneurial founders and managers of businesses, in building and scaling highly competitive, efficient and decentralised operating platforms that manage its assets. We mobilise an optimal balance of equity and debt capital to fund the growth of business platforms and their underlying assets.

IC MC FC



Link to material matters

Our response: mitigation and associated opportunities

Mitigation actions

- ▶ Appropriate board approval in line with the group's authority framework is required to conclude transactions.
- ▶ Collectively, the board applies its mind to the funding of acquisitions to ensure an appropriate balance of debt and equity funding that maintains appropriate risk-adjusted returns.
- ▶ Rigorous implementation processes ensure that Transaction Capital's governance and reporting requirements are adequately met, with progress monitored by the board.
- ▶ Transaction Capital's executives are actively involved in the management and ongoing affairs of acquisitions after a transaction is completed.

Opportunities

- ▶ TC Global Finance leverages the group's unique relationship with its founders to identify and grow value-accretive investments outside of South Africa.
- ▶ TC Ventures actively seeks out investments in innovative, high-growth and entrepreneurial South African businesses, with a focus on fintech disruptors.

6

Capital

The group is currently facing a challenging capital raising environment due to global and local economic factors.

FC



Link to material matters

Our response: mitigation and associated opportunities

Mitigation actions

- ▶ Dedicated capital markets teams across the group manage funding requirements, including a diversified fundraising strategy and a focused strategy for each funding source.
- ▶ The group's funding strategy seeks to diversify funding sources.
- ▶ Rigorous investment criteria are adhered to in acquisitions (see risk 5), with active treasury management of excess funds.
- ▶ For the group's divisions:
 - 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.
 - SA Taxi has adequate liquidity available in undrawn debt facilities to fund expected loan originations throughout 2023.
 - Nutun's funding requirements for the acquisition of NPL portfolios in South Africa and Australia in 2023 are already secured.

Opportunities

- ▶ Transaction Capital remains well capitalised, with adequate access to liquidity. R1.28 billion was raised from an oversubscribed accelerated bookbuild on 9 September 2022, providing ample liquidity to execute on opportunities. This includes opportunities resulting from market dynamics related to the current economic climate, investment opportunities identified through Transaction Capital and its divisions, and our TC Ventures strategy.

↑ Elevated ↓ Reduced ↔ Static

7 Liquidity

Liquidity risk remains a material risk to the group as the impact on collections at SA Taxi is felt as a consequence of the fuel price increases and interest rates hikes in light of higher inflation.

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

FC

Link to material matters



Our response: mitigation and associated opportunities

Mitigation actions

- ▶ Liquidity risk is primarily controlled through cash flow matching and maintaining appropriate funding runways at group and divisional levels.
- ▶ Maintaining a positive liquidity mismatch favourable to debt investors, where asset receipts occur in advance of debt payments, resulting in reduced liquidity risk.
- ▶ A well-diversified funding base through geography, funder type, individual investor, type of structure and type of instrument.

Opportunities

- ▶ Optimise the group's mix of funding structures to reduce the cost of funding.

8 Regulatory compliance

Our regulatory universe will match the expansion of our operations into other jurisdictions.

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.

MC IC SC

Link to material matters



Our response: mitigation and associated opportunities

Mitigation actions

- ▶ The group retains central legal advisory resources, with suitably experienced compliance officers in place at each division.
- ▶ Ongoing engagement with regulators and appropriate representation on industry bodies is maintained to gain an early understanding of proposed legislation and to appropriately position the group for change.
- ▶ The partnership between SA Taxi and the South African National Taxi Council (SANTACO) assists SA Taxi in engagements with regulators.

Opportunities

- ▶ The group's responsiveness and agility to regulatory change ensures that we are well placed to comply with regulatory developments.



Elevated
 Reduced
 Static

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 even 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.

HC SC

Link to material matters



Our response: mitigation and associated opportunities

Mitigation actions

- ▶ Transaction Capital's Research Chair programme positions the group as an employer of choice for the brightest data minds.
- ▶ In 2021 Transaction Capital launched the group Chartered Accountant (CA) training programme appointing five candidates, who started in 2022.
- ▶ Flexibility in work-from-home and work-from-office protocols.
- ▶ Competitive compensation policies which aim to sustain a performance-driven and entrepreneurial culture.
- ▶ Employee engagement surveys and benchmarking.
- ▶ Training and development to improve the skills of our people.
- ▶ Transformation targets included as a non-financial key performance indicator as part of executive remuneration.
- ▶ Employee assistance programmes to support the physical and mental health of our employees.

Opportunities

- ▶ An 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.

10 Climate

Transaction Capital recognises the rapidly changing global context and the risks associated with environmental and social factors, particularly climate change. These include:

1 Physical climate related risks:

Risks include the acute risk of drought, flood, and fire damage to direct operations as well as risks upstream and downstream in our value chain. Such climate related events were experienced through the recent KwaZulu-Natal floods which impacted business operations to varying degrees.

These physical risks are seen as short term climate related risks, however they are occurring more frequently.

NC

Link to material matters



Our response: mitigation and associated opportunities

Mitigation actions

- ▶ A group-wide economic, social and environmental (ESE) steering committee, drives sustainability initiatives across the group.
- ▶ ESEG key performance indicator for executives to be measured against, which will ensure accountability and incentivise change.
- ▶ Consistent engagement with a broad range of stakeholders to understand their concerns and expectations.
- ▶ Supporting the Paris Agreement's aim of limiting global warming to well below 2°C compared to pre-industrial levels, and pursuing efforts to limit it to 1.5°C.
- ▶ Minimising the group's direct carbon footprint.
- ▶ Exploring and investing in products and services that would accelerate the transition of the minibus taxi industry to a low-carbon and more circular economy.

Opportunities

- ▶ The group's ESE framework, which informs our strategic and operational initiatives to ensure that the group's impacts are appropriately managed to enhance value creation for Transaction Capital and its stakeholders, while minimising value-eroding activities. This framework allows us to measure and track impact across a broad range of metrics including environmental related metrics.

Stakeholder engagement

SC

Transaction Capital's value creation approach focuses on creating shared value outcomes. This 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 this ethical commitment by advocating a stakeholder-inclusive business approach which considers the legitimate and reasonable needs, interests and expectations of material stakeholders.

Transaction Capital recognises that our long-term sustainability is linked to the group's strategic activities as well as the outcomes arising from the relationships we have with the society and the environments in which we operate. Collaboration and regular engagement with our stakeholders is essential as it assists 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.

The board, through the social and ethics committee, oversees the group's stakeholder engagement strategy. Stakeholder engagement processes take place at all levels across the group and enable executive management to understand and effectively respond to stakeholder concerns. 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 economic, social and environmental (ESE) framework serves as a mechanism to ensure more consistent communication to stakeholders on the group's economic, social, environmental and governance (ESEG) progress and performance.

Our stakeholder universe

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.

Our 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 we collaborate, involve or consult with them. Stakeholder concerns are also prioritised as part of Transaction Capital's risk management framework.

Matters material to our stakeholder engagement were identified through the materiality determination process.





Shareholders and funders

Value relationship

For us

Accessible and affordable capital supporting the right balance of equity and debt funding, to fund organic and acquisitive growth.

For them

Shareholders: Quality earnings growth and capital appreciation even in difficult economic conditions.

Funders: Reliable risk-adjusted interest returns. Measurable ESEG impact.

Engagement strategy

- ▷ Proactive ongoing communication to establish credibility and trust as well as continuing to 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 the relationship

- ▷ The group's investor relations interactions are well-regarded by shareholders and characterised by mutual benefit and trust. In 2022, this was evidenced by various awards relating to the quality of Transaction Capital's investor relations activities. These include 7th place in the EY Excellence in Integrated Reporting Awards and three category awards in the inaugural Business Day Intellidex Investor Relations Awards for "Best integrated annual report", "Best market communications" and "Most accessible senior management".
- ▷ Risk to equity held in Transaction Capital is regarded as low, which is key to attracting new investors to support the group's growth.
- ▷ Transaction Capital 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.

Key issues

Impact on SA Taxi following the floods in KwaZulu-Natal as well as macro-economic headwinds impacting minibus taxi operators



Remain agile and responsive in dynamic markets

Our strategic response

- ▷ The group responded by increasing QRT capacity in order to augment lost originations from shortages in new taxi supply.
- ▷ Continued management of credit quality and originations as the risk is managed.
- ▷ Leveraging off SA Taxi's and WeBuyCars' competencies to launch GoMo. During FY2023, SA Taxi will seek to grow its earnings base and expand its total addressable market as it expands into the consumer used vehicle mobility sector through GoMo.

Q&A with group CEO, David Hurwitz on [page 41](#)

Divisional reviews: SA Taxi on [page 120](#)

Strategy on [page 34](#)

Key issues considered by the board on [page 57](#)



Macro-economic headwinds and the expected impact on WeBuyCars



Remain agile and responsive in dynamic markets

Our strategic response

- ▷ Proprietary data, analytics and continued refining thereof allows WeBuyCars to respond quickly to changing market conditions in order to ensure that our margin targets are achieved.
- ▷ Continued focus on ensuring inventory turnover days are managed to reduce price risk.

Q&A with group CEO, David Hurwitz on [page 41](#)

Divisional reviews: WeBuyCars on [page 122](#)

Strategy on [page 34](#)





Shareholders and funders continued

Key issues continued

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



Retain strategic flexibility through sophisticated risk and capital management

Our strategic response

- The group and its divisions maintain innovative funding structures that meet the requirements of current and prospective funders.
- In September 2022, Transaction Capital successfully completed an accelerated bookbuild, raising R1.28 billion of equity capital.
- R451 million was raised from the inaugural TransCapital Investments notes issuance.
- R1 billion was raised through a preference share issuance.



Q&A with group CIO, Mark Herskovits on [page 44](#)

Strategy on [page 34](#)

Key issues considered by the board on [page 57](#)

Board composition and independence



Managing for long-term sustainability

Our strategic response

- The board comprises a majority of non-executive directors, of whom the majority is independent as advocated by King IV.
- In accordance with Transaction Capital's non-executive director policy, Christopher Seabrooke stepped down as chairman of the board and was succeeded by Ian Kirk with effect from 31 December 2022.

Enhancements to remuneration policy and disclosure to increase transparency and quantify ESEG KPIs for remuneration purposes



Managing for long-term sustainability

Our strategic response

- The inclusion of an additional ESEG hurdle in the long-term incentives of executives and definition of the distribution of weightings between HEPS, returns and ESEG as LTI hurdles. This ESEG hurdle introduced in FY2022 links to meeting our emission reduction targets as well as our transformation targets:
 - Reducing Transaction Capital's carbon footprint in line with the group's commitment to be materially below 2°C global warming as communicated in the FY2021 sustainability report.
 - Improving or maintaining B-BBEE levels at Transaction Capital group level and in each subsidiary according to the plans governed by the social and ethics committee.



Governance report

Sustainability report

Progress in adopting the recommendations of the TCFD



Managing for long-term sustainability

Our strategic response

- Transaction Capital acknowledges the numerous sustainability frameworks and standards available globally and seeks to enhance its ESEG disclosures in an efficient and effective manner. In FY2022 the group focused on early adopting the draft IFRS ISSB standards which build on the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) guidance and will form a comprehensive global baseline of sustainability disclosures going forward.
- Transaction Capital will, over time, expand and refine sustainability reporting as we continue the process of firmly embedding these principles and reporting standards within our business and our operations, building it into our culture and how we operate.



Shareholders and funders continued

Key issues continued

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



Maintain track record of consistent growth

Our strategic response

- ▷ 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.
 - With GoMo strategically positioned alongside SA Taxi, it continues to facilitate vehicle sales and drive incremental F&I income for WeBuyCars.
 - Harnessing data and technology advantages to drive its e-commerce offering.



Q&A with group CEO, David Hurwitz on [page 41](#)
 Divisional review: WeBuyCars on [page 122](#)
 Strategy on [page 34](#)

Outlook and strategy for Nutun following its repositioning



Maintain track record of consistent growth



Remain agile and responsive in dynamic markets

Our strategic response

- ▷ As our clients expanded their requirements to outsource non-core services, Nutun recognised an opportunity to create a broader range of digitally driven customer engagement services as a trusted partner to a growing global client base.
- ▷ Nutun is now strategically positioned to deliver a broad range of digitally driven business across capital-enabled (CE) services and customer experience management (CXM) services.
- ▷ Nutun will continue acquiring non-performing loan (NPL) portfolios in South Africa at the current run rate. In Australia, the sale of the NPL portfolio and the subsequent acquisition of a substantial contingency collections business, positions our platform as one of the largest providers of capital-light services in the region, with a significant opportunity for an expanded range of outsourced CXM services to be delivered from South Africa.



Q&A with group CEO, David Hurwitz on [page 41](#)
 Divisional review: Nutun on [page 110](#)
 Strategy on [page 34](#)

Prospects and opportunities for GoMo



Maintain track record of consistent growth

Our strategic response

- ▷ GoMo was launched in FY2022 to build a scalable mobility platform that aims to disrupt and capture market share in an under-penetrated used vehicle F&I sector.
- ▷ GoMo leverages SA Taxi's competencies and systems to underwrite, fund, collect, repossess and design F&I products; and WeBuyCars' access to low-cost distribution at scale and ability to value and liquidate collateral efficiently.
- ▷ Since its launch, GoMo has received an overwhelmingly positive market response, with the number of loan applications being significantly higher than anticipated.
- ▷ GoMo provides a compelling growth opportunity and risk diversification in the mobility platform.
- ▷ Although strategically positioned alongside SA Taxi, GoMo will continue to facilitate vehicle sales and drive incremental F&I income for WeBuyCars.



Q&A with group CEO, David Hurwitz on [page 41](#)
 Divisional review: WeBuyCars on [page 122](#)
 Divisional review: SA Taxi on [page 120](#)





Employees

Value relationship

For us

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.

For them

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 and WeBuyCars remain below national and sector averages.
- ▷ Nutun has been awarded a top employer certification. The high number of first-time job seekers employed in the call centre environment accounts for its higher employee turnover rate, which is normal for the industry.
- ▷ As WeBuyCars grows, it continues to provide meaningful employment opportunities across the spectrum, from wash bay attendants to data scientists. Growth allows the organisation to offer meaningful opportunities for employment, development and promotion of existing staff.

Key issues

Burnout and other mental health issues affecting our employees in response to various macro and socio-economic challenges



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

Our strategic response

- ▷ Enhancement of the employee value proposition, particularly the support systems available to employees to counter burnout and other mental health issues affecting productivity, morale and retention.
- ▷ Employee engagement is maintained through multiple platforms.
- ▷ Providing hybrid work models where suitable, given the shifts in labour market trends following the COVID-19 pandemic.
- ▷ Formalising processes, procedures and communication channels to set clear expectations for teams.



Q&A with group CEO, David Hurwitz on **page 41**
Divisional reviews on **page 110**

Fair practices towards our staff



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



Managing for long-term sustainability

Our strategic response

- ▷ We have various board committees that oversee fair practices towards our staff.
- ▷ The remuneration committee provides governance oversight on behalf of the board and ensures that our remuneration philosophy supports the strategic objectives of the group.



Governance report
Sustainability report

Opportunities for career development and progression



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

Our strategic response

- ▷ Siya Phambili Leadership Development Programme is in place at SA Taxi to drive leadership development for our staff.
- ▷ Nutun 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.
- ▷ WeBuyCars has a number of learnerships and skills development programmes to keep employees' skills up to date. In addition, while many technology-orientated companies struggle to retain good quality skills within their development teams, WeBuyCars has consistently been able to develop and retain talent.
- ▷ Chartered accountant (CA) training programme launched in 2021 with first graduate intake in 2022.
- ▷ We have also launched our Immersion Programme, a holiday work programme allowing third and final year students studying towards a CA(SA) qualification to immerse themselves in the world of work and obtain a better understanding of the group. Our first immersion programme was run for a week in July with a second session run in December 2022.
- ▷ Performance management across the group helps identify developmental gaps per employee to inform individual development plans.



Clients

Value relationship

For us

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.

For them

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

- ▷ 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.
- ▷ Nutun'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 Nutun'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 FY2022 (FY2021: 28%).
- ▷ WeBuyCars adheres to a finely structured customer care policy adding trust to a sector that previously suffered from low levels thereof.

Key issues

SA Taxi

Macro-economic headwinds impacting operator profitability and affordability.



Remain agile and responsive in dynamic markets

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.
- ▷ Assisting operators with affordability through various mechanisms.

WeBuyCars

Customer satisfaction on vehicles bought and sold



Remain agile and responsive in dynamic markets

Our strategic response

- ▷ WeBuyCars enables a safe and trusted used car buying and selling experience to both individual customers and dealerships. In WeBuyCars, artificial intelligence and machine learning has ensured vehicles are bought and sold at a fair price, driving profitability and consumer trust.

Nutun

Impact on collections activity due to higher interest rates and inflation



Remain agile and responsive in dynamic markets

Our strategic response

- ▷ In anticipation of the medium-term effects of COVID-19, Nutun implemented world-class work-from-home capabilities which continue to yield higher productivity per agent due to more flexible working hours.
- ▷ Appropriate risk-based pricing on NPL book acquisition ensures targeted collections remain robust.



Regulators

Value relationship

For us

Good standing with regulatory authorities, contributions to industry developments and promotion of an enabling regulatory environment, reputation as an accessible and invested social partner.

For them

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

- ▷ Maintaining relationships with our regulators is an ongoing process, with greater effort applied to establishing these relationships in new jurisdictions.

Key issues

SA Taxi

Progress against employment equity targets



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



Managing for long-term sustainability

Our strategic response

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

Nutun

Entering new geographies in the highly regulated financial services industry



Managing for long-term sustainability

Our strategic response

- ▷ This will require regulatory engagements with the relevant supervisory authorities and building relationships.

WeBuyCars

Customer satisfaction



Maintain track record of consistent growth



Managing for long-term sustainability

Our strategic response

- ▷ Strict adherence to the Consumer Protection Act.

Group

Compliance to a range of regulations and legislation



Managing for long-term sustainability

Our strategic response

- ▷ Continued strict adherence to relevant regulations and legislation as listed in the Governance Report.
- ▷ The board, supported by the risk and technology committee, is responsible for keeping abreast of changes to the legislative landscape.



Society

Value relationship

For us

Positive relationships with industry stakeholders and relevant government departments, opportunity to deliver products and services underpinned by shared value, uninterrupted supply chains and value for money when procuring from suppliers.

For them

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 continue relationships 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 and socially relevant corporate citizen that is committed to investing in and contributing to communities.

Key issues

Diversity and transformation in the workplace



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



Managing for long-term sustainability

Our strategic response

- ▷ To accelerate our transformation objectives, targets are included as qualitative measures in the short-term incentive targets for key executives across the group.
- ▷ This year we have also included transformation targets as part of the long-term incentive scheme to ensure a strategic long-term performance metric for 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 4 B-BBEE rating.
- ▷ Nutun is benefiting from a strong pipeline of employment equity candidates moving into various leadership roles. Nutun has maintained its Level 1 B-BBEE rating.
- ▷ WeBuyCars is currently unrated, but has developed a B-BBEE strategy, with the target for 2023 being to achieve a Level 7 B-BBEE rating and aim to achieve a level 5 rating in 2024.

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



Managing for long-term sustainability

Our strategic response

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



Society continued

Key issues continued

Taking action on climate change



Managing for long-term sustainability

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.
- Nutun's work-from-home capabilities developed at the start of the COVID-19 pandemic, have enabled the successful implementation of a sustainable hybrid work model. This has allowed Nutun to consolidate its three office spaces in Johannesburg into one green building, which reduces its environmental footprint from 2023.
- WeBuyCars, by operating in the second-hand vehicle market contributes to the circular economy by avoiding emissions from the manufacture of new vehicles.
- Continued roll out of solar PV and water harvesting at WeBuyCars' vehicle supermarkets.
- Transaction Capital continually works to reduce energy, water use and waste in its operations.



Through WeBuyCars we empower our customers by providing a trusted service in an industry with historically low levels of trust



Managing for long-term sustainability

Our strategic response

- Operating in the South African market, where personal vehicles remain a necessity for many people, WeBuyCars supports economically stressed consumers as they opt to trade down from new to used vehicles. These vehicles also provide a more affordable entry point for first-time vehicle ownership.

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



Managing for long-term sustainability

Our strategic response

- Financing and retailing of 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.

Through Nutun we rehabilitate indebted consumers experiencing tough economic conditions



Managing for long-term sustainability

Our strategic response

- Nutun's ESE framework includes metrics to report on its debtor rehabilitation efforts.
- ~215 000 average number of rehabilitated debtors in the year to the value of ~R455 million.

Strategy

IC HC FC
SC MC NC

During the 2022 financial year (FY2022), Transaction Capital's businesses have successfully set plans in motion to enhance their competitive value propositions, diversify their revenues and expand their total addressable markets, contributing to a robust earnings performance in FY2022. We continue to adapt and evolve our businesses, as we identify opportunities to accelerate and augment growth. This has also positioned the group well to maintain a sustainable trajectory of high-quality earnings growth in FY2023, and beyond.

The group continues to actively identify growth opportunities, invest and operate high-potential businesses in market sectors with historically low levels of stakeholder trust. Additionally, we partner with expert, entrepreneurial and co-invested management teams to scale, grow and position these highly specialised, digitally advantaged and vertically integrated businesses.

Group structure

This section provides an overview of the market segments in which our businesses are strategically positioned, 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 added measures which indicate the extent to which our strategic objectives were achieved in the previous year.

Market segments by division	Vehicle trading	Vehicle refurbishment and parts procurement	Finance, insurance and other allied products	Digital business services	Other eco-system initiatives
we buy cars	Used vehicles	Vehicle pre-sale preparation and light refurbishment	Third-party providers	E-commerce	Tracking services
SA Taxi <i>driving our nation forward</i> gomo <i>helping people find their way</i>	New minibus taxis and QRTs	In-sourced capabilities	On-balance sheet Off-balance sheet	Telematics, mobility datasets, sales channel	Rewards and mobility-related services
NUTUN <i>Digital Business Services</i>				Capital-enabled services and customer experience management services	Credit health and wellness



Strategy overview

Strategic levers
Drive incremental and new growth



Organic growth

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

Drive growth through:

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



Acquisitive growth

Acquisitions and partnerships to drive efficiencies, and provide compelling opportunities for growth in new and existing sectors.



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.



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.



People

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

Key enablers

Foundation for consistent and responsible growth



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

Related material matters



Related material risks

1 3 4 6 7

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 co-invested 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.

WeBuyCars

Favourable structural market conditions, with a more relevant business model in the current 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.

Progress made

- ▷ ~10,000 vehicles traded per month.
- ▷ 5 new vehicle supermarkets opened, adding ~2 460 parking bays, bringing national capacity to ~8 580 bays.
- ▷ 28% growth in e-commerce volumes, contributing 27% to all volumes traded.
- ▷ Expanded operations to Morocco, in line with stated intent to explore new geographies.

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.

Progress made

- ▷ Increased F&I penetration from 14% to 18%.
- ▷ Higher average selling prices contributing to better rand margins.
- ▷ Launched GoMo, with the aim of building a scalable platform in the underserved used vehicle F&I sector.

Key for progress bar



- 01 Not started / new
- 02 Progress made
- 03 Complete

SA Taxi

Positioned to resume long-term track record of growth

Realising full value in the minibus taxi vertical

Medium-to long-term strategy

- ▶ Leverage existing competencies and capitals to move into adjacent sector, being the under penetrated used vehicle F&I sector.
- ▶ Optimising the minibus taxi vehicle.
- ▶ Broaden SA Taxi's total addressable market and support future organic growth.

Progress made



- ▷ Launched GoMo, leveraging SA Taxi's competencies and systems to underwrite, fund, collect, repossess and design F&I products, extending total addressing market from ~250 000 minibus taxis to ~1.2 million vehicle owners.

Nutun

Positioned to focus on strategic growth initiatives and capture emerging opportunities

Customer experience management services

Short- to medium-term strategy

- ▶ Leverage Nutun's South African rand-denominated resources and technology stack, data and analytics capabilities to drive growth in new sectors and geographies.
- ▶ Focus on building our capital-light contingencies business in Australia, following the sale of the purchased debt ledger (PDL) portfolio.

Progress made

- ▷ Revenue from CXM services increased by 22% to R1.2 billion.
- ▷ Constitutes 40% of total revenue
- ▷ Significant progress made to acquire new clients

Capital-enabled services

Short-term strategy

- ▶ Accelerated acquisition of NPL portfolios:
 - Significant opportunity in an underdeveloped and growing South African market, with no other listed entities.
 - Accelerating growth in forward flow agreements, creating a stable contractual pipeline of NPL portfolio acquisitions.

Progress made

- ▷ R1.4 billion of NPL portfolios acquired in FY2022, 16% up from prior year
- ▷ R7.2 billion in estimated remaining collections, up 13% from prior year

Other services (Transactional, people & wellness)

Short- to medium-term strategy

- ▶ Development of a more resilient and efficient payment and transaction process platform.
- ▶ Contribute to credit health and wellness, with a focus on debt rehabilitation for consumers

Progress made

- ▷ Various clients onboarded onto multibanking architecture for real time payments and collections
- ▷ Launched the Nutun Wellness and Debt Counselling platform. Products include debt counselling plans and insurance cover.


STRATEGIC
LEVER

2

Acquisitive growth

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

Related material matters



Related material risks

5 6

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** Adequate 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.

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.

Progress made

- Acquisition of GoBid, an auction and e-commerce platform that specialises in the sale of salvage vehicles to private consumers and dealerships, providing an alternative channel for salvaged assets which is expected to create leverage and increase efficiencies within the mobility platform over the medium term.
- Acquisition of the Australian contingency collections business (Milton Graham), positioning our platform as one of the largest providers of capital-light services in Australia, with a significant opportunity for an expanded range of outsourced services to be delivered from South Africa.

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.

Progress made

- TC Ventures has successfully driven our expansion into new market segments within and beyond South Africa's borders.
- Successfully facilitated the acquisition of a 65% shareholding in Synergy, a 1 500-seat digital customer services business that offers in-bound customer services, early-stage collections and account management services to a South African and UK-based client base.
- Multiple opportunities are in the pipeline at various stages of development.

Acquisition criteria

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

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

Related material matters



Related material risks

1 2

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.

Enhancement of digital initiatives and transformation, with digital adoption accelerated in the current environment

Group

In the past year, the Board of Transaction Capital constituted the risk and technology committee with the aim to support and enhance the technology and digital strategies of our businesses.

This includes ensuring that our practices are compliant, in line with international best practice and that they continue to contribute to our value propositions.

The risk and technology committee will also continue assessing the structure of the group's digital infrastructure on an ongoing basis to ensure it remains commercially relevant and well-resourced, it minimises risk and that IT investment and expenditure are optimised across the group.

A cyber security committee has been formed, comprised of members from across the business. The aim of the committee is to manage cyber risk, remediate any findings that are identified and share best practice across the group.

Various group-wide initiatives are underway, in partnership with two South African universities. This partnership aims to leverage the significant volume of data that sits within the mobility business to add value to the business, our stakeholders and society. Areas of interest for research include:

- ▷ Early warning indicators for taxi unrest areas
- ▷ Measuring and mitigating the impact of the industry on the environment
- ▷ Modified consumer vehicle pricing engine utilising AI and imagery
- ▷ Measuring minibus taxi vehicle capacity

WeBuyCars

Continues to apply its AI and data capabilities to respond to shifting consumer patterns across both the buying and selling of vehicles, and will leverage this proprietary data to drive leads and manage risk across the mobility platform.

- ▷ Developed and launched the Buy Leads Management System (BLMS), which aims to support and enable the scalability, efficiency and performance of the WeBuyCars buying department.
- ▷ Launched the Morocco website, catering to French and English-speaking clients.
- ▷ Increased the use of AI in vehicle pricing and used recommendation engine to optimise search results on the website.
- ▷ Launched the new Sales Lead Management system (SLMS).
- ▷ Creation of high-level systems architecture to support international expansion.
- ▷ Adapted systems to align to new architecture.
- ▷ Increase in e-commerce adoption, with 27% of vehicles sold via WeBuyCars' e-commerce platform (FY2021: ~30%, FY2020: ~14%).
- ▷ Launched private vehicle finance offering on e-commerce sales.

SA Taxi & GoMo

Applies its rich data and leading-edge analytics to real time mobility datasets that supports public commuters as well as the minibus taxi industry. This now extends to private commuters as we develop the GoMo offering.

- ▷ Mitigates credit and insurance risk.
- ▷ Monitors the industry mobility to inform operations.
- ▷ Established the Information Security team that monitors the ongoing evolution of the business, ensuring that SA Taxi's data integrity is safeguarded.
- ▷ Embedding GoMo operations and infrastructure into SA Taxi, and ensure current systems are fit for purpose in light of the evolution of the business.

Nutun

Provides digitally driven business services through leading-edge data, technology and analytics competencies.

- ▷ Continued investment in work-from-home and omnichannel capabilities.
- ▷ Enhanced gamification to improve agent productivity, recently extended to Australia.
- ▷ Integrated Synergy into Nutun's data and technology framework.
- ▷ Continued to invest in AI, digital debt collection platform and other capabilities, following the investment in Troy.
- ▷ Launched Authentifi, a data exchange platform that sources and repackages consumer level information to enable informed decision making.
- ▷ Implemented a new voice-to-text solution to improve agent performance and client experience.
- ▷ Progressed plans to develop a global technology services business that leverages off its South African technology platform and IP.

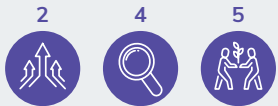

STRATEGIC
ENABLER

2

Risk optimisation and capital mobilisation

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

Related material matters



Related material risks

1 3 4 5 6 7 8 10

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.

Risk optimisation

WeBuyCars

Trading risk management

- ▷ WeBuyCars continues to gain market share, driven by its strategy to expand geographically, grow its e-commerce offering, and drive higher penetration of F&I products.
- ▷ WeBuyCars sources stock directly from private consumers and sells mainly to private consumers, which allows the business to adjust prices in line with market movements in order to maintain stable margins.
- ▷ Optimising buying and sales pricing through enhanced data analytics, targeting an improved stock turn to leverage infrastructure created and drive cost efficiencies.
- ▷ WeBuyCars is an owner of its inventory, not just a platform or online marketplace on which used vehicles can be traded. Being a vehicle stockholder means that the business can fully control the consumer's buying and selling experience.

SA Taxi

Credit risk management

- ▷ Growth in loan book, with stricter credit criteria in place to preserve credit quality.
- ▷ Targeting higher quality and more experienced minibus taxi operators, across new vehicles and QRTs.
- ▷ Implemented a rehabilitation programme to assist clients with affordability of their instalments where the client has demonstrated a number of consecutive months of payment.
- ▷ Parts procurement and refurbishment efficiencies to further reduce loss in the event of default.

Insurance risk management

- ▷ Strong growth in gross written premiums, targeting finance and open market clients.
- ▷ Product and pricing amendments to enhance profitability and improve claims ratios.
- ▷ Further reduce cost of repair through efficiencies via SA Taxi Auto Repairs and SA Taxi Auto Parts.
- ▷ Invested in an e-commerce auction platform, that specialises in the online sale of salvage vehicles. This investment provides an alternative channel for disposal of salvaged vehicles which is expected to increase efficiencies over the medium-term.
- ▷ 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.

Nutun

Investment risk management

- ▷ 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.
- ▷ R7.2 billion estimated remaining collections, up 13%, supporting strong annuity cash flows and predictable growth in future.
- ▷ 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.



STRATEGIC
ENABLER

2

Risk optimisation and capital mobilisation continued

Capital mobilisation

Group

- ▷ Adequate capital management approach remains in place and is continuously assessed.
- ▷ Dedicated capital markets teams at the group executive office and subsidiaries manage the group's funding requirements, including a diversified fundraising strategy and a focused strategy for each funding source.
- ▷ Strong balance sheet with ample capacity to execute on organic and acquisitive growth.
- ▷ Group liquidity position remains robust, underpinned by a conservative debt structure.
- ▷ Continued dividend payments as a result of the group's strong performance and robust balance sheet.
- ▷ 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 more 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.

WeBuyCars

- ▷ Maintaining a strong balance sheet with low levels of debt.
- ▷ Managing the balance sheet of the business to ensure that operations remain capital light.
- ▷ Optimising property portfolio to ensure that capital is well utilised.
- ▷ Integrating and optimising funding structures in line with the group's funding strategy.

SA Taxi

- ▷ Adequate liquidity available in undrawn debt facilities to fund expected loan originations throughout FY2023.
- ▷ Restructuring operating overheads to reflect reduced production output and rationalised origination infrastructure.
- ▷ Utilising Transsec issuances to optimise cost of funding.
- ▷ Restructure of the credit facilities to a more appropriate longer term funding instrument given the evolving capital structure of SA Taxi.

Nutun

- ▷ Robust balance sheet with funding requirements for the acquisition of NPL portfolios in South Africa in FY2023 already secured.
- ▷ Further diversify funders in Nutun, by leveraging our ESE framework as a measurable way of demonstrating the division's positive social impact.
- ▷ Implementing the secured Note Programme for Nutun book buying activities to create economic and process efficiencies in fundraising.
- ▷ Raising the required equity to fund potential acquisitive activity.




STRATEGIC
ENABLER

3 People

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

Related material matters



Related material risks

1 8 9

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.

Group

- ▷ Rebranding and repositioning of the group as a progressive, entrepreneurial and innovative market leader, contributing to talent attraction.
- ▷ Bolstered existing skills and capabilities with new hires in technology, people, ventures, legal, operations and sustainability.
- ▷ Coaching and leadership development instituted for top management.
- ▷ Continuation of the CA training programme as a group-wide initiative, with 5 trainees being employed and 13 offers given for 2023 – 2024.
- ▷ Ongoing investment in skills development and training across the group.
- ▷ 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.
- ▷ Focus on attracting young talent into the organisation through a number of graduate and junior management talent programmes. In addition to the CA Training Programme, we will be launching a scarce skills talent programme to attract graduates with science, technology, engineering, mathematics and other similar qualifications.
- ▷ Focus on retaining our highly experienced, entrepreneurial and talented management teams through the combination of a rewarding and challenging working environment, competitive remuneration structures and a focus on mental wellness.



WeBuyCars

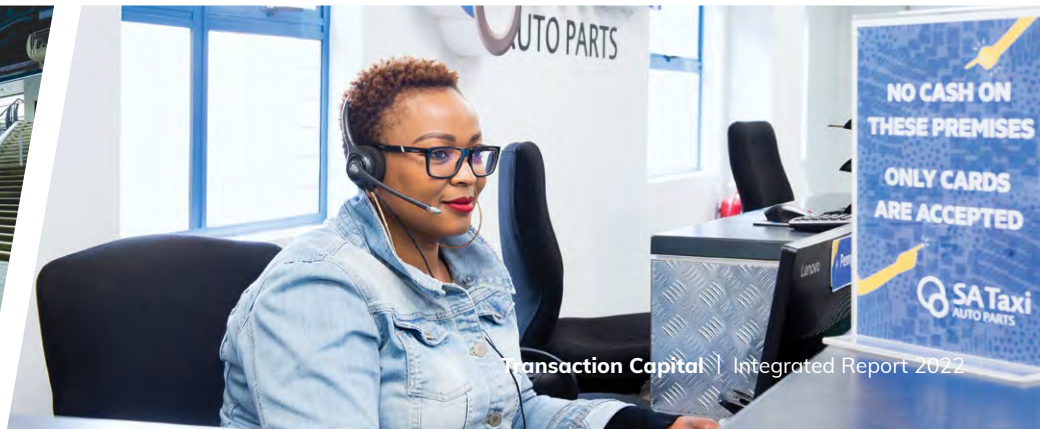
- ▷ Focus on recruiting to fulfil operational requirements in new vehicle supermarkets, and in line with the growth of the business.
- ▷ Gender and race transformation at executive and managerial level.
- ▷ Re-establishment of EE committee and focus on improving B-BBEE status through improving management control, skills and enterprise development.
- ▷ Establishing a young talent programme.
- ▷ Attraction and retention of IT and data skills.

SA Taxi

- ▷ Recruitment and succession planning at executive level, focus on execution ability and resourcing (managing employee capacity and burnout).

Nutun

- ▷ Maintained Level 1 B-BBEE status.
- ▷ Launch of new brand, leadership brand promise, values and repositioning of the business.
- ▷ Embedded talent management and relaunched recognition programme.
- ▷ Transformation at top management level.
- ▷ Optimising productivity and retention of employees through peer coaching.
- ▷ Attaining TOP employer status.



Q&A

with group CEO,
David Hurwitz



Over the past year Transaction Capital's divisions (WeBuyCars, SA Taxi and Nutun) put in place the building blocks to materially enhance their competitive value propositions, diversify their revenues and expand their total addressable markets. Our business models adapt and evolve, as we identify opportunities to accelerate and augment growth.

Our group CEO, David Hurwitz discusses Transaction Capital's evolution, its growth prospects in the short to medium term, and why the leadership team is confident that the group can continue delivering the strong social and commercial returns it has become associated with.

Q: Transaction Capital has extended its track record of organic earnings growth in the past financial year. This remarkable performance was despite a persistently challenging operating environment. What have been the key areas of success?

A We are extremely pleased with our strong operational performance, delivering excellent financial results in the 2022 financial year (FY2022). Transaction Capital has a long-term, consistent track record of growth, with this year's earnings growing in line with our compound annual growth rates since listing over a decade ago. This track record has generated annualised shareholder returns of 28% over a 10-year period, and Transaction Capital again placed in the top 10 of the Sunday Times Top 100 Companies awards, which measures shareholder returns over five years.

Key to our success is our ability to consistently identify, invest in and operate high-potential businesses in markets that provide compelling opportunities for disruption, innovation and high

returns. The group has grown its earnings base through vertical integration into its markets, investment into adjacencies and by expanding its existing total addressable market.

Our investment into WeBuyCars, as well as the entry of Nutun (previously Transaction Capital Risk Services) into the global business services sector, has taken Transaction Capital into new related segments, significantly expanding our addressable market, diversifying our earnings and generating capital-light revenues with high conversion rates. WeBuyCars is now our largest business, making up approximately 43% of core earnings attributable to the group, followed by Nutun with a 33% contribution. Only three years ago, SA Taxi made up 70% of the group's core earnings. This is testament to how we transform the group as well as adapt and evolve our business models as we identify opportunities to accelerate and augment growth.

The global macro-economic environment in FY2022 was characterised by rising fuel and energy prices, inflationary pressures, and rising interest rates resulting from geopolitical tensions and withdrawal of monetary and fiscal stimulus. In South Africa, this

was combined with frequent power outages and persistently high unemployment. Although commuter activity is increasing in South Africa, it is not anticipated to reach pre-pandemic levels in the short-term. These macro-economic headwinds continue to place pressure on minibus taxi operator profitability, causing finance and insurance instalment affordability constraints. This was compounded by the extended impact of the KwaZulu-Natal floods on Toyota's production capability which constrained our ability to grow gross loans and advances in the second half of the year, resulting in SA Taxi's earnings in FY2022 remaining below FY2021 levels.

Nutun performed exceptionally in FY2022, with earnings growth rates exceeding historic levels. WeBuyCars continued to gain market share, growing total revenue as well as units bought and sold. Both these businesses performed in line with our expectations in the past year, delivering high earnings growth which supported robust growth in group earnings. Core continuing earnings increased by 24% to R1.2 billion and core continuing earnings per share grew by 17%.

Q: Transaction Capital rebranded in the past year, positioning itself as a *catalyst of unconventional potential*. The rebrand followed the strategic evolution of the group's divisions. How does this transformation position your businesses to capture emerging opportunities in the coming years?

A We continue to redesign and reposition our business models to capture emerging opportunities in the market sectors we have historically operated in. We have also made progress in advancing strategic and operational plans to enter and expand into adjacent markets. Over the past year Transaction Capital's divisions put in place the building blocks to materially enhance their competitive value propositions, diversify their revenues and expand their total addressable markets.

WeBuyCars and SA Taxi as well as GoMo, which we launched in February 2022, are positioned as a South African private and public commuter mobility platform, delivering a disruptive range of mobility services including vehicle trading, finance, insurance and other allied mobility products.

Over the last two decades, Nutun has built a competitive advantage to provide highly efficient outsourced collection services to a broad range of clients through a combination of unique technology, data and analytics competencies. Leveraging its South African low-cost infrastructure and technology, Nutun now delivers a broad range of digitally driven businesses across capital-enabled ("CE") services and customer management ("CXM") services, which are diversified across geographies, sectors and clients. The evolution of Nutun into a global digital services business offers distinct avenues for local and international organic revenue growth and to create sustainable employment in South Africa, particularly as South Africa is positioned as a top destination for outsourced CXM services.

The strategic repositioning of our divisions coincided with Transaction Capital's 10-year anniversary of listing on the JSE. We saw this as an opportune time to reinforce the group's well-established business model which has underpinned our consistent growth and returns trajectory since 2012, while simultaneously redefining our future positioning as a progressive, entrepreneurial and innovative market leader through an evolution of the Transaction Capital brand.

We not only refreshed the Transaction Capital brand in line with its evolution, Transaction Capital Risk Services also rebranded and has since been operating under its new name, *Nutun Digital Business Services*. The name Nutun is inspired by the genius of Sir Isaac Newton, in recognition of

his contribution to data-driven science and precise decisioning, and his ability to view the world through a unique lens. This repositioning follows Nutun's strategy to deliver a broader range of innovative digital business services, to a global client base.

SA Taxi's business model has, over two decades, evolved from a speciality financier within the minibus taxi sector into a vertically integrated mobility platform offering access to minibus taxi ownership, finance, insurance, maintenance and other allied services. The business' success in creating value from a niche asset demonstrates the potential it has to sustainably expand its addressable market. As the recovery in the minibus taxi sector progresses, the strategic positioning of SA Taxi as a mobility platform leverages its competencies to broaden its total addressable market, provide better risk allocation-optionality, and diversify its revenue, providing a compelling medium-term growth opportunity. Our stakeholders can expect to see a brand repositioning of SA Taxi as well in the short term, as this business now provides mobility solutions to private vehicle owners, in addition to the minibus taxi industry.

Q: Transaction Capital has articulated the strategic intent to expand its mobility platform. What is the rationale behind this strategy, and what is the target market and growth potential here?

A The combination of competencies that we now have within the group allow us to build a meaningful used vehicle mobility platform providing mobility solutions to both public and private commuters. For public commuters, the minibus taxi industry remains the largest and most vital service in the country's integrated public transport network, with more commuters choosing minibus taxis over bus and rail services due to convenience, flexibility and accessibility. However, vehicle ownership remains an aspiration deeply rooted in South African culture, and mobility trends have shown that more people are moving from using public transport and being passengers in personal vehicles to owning their first car. Trading across the whole car parc, including older used vehicles, positions WeBuyCars to benefit from the South African population's shift to being first-time private vehicle owners.

Pursuant to Transaction Capital's strategic intent to leverage off WeBuyCars' and SA Taxi's platform value, GoMo was launched in FY2022 to build a scalable mobility platform that aims to disrupt and capture market share in an under-penetrated used vehicle finance and insurance (F&I) sector. GoMo leverages SA Taxi's competencies and systems to underwrite, fund, collect, repossess and design F&I products; and WeBuyCars' access to low-cost distribution at scale and ability to value and liquidate collateral efficiently. Since its launch, GoMo has received an overwhelmingly positive market response, with the number of loan applications being significantly higher than anticipated. This product is strategically better positioned alongside SA Taxi, as the nature of WeBuyCars' operations is capital-light with high cash conversion rates. However, GoMo will continue to drive vehicle sales growth and F&I penetration within WeBuyCars, particularly on older vehicles which are not traditionally financed by banks. We believe that GoMo has the potential to match the size of the SA Taxi loan book over the medium-term. To take advantage of this, we are exploring alternative symbiotic funding arrangements.

Q: ESEG is increasingly becoming a non-negotiable for investors. Transaction Capital has made great strides in its sustainability journey in the past few years. What were the highlights in 2022 and how does the group intend to continue creating positive, shared value outcomes for its stakeholders?

A Fundamental to our strategic positioning is that our divisions are deliberately positioned in their markets to benefit from structural socio-economic realities, enabling them to deliver good commercial returns and meaningful social impact in variable economic conditions. This provides the springboard from which we will continue to deliver shared value outcomes.

In FY2022 Transaction Capital made significant progress in operationalising our economic, social and environmental ("ESE") impact frameworks within the divisions, resulting in increased rigour around the management of our sustainability-related data, with progress made towards monthly data capturing and exploring data automation. As part of the process of fully integrating WeBuyCars into the Transaction Capital group, an ESE framework was developed bottom-up through engagement with multiple stakeholders to define the division's societal purpose, which cascades into defined impact areas linked to supporting metrics.

With our business in growth phase, we are capitalising on the opportunity to contribute to sustainable youth employment in South Africa. Our people form the backbone of our business' ability to succeed and continue growing sustainably. We pride ourselves in our human and intellectual capital initiatives,

and place strong focus on the growth of our people. We have various initiatives in progress to employ bright young talent and empower youth. In 2022, Transaction Capital created 628 jobs for youth under the age of 25, that number increases to 2 012 new hires if we define youth as people below the age of 35.

As an organisation that actively seeks to unlock value in markets with historically low levels of trust, a sound ethical foundation provides the basis for how we do business and is considered a competitive advantage in the sectors in which we operate. This goes beyond compliance with legal and regulatory requirements and codes of best practice, by being embedded in our day-to-day activities and stakeholder engagements. Our reputation as an ethical business is critical and is the reason why clients, suppliers, communities, shareholders, funders and public sector partners choose to partner with us and trust our ability to conduct good business that grows in value and benefits all our stakeholders.

Transparency is inextricably linked to good governance and maintaining transparent, frequent and high-quality stakeholder engagement with employees, shareholders and debt investors is an imperative. We believe that collaboration and regular engagement with our stakeholders is essential to the long-term sustainability of our business and assists with responsive and timely decision-making, both in terms of adjusting our strategy and policies when necessary as well as in our day-to-day operations. For example, following feedback from our ESEG investor roadshows in 2021, the board considered enhancements to our remuneration practices and approved the inclusion of an additional ESEG hurdle in the long-term incentives of executives. This hurdle links to meeting our emission reduction targets as well as our transformation targets.

We are proud to have received multiple awards in 2022 which recognise our commitment to stakeholder engagement, these include 7th place in the EY Excellence in Integrated Reporting Awards and three category awards in the inaugural Business Day Intellidex Investor Relations Awards for “Best integrated annual report”, “Best market communications” and “Most accessible senior management”.

Our sustainability report which forms part of the 2022 integrated reporting suite, provides detailed insight on Transaction Capital's commitment to sustainable development. This 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.

Q: Where do you see growth coming from in the short to medium-term?

A In the short-term, Transaction Capital has the opportunity to accelerate its earnings growth through the exponential growth prospects in WeBuyCars and Nutun's ability to leverage its local technology platform and ZAR-denominated resources to generate capital-light local and foreign revenues.

In Nutun, our strategic focus in the 2023 financial year (FY2023) will be to continue acquiring non-performing loan (NPL) portfolios in South Africa at the current run rate. Additionally, CXM services revenue growth is expected to outpace CE services (principal collections) revenue growth over the medium-term, accelerating Nutun's earnings growth above historical rates. In Australia, the sale of the NPL portfolio and the subsequent acquisition of a substantial contingency collections business, positions our platform as one of the largest providers of capital-light services in the region, with a significant opportunity for an expanded range of outsourced CXM services to be delivered from South Africa.

Over the medium-term, we anticipate future earnings from WeBuyCars to continue to grow at rates higher than Transaction Capital's historical earnings growth rates. Given its strategic positioning as a provider of mobility services in a market supported by favourable structural elements, we are confident this business will support Transaction Capital's earnings growth trajectory.

The recent launch of GoMo is expected to be value accretive to WeBuyCars. GoMo should increase volumes traded and drive higher penetration of F&I products, particularly on older vehicles which are not traditionally financed by banks, thus resulting in incremental revenues earned by WeBuyCars. Over the medium-term we also anticipate greater efficiencies as our strong brand stimulates growth into our expanding infrastructure. Our data and analytics capabilities are expected to drive further optimisation improvements to achieve operational leverage.

The repositioning of SA Taxi as a mobility platform across the public transport and private used vehicle sectors, leverages its competencies to broaden its total addressable market, providing better risk allocation optionality, and diversifying its revenue streams, which provide a compelling medium-term growth opportunity while the minibus taxi industry continues to recover. In FY2023, SA Taxi will focus on optimising our core minibus taxi business lines, while developing GoMo into a profitable business of scale.

Based on this strategic repositioning, our current assessment of operating conditions and our growth prospects, we expect Transaction Capital's organic earnings growth over the medium-term to be at least in line with historic rates.

Q: In summary, what is your key message to stakeholders?

A Transaction Capital continues to redefine its competitive value propositions, diversify its revenue streams and expand its total addressable markets. The group is well positioned in relation to structural elements in the local and global environment, our business models remain relevant and are also well positioned to benefit from accelerated digital adoption.

Parts of the group are impacted by the prevailing macro-economic headwinds, but I am confident in our ability to continuously evolve and drive growth in dynamic markets and volatile operating conditions. Our progressive governance standards will remain the underpin of a sustainable business that delivers meaningful shared value outcomes.

In closing, I wish to express my appreciation to our various stakeholders for the part they continue to play in making Transaction Capital successful. As I mentioned earlier, Transaction Capital places great importance on attracting, motivating and retaining the best available talent at all levels of the organisation. Thank you to my colleagues on the board and in the group executive office, as well as our teams across the divisions for your hard work and commitment to maintaining a standard of excellence which continues to yield outstanding results. To our shareholders, funders and industry partners, we appreciate your ongoing support which enables us to continue delivering on our goals. To our clients, thank you for trusting us with your business needs; we are committed to delivering innovative products and services that help to secure your profitability and the sustainability of your industries.

Q&A

with group CIO,
Mark Herskovits



Against a backdrop of socioeconomic fragility and systemic threats, a stagnant local economy and global uncertainty, we have demonstrated our ability, to allocate capital towards identifying and driving growth in dynamic markets and volatile operating conditions.

Heightened geopolitical tensions in the global environment have contributed to persistently high inflation rates, while also stifling economic growth across various regions. In light of these challenges, the South African Reserve Bank has revised its global growth forecast for 2022 down from 3.3% to 3%, with an expectation of even lower growth in 2023.

Transaction Capital's CIO, Mark Herskovits discusses the challenging market context in South Africa and how the group continues to retain strategic flexibility through sophisticated capital management.

Q: Growth in the global economic environment has been subdued, with inflationary pressures, high interest rates and rising fuel and energy prices creating further uncertainty. How has this impacted Transaction Capital's ability to raise capital and thus, its organic and acquisitive growth plans?

A

Transaction Capital remains well capitalised, with adequate access to liquidity to execute on our divisions' organic growth initiatives and access to additional equity to respond to any non-organic opportunities arising from market dynamics. SA Taxi has adequate liquidity available in undrawn debt facilities to fund expected loan originations for the next year, while Nutun's short-term funding requirements for capital enabled services (which largely comprises the acquisition of non-performing consumer loan portfolios) are also 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.

In terms of capital raising activities in the past year, Transaction Capital successfully completed an accelerated bookbuild in September 2022. This bookbuild was oversubscribed and raised R1.28 billion of equity capital, providing ample liquidity to execute on opportunities. A portion of the capital raised may be used to fund a further 15% stake in WeBuyCars (which I will expand on later). Other opportunities we could pursue are those resulting from market dynamics related to the current economic climate, investment opportunities identified through Transaction Capital and its divisions, and our TC Ventures strategy.

At group level we also raised R451 million from the inaugural TransCapital Investments issuance. A further R1 billion was raised from preference share funding to enhance the group executive office's balance sheet. These issuances, as well as the renewal of existing facilities and the raising of new facilities within the divisions, show that Transaction Capital continues to receive tremendous support from the investment community.

In the past year we have continued to deploy capital effectively to deliver consistent, quality earnings growth and good commercial returns. Funds were deployed for the acquisition of GoBid, an auction and e-commerce platform that specialises in the sale of salvage vehicles to private consumers and dealerships, providing an alternative channel for salvaged assets which is expected to create leverage and increase efficiencies within the mobility platform over the medium term. In Australia, we acquired Milton Graham, an Australian contingency collections business, which has positioned our customer experience management platform as one of the largest providers of capital-light services in Australia, with a significant opportunity for an expanded range of outsourced services to be delivered from South Africa.

Against a backdrop of socioeconomic fragility and systemic threats, a stagnant local economy and global uncertainty, we have demonstrated our ability, to allocate capital towards identifying and driving growth in dynamic markets and volatile operating conditions.

Q: WeBuyCars has been a subsidiary of Transaction Capital for a full financial year. How has the group progressed plans to unlock value as envisioned when the acquisition was made, and what are the plans for the year ahead?

A WeBuyCars' earnings performance since the initial acquisition transaction has remained in line with the original investment case. A year ago, we communicated our intent to unlock further growth by leveraging SA Taxi's expertise and capabilities to enable WeBuyCars to extend its services to include a credit offering as principal as opposed to an intermediary. We also saw potential to expand internationally as WeBuyCars compares well against its international peers and the growth trajectory of the global used vehicle industry was positive. The group has made great progress in advancing both of these strategic objectives in 2022.

GoMo was launched in February 2022 in line with Transaction Capital's strategic intent to leverage off the combined capabilities of SA Taxi and WeBuyCars. The strategic acquisition of WeBuyCars presented the group with the opportunity to leverage SA Taxi's integrated business model, credit and asset risk assessment capabilities alongside WeBuyCars' distribution and deep understanding of the value of used vehicles, to introduce an innovative used vehicle finance and insurance offering. Since its launch, GoMo has received a positive market response, with the number of loan applications being significantly higher than anticipated.

WeBuyCars' expansion into Morocco in 2022 has been the first step towards our international growth aspirations. The business has achieved profitability and continues to grow organically. WeBuyCars will explore further organic and acquisitive expansion opportunities in select markets.

Our plans for the year ahead include increasing Transaction Capital's shareholding in WeBuyCars by a further 15%. In August 2021, we increased our interest in WeBuyCars from 49.9% to 74.9%, and we are now considering various mechanisms with the founders of WeBuyCars to increase Transaction Capital's shareholding to 90% through the accelerated implementation of the put and call arrangement agreed in September 2021.

We envisage that any mechanism ultimately pursued would be value accretive and a low-risk deployment of capital, as WeBuyCars is well known to Transaction Capital as a high-quality growth business. Further, given that WeBuyCars has been a Transaction Capital group company for over two years now, there are no integration or cultural risks.

In terms of the remaining 10% not held by Transaction Capital, we would anticipate the founders of WeBuyCars to defer their put options, to be exercisable to a maximum of 5% in each of the 2027 and 2028 financial years, but no later than the 2030 financial year. Transaction Capital will forego its call option on this remaining 10% shareholding.

Q: What are the prospects for GoMo and how will the business be funded?

A As I've already mentioned, GoMo has received an overwhelmingly positive market response. Although fully owned by Transaction Capital and strategically positioned alongside SA Taxi, GoMo will facilitate higher vehicle sales and drive incremental F&I income for WeBuyCars. This opportunity is amplified by the fact that banks are generally unwilling to finance vehicles older than five years and although WeBuyCars trades in used vehicles of all ages, the average age of vehicles traded is older than five years, therefore GoMo will primarily be financing older vehicles. GoMo's competitive advantage is in our ability to value and recover used vehicles which will allow us to target borrowers with credit quality still at bank levels who would only be denied traditional vehicle finance due to the age of the vehicle. In this way, GoMo aims to disrupt and capture market share in an under-penetrated used vehicle F&I sector.

A strategic focus in 2023 will be developing GoMo into a profitable business of scale. We believe that GoMo has the potential to exceed the size of the SA Taxi loan book over the medium-term. To take advantage of this, we are exploring alternative funding arrangements as we believe that the capital requirements and growth potential of GoMo justify the inclusion of a funding partner to fully realise and fund the opportunity sustainably.

Q: TC Ventures was launched to pursue acquisitive growth opportunities in the market, how has this progressed during the year and are there any notable achievements?

A TC Ventures continues to actively seek out investments in South African businesses that are innovative, high-growth, and entrepreneurial, with a specific focus on fintech disruptors as well as businesses in the digital business services segment. Over the past year, the team has actively pursued numerous opportunities that have progressed to various stages, and we have a healthy pipeline of prospects that we are exploring.

TC Ventures' most notable achievement in 2022 was identifying and successfully facilitating the acquisition of a 65% shareholding in Synergy, which has enhanced Nutun's customer experience management capability and driven our expansion into new market segments within and beyond South Africa's borders. Nutun's acquisition of Synergy is performing ahead of its investment case and is accelerating our entry into new sectors and geographies in the global digital business services sector.

Q: What are your priorities for the year ahead?

A Transaction Capital's corporate activity and acquisition strategy includes traditional local corporate acquisitions such as WeBuyCars as well as acquisitions focussing on innovative, tech related businesses through TC Ventures. The common thread is that these businesses are high growth and scalable. Although acquisitions and partnerships is one of our strategic levers for achieving diversification and bringing innovation into the group, Transaction Capital is an active investor, not just a holding company. This means that our acquisition strategy is not aimed at building a large portfolio of companies but seeking opportunities that allow us to bring together our expertise and experience in developing high-potential businesses, and our strong partnership ethic to enhance the growth prospects of our divisions. In the year ahead, we will focus on unlocking value from our businesses and continue to look for ways to accelerate and augment growth.



4

Governance

Chairman's report



2022 was indeed a remarkable year for Transaction Capital, with the group extending its track record of outstanding growth and long-term value creation, in no small part thanks to the calibre and entrepreneurial drive of our people.

Christopher Seabrooke

Transaction Capital's divisions have compelling organic growth initiatives in place or under development and continue to demonstrate their resilience and relevance to their stakeholders. The board remains confident that the group can continue to generate strong shareholder returns in the medium-term, while creating positive, long-term value for all our stakeholders and broader society.

This time last year, South Africa and parts of the world were still in COVID-19 lockdown and although the global roll out of vaccination programmes had dramatically lowered morbidity, we faced a lot of uncertainty as to what a post-COVID world would look like. Almost three years after COVID-19 was declared a global pandemic, its effects continue to

redefine the global operating context and place financial and societal pressure on economies worldwide. The global macro-economic environment in 2022 was characterised by rising fuel and energy prices, inflationary pressures, and rising interest rates. The Russia-Ukraine war which began in late February 2022 compounded these financial pressures and continues to threaten global economic recovery as it drives weaker growth, higher inflation and potentially long-term damage to supply chains.

While South Africa entered a post-lockdown period in 2022, the economic rebound that the country started to experience in 2021 was subdued in 2022, as the economy was further depressed by frequent power outages. In addition, South Africa's province of KwaZulu-Natal experienced unprecedented floods in April 2022 which damaged key ports and disrupted business operations. The reoccurrence of natural disasters such as this is highly probable and poses an ongoing risk to businesses and the livelihoods of people in the affected areas.

Against this backdrop, Transaction Capital continues to adapt and evolve in response to opportunities arising from market dynamics. Despite the prevailing global economic shocks and a volatile local operating environment, the group delivered a financial and operational performance that we can truly be proud of. In 2022 Transaction Capital extended its track record of high-quality organic earnings growth with core earnings from continuing operations attributable to the group increasing 24%, and core earnings per share from continuing operations attributable to the group growing by 17%.

The group's ability to deliver strong shareholder returns was for a third year recognised by its achievement of placing in the top 10 of the Sunday Times Top 100 Companies, which ranks companies by shareholder returns over a five-year period. Returns in line with the group's long-term growth rates are underpinned by the group's divisions that have continued to refine their competitive value propositions, diversify their revenues and expand their total addressable markets.

WeBuyCars continues to outperform against several key performance metrics, delivering high earnings growth. Nutun (previously Transaction Capital Risk Services) posted a robust performance in the 2022 financial year, accelerating its historic earnings growth trajectory. The group expects this higher growth rate to continue over the medium-term. SA Taxi delivered earnings below that of the previous financial year due to the extended impact of the KwaZulu-Natal floods on the production of new taxis impacting its ability to originate new loans, commuter activity remaining below COVID-19 levels and pressure on operator profitability. As the recovery in the minibus taxi sector progresses, the strategic repositioning of SA Taxi as a mobility platform leverages its competencies to broaden its total addressable market, provide better risk allocation optionality, and diversify its revenue, providing a compelling medium-term growth opportunity.

Sustainable value creation

Transaction Capital recognises that our long-term sustainability is linked to the group's strategic activities as well as the outcomes arising from the relationships we have with the society and environments in which we operate. Our divisions are robustly governed and are aligned to the group's culture of entrepreneurship and integrity, which underpins their ability to respond effectively and ethically to complex market dynamics. This enhances their growth, risk and sustainability profiles and secures the group's ability to sustainably deliver shared value outcomes and significant financial returns for our shareholders.

The board and its committees continue to provide input and oversight to ensure that the group's governance processes and controls remain effective, and strategic decisions made are backed by

extensive modelling and risk analysis. Key issues considered by the board in 2022 primarily revolved around the strategic repositioning of the group's business models in line with their evolution over the years.

Through its divisions, WeBuyCars and SA Taxi, Transaction Capital enables the mobility of private and public commuters in South Africa. The group's management team identified the opportunity to leverage the combination of competencies between these group companies to build a meaningful vehicle mobility platform. Pursuant to Transaction Capital's strategic intent to leverage off WeBuyCars' and SA Taxi's platform value, GoMo was launched in February 2022 with the long-term view of building a scalable used vehicle finance and insurance (F&I) business.

Nutun's evolution is centred around the group's vision to create a range of digitally driven customer management services as trusted partner to a global client base, leveraging off the business' South African technology platform, analytics competencies and call centre intellectual property. Nutun's capabilities position the business to help clients mitigate the impact of the global shortage of human resources and skills, through a digitally enabled solution. While the unemployment rate in South Africa remains above 30%, there is a significant shortage in skilled labour across many developed economies. The pandemic has created shifts in the labour markets ranging from rising unemployment rates to a phenomenon termed the 'great resignation' which has resulted in a global skills shortage as employees in predominantly the UK and Europe have voluntarily resigned from jobs to pursue opportunities presented by remote work models. The customer management services segment is an exciting opportunity for Nutun to earn international revenue and create jobs locally. In 2022, Nutun created 827 jobs for South Africans below the age of 35. We are very proud to be creating sustainable youth employment.

Following the acquisition of an additional 24.3% stake in WeBuyCars in August 2021 which resulted in WeBuyCars becoming a group subsidiary, a key

focus area for the board in 2022 was the full integration of WeBuyCars into the Transaction Capital group. The group's executives are actively involved in the management and ongoing affairs of acquisitions after any transaction is completed. This approach allowed management and the board to gain an in-depth understanding of the WeBuyCars business and integrate its operations in 2021. The integration process in 2022, has thus focused on aligning governance, compliance and reporting structures. A critical part of fully integrating WeBuyCars into the group, was the development of an economic, social and environmental (ESE) framework in line with Transaction Capital's overarching sustainability framework. The ESE framework clearly defines the business' societal purpose, which cascades into defined impact areas with supporting measurable metrics. These were developed bottom-up through engagement with multiple internal and external stakeholders to define key concerns and expectations and link these to appropriate metrics to articulate our ambition and measure and track progress and impact over time.

Our economic, social, environmental and governance (ESEG) focus

In 2022 Transaction Capital made significant progress in embedding ESEG into the group's organisational culture. This has taken shape through operationalising the ESE frameworks within the divisions, driving more rigorous data capturing processes, with progress made towards monthly data capturing and exploring data automation.

Transaction Capital's ESE framework informs our strategic and operational initiatives to ensure that our impacts are appropriately managed to enhance value creation for the group and its stakeholders, while minimising value-eroding activities. Progress in operationalising and improving against these ESE indicators forms part of the scorecards of group and divisional executives as well as the short term and long-term incentives, supporting alignment to sustainability objectives across the group. Defining

each of our divisions' respective impact areas was done with reference to specific sustainable development goals (SDGs), which aligns our reporting to a uniform market standard and our sustainability strategy to global goals. We have chosen to target six SDGs which are relevant to our core operations and strategy, allowing us to focus our effort to make the most impact.

In 2021 the board adopted a proactive approach to ESEG engagement through the introduction of bi-annual ESEG investor roadshows. This proactive engagement approach has continued in 2022 with roadshows focused on sustainability-related matters conducted in March and September 2022 with shareholders and proxy representatives. Following feedback from our ESEG investor roadshows in 2021, the board considered enhancements to our remuneration practices and approved the inclusion of an additional ESEG hurdle in the long-term incentives of executives. This hurdle links to meeting our emission reduction targets as well as our transformation targets.

Another key focus area for the group was the identification and assignment of mitigation measures for climate-related risks and opportunities identified in 2021 and integrating these into the group's risk management framework. In August 2022, Transaction Capital held an inaugural climate change impact workshop including key stakeholders from across all the group's businesses. The outcomes from this workshop will form the building blocks for embedding climate-related risk identification, analysis, monitoring and reporting across the group.

Transaction Capital acknowledges the numerous sustainability frameworks and standards available globally and seeks to enhance its ESEG disclosures in an efficient and effective manner. To meet stakeholder demands and move towards more standardised and frequent sustainability reporting we have early adopted, to the extent possible, the draft IFRS International Sustainability Standards Board's (ISSB) draft Sustainability and Climate-related Disclosure Standards along with the JSE's Sustainability and Climate Disclosure Guidance.

The ISSB standards form a comprehensive global baseline of sustainability disclosures, designed to meet the information needs of investors in assessing enterprise value. The standards consolidate the technical guidance of the Climate Disclosure Standards Board and Value Reporting Foundation and build on the TCFD requirements. We believe these standards converge, simplify, and standardise the sustainability reporting ecosystem, providing us with a comprehensive framework to consistently measure and demonstrate sustainable value creation over time.

Shareholder matters

Transaction Capital has demonstrated, through a robust track record, the ability to allocate capital in a considered and conservative manner resulting in continued growth in shareholder returns. The group maintains its good standing with investors and in 2022 successfully raised R1.28 billion of equity capital through an accelerated bookbuild providing the group with adequate access to liquidity to execute on the divisions' organic growth initiatives and respond to opportunities arising from market dynamics.

In light of the group's strong financial performance, robust balance sheet and medium-term prospects, the board resolved to declare a final gross cash dividend to shareholders of 37 cents per share, at a rate of 2.5 times cover based on the earnings for the six months ended 30 September 2022 amounting to a full year dividend of 70 cents per share. This is in line with Transaction Capital's ordinary dividend policy of 2.0 to 2.5 times cover.

Changes to the board

In November 2021 the board approved the non-executive director policy which ensures that board tenure is managed effectively and that the board continues to act independently and in the best interests of Transaction Capital's stakeholders. In line with this policy, a key focus for the board in the past year was the succession and onboarding of the new chairman of the board.

As announced on 26 November 2021, on 31 December 2022 I step down as independent non-executive chairman of the Transaction Capital board. I also step down as chairman of the nominations committee and as a member of the asset and liability committee but will continue serving on the board as a non-executive director and as a member of the nominations and remuneration and audit committees.

Ian Kirk has been appointed as chairman of the board of Transaction Capital with effect from 31 December 2022 and will also assume the role of chairman of the nominations committee. Ian will step down as a member of the audit committee and will be an invitee to the audit committee with effect from 31 December 2022. 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. He has in-depth insurance, asset-backed lending and international expansion expertise. I wish Ian well in his new role in steering the Board.

Prospects and appreciation

During the 2022 financial year our divisions have continued to refine their competitive value propositions, diversified their revenues and expanded their total addressable markets. Based on our current assessment of operating conditions and growth prospects, we expect Transaction Capital's organic earnings growth over the medium-term to be at least in line with historic growth rates.

In the short term, the group has the opportunity to accelerate earnings growth through its increased shareholding in WeBuyCars and Nutun's ability to leverage its homegrown competencies and ZAR-denominated resources to generate capital-light local and foreign revenues. As the recovery in the minibus taxi sector progresses, the repositioning of SA Taxi as a mobility platform leverages its competencies, broadens its total addressable market, provides better risk allocation optionality, and diversifies its revenue, providing a compelling medium term growth opportunity.

I would like to extend my sincere thanks to the board, executives and employees for their extraordinary efforts over the year. The past financial year has indeed been a remarkable year for Transaction Capital, with the group extending its track record of outstanding growth and long-term value creation, in no small part thanks to the calibre and entrepreneurial drive of our people.

It has been an honour to serve as chairman of Transaction Capital's board of directors and to see the organisation grow from strength to strength over the past decade as a JSE-listed company. I look forward to continuing to be a part of Transaction Capital as a non-executive director.

Christopher Seabrooke

Chairman (outgoing)

31 December 2022

A word from the incoming chairman



Ian Kirk

In unprecedented macro-economic and geopolitical times Transaction Capital has identified a number of opportunities and I look forward to seeing our growth plans come to fruition.

Since my appointment as a non-executive director of the Transaction Capital board in November 2020, I have been impressed by the group's ability to seek and find high-potential businesses and then by applying new perspectives, skills and resources to consistently deliver commercial and social returns to stakeholders. I am excited to be taking on the role of chairman of the board at this time in Transaction Capital's impressive growth journey. In unprecedented macro-economic and geopolitical times we have identified a number of opportunities and I look forward to seeing our growth plans come to fruition.

On behalf of the board, I thank Chris Seabrooke for his significant contribution and astute leadership over the years, as chairman of the board. We look forward to his continued insight and counsel in his new capacity.

Ian Kirk

Chairman

13 January 2023

Leadership

Board of directors

Independent non-executive directors



Christopher Seabrooke (70)*

Outgoing chairman
31 December 2022

BCom, BAcc, MBA, FCMA

Appointed: June 2009

Board meeting attendance: 5/5



Ian Kirk (64)*

Incoming chairman
31 December 2022

HDip BDP, FCA, CA(SA)

Appointed: November 2020

Board meeting attendance: 5/5



Buhle Hanise (40)

BCom, BCom (Hons), CA(SA)

Appointed: January 2019

Board meeting attendance: 5/5



Albertinah Kekana (49)

BCom, PGDA, AMP, CA(SA)

Appointed: April 2021

Board meeting attendance: 5/5



Suresh Kana (68)

Lead independent non-executive director

BCom, BCompt (Hons), MCom, PhD (Honorary), CA(SA)

Appointed: November 2020

Board meeting attendance: 5/5



Kuben Pillay (62)

BA, LLB, MCJ

Appointed: August 2016

Board meeting attendance: 5/5



Diane Radley (56)

BCom, BCompt (Hons), CA(SA), MBA, AMP

Appointed: July 2018

Board meeting attendance: 5/5



Sharon Wapnick (59)

BA, LLB

Appointed: March 2020

Board meeting attendance: 5/5



Executive directors



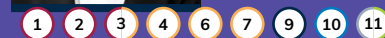
David Hurwitz (51)

Chief executive officer

BAcc (Hons), HDip Tax, CA(SA)

Appointed: April 2012

Board meeting attendance: 5/5



Sean Doherty (45)

Chief financial officer

BAcc (Hons), CA(SA), MBA, AMP, ACMA

Appointed: June 2019

Board meeting attendance: 5/5



Mark Herskovits (48)

Chief Investment Officer

BBusSci (Finance), PGDA, CA(SA), CFA

Appointed: January 2014

Board meeting attendance: 5/5



Founding directors



Jonathan Jawno (56)

BCom (Hons), PGDA, CA(SA)

Appointed: March 2003

Board meeting attendance: 4/5



Michael Mendelowitz (57)

BCom (Hons), PGDA, CA(SA)

Appointed: March 2003

Board meeting attendance: 5/5



Roberto Rossi (61)

BSc (MechEng), Graduate Diploma (IndEng), BProc

Appointed: September 2003

Board meeting attendance: 5/5

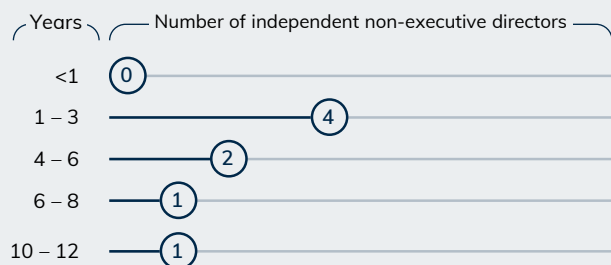


* Christopher Seabrooke stepped down as chairman of the board and was succeeded by Ian Kirk with effect from 31 December 2022.

Tenure



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



Average tenure of independent non-executive directors

4.7 years

Board composition



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



- 6 Executive directors
- 8 Independent non-executive directors

Diversity

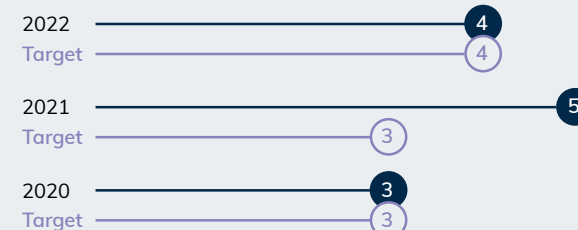


Policy: The nominations committee sets voluntary targets for race and gender diversity and assesses progress annually. Targets align to the JSE Listings Requirements on the promotion of diversity.

Number of female directors



Number of black directors



Skills

FC	Financial capital	Number of directors	MC	Manufacturing Capital	Number of directors
1	Accounting and auditing	10	8	Information and technology	6
2	Financial services	13	9	Strategy	12
3	Risk and opportunity management	13			
IC	Intellectual Capital		HC	Human Capital	
3	Risk and opportunity management	13	10	People management and remuneration	13
4	Governance and compliance	14			
5	International experience	11			
6	Leadership	14			
7	Legal and regulatory	12			
8	Information and technology	6			
			SC	Social Capital	
			11	Sustainability/ESE	10
			NC	Natural capital	
			11	Sustainability/ESE	10



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.

Board age profile



Leadership and governance continued

Group executive office leadership team

Transaction Capital's group executive office (GEO) supports the group's divisions in designing their medium-term growth strategies, refining their competitive value propositions, diversifying their revenues, expanding their total addressable markets and securing the capital required to implement their strategies.

The GEO also ensures that the divisions have optimal executive structures and capacity, and supports the development of divisional executives. The GEO's leadership team is a diverse and experienced management team that comprises the CEO, CFO and CIO and other members of top management responsible for the group's shared services.



The GEO also ensures that the divisions have optimal executive structures and capacity, and supports the development of divisional executives.

Executive directors



David Hurwitz (51)
Chief executive officer
BAcc (Hons), HDip Tax, CA(SA)



Sean Doherty (45)
Chief financial officer
BAcc (Hons), CA(SA), MBA, AMP, ACMA



Mark Herskovits (48)
Chief Investment Officer
BBusSci (Finance), PGDA, CA(SA), CFA

Group executives



Nomonde Xulu (36)
Investor Relations, Strategy and Sustainability
BBusSci Finance (Hons), PGDA, CA (SA)



Tanya Grota (43)
Operations
BCom Acc (Cum Laude) (Hons), CA (SA)



Alfred Chapingidza (37)
Audit
BCom (Hons), CA (SA), MBA



Daniela Burns (40)
Capital Markets
BCom Acc (Cum Laude) (Hons), CA (SA)



Nishaan Pursad (48)
Ethics, Enterprise Risk and Forensics
BCom Acc, CISA



Liezl de Vos (35)
Finance
BCom Acc (Cum Laude) (Hons), CA (SA)



Theresa Palos (52)
Tax
Bcom, LLB, HDip Tax, Admitted Attorney of the High Court of South Africa

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 socio-economic returns with enduring benefits. Robust governance practices are foundational to the group's ability to deliver these outcomes, enabled through our stakeholder-inclusive approach.

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 dynamic. 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:

King IV: Principle 6

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.

Good performance and ethical culture

An ethical culture and good performance go hand in hand in delivering shared value outcomes. Our governance framework seeks to harmonise our entrepreneurial culture, which 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 supported by the combined assurance framework, and continued oversight exercised by the board and its 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 thereby included in the group's control environment.

Legitimacy

Best governance practices are entrenched in order to deepen our reputation as a trusted business and social partner, and support the formalisation of our market sectors. This is realised through our 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.

King IV:

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

Key governance objectives and progress in 2022

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



Read further at www.transactioncapital.co.za.

Early adoption of the IFRS Foundation Sustainability Standards and the JSE's Sustainability and Climate Disclosure Guidance.



Read further at www.transactioncapital.co.za.

Establishment of a tax sub-committee to oversee the adoption and publication of a group tax strategy which provides guidance on the principles to be applied in managing the group's tax affairs as well as ensuring tax transparency.



Read further at www.transactioncapital.co.za.

Succession and on-boarding of new chairman of the board.



Read further at www.transactioncapital.co.za.

Adoption of the non-executive director policy which establishes a clear framework and governance structure to strengthen the board's ongoing commitment to robust governance principles.



Read further at www.transactioncapital.co.za.

Ethical leadership 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 provides the basis for how we do business and is viewed as a key competitive advantage in the sectors in which we 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 our stakeholder engagements. Our reputation as an ethical business is critical and is the reason why clients and customers, suppliers, communities, shareholders, funders and public sector partners choose to partner with us and trust our ability to conduct good business that grows in value and benefitting all our stakeholders.

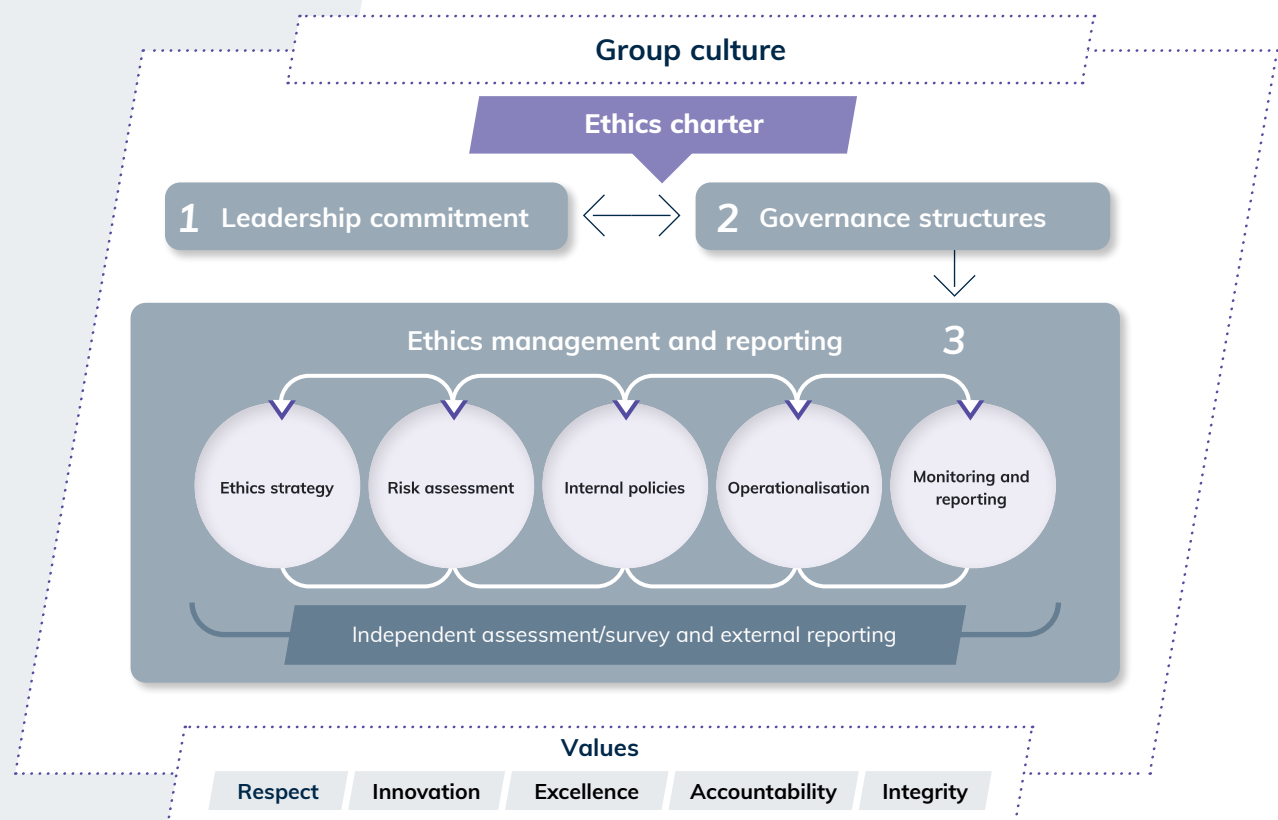
Our values support our ability to maintain an ethical culture by setting the tone for the behaviour we expect from our executives and employees across the group. This includes always acting with integrity, striving for excellence, treating all our colleagues and stakeholders with respect, innovating 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.

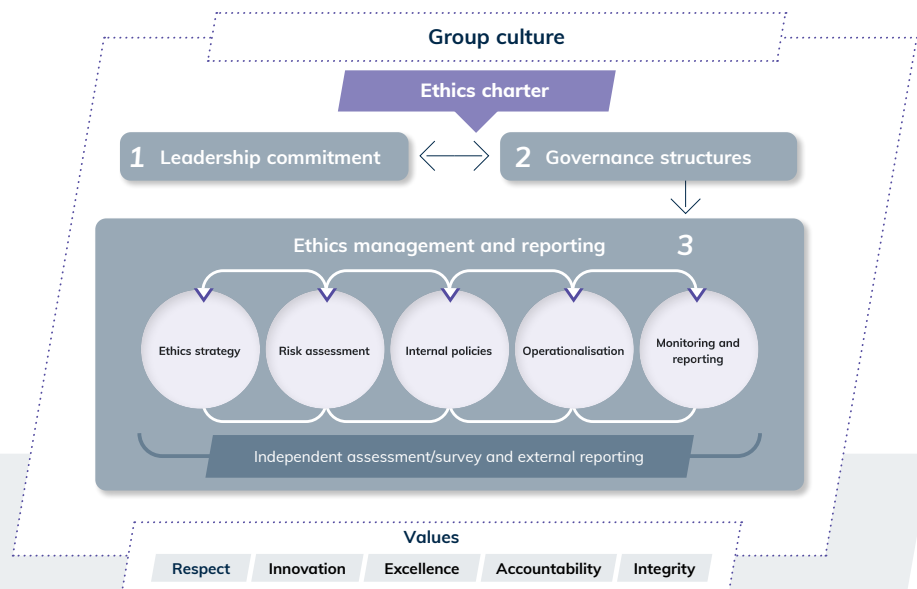


The group's ethics charter is available at www.transactioncapital.co.za.

Ethics governance framework



Ethical leadership and responsible corporate citizenship continued



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. The pillars of this framework ensure the group's ethics charter is applied.

Our human rights commitments

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 acting as role models of 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 2021 financial year and remains in place.

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

King IV: Principle 2

Responsible corporate citizen

Transaction Capital seeks to be a responsible corporate citizen and the business model demonstrates our commitment to sustainable and inclusive growth. We consistently generate good commercial returns for clients, across our industry value chains, while simultaneously creating net positive socio-economic 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. Through the committees, the board oversees and monitors how the group's operations and activities affect its corporate citizenship status.

An economic, social and environmental (ESE) framework is in place which defines each division's societal purpose, cascading into defined impact areas and supporting metrics. These were developed through engagement with internal and external stakeholders to address their key concerns and expectations.

The ESE framework informs our strategic and operational initiatives to ensure that the group's impacts are appropriately managed to create and protect value for Transaction Capital and our stakeholders, while minimising activities that could erode value. Progress in improving these ESE indicators forms part of the scorecards of group and divisional executives, supporting alignment to sustainability objectives across the group.

The impact areas were defined with reference to specific United Nations SDGs. The following global goals remain the company's targets as they are aligned to our core operations and strategy and enable us to focus our efforts on making a measurable impact:



The board continues to support 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.

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 continues to identify and assess climate-related risks and opportunities which could have a material impact on our business both directly or indirectly. In FY2022 our group companies have done extensive work on unpacking these risks and opportunities in detail and will be integrating these as part of our formal risk management practices in the group going forward.

Tax transparency

The board, in conjunction with the audit committee, is ultimately responsible for the group's tax strategy, policy, philosophy and approach. 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.

Political donations

Transaction Capital made no political donations for the year under review (FY2021: Rnil).

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.

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. These include:

Integrated report

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

Annual financial statements

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

Sustainability report

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

Risk report

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

Governance report

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

Notice of AGM and summarised financial statements

Set out the detailed notice of the annual general meeting (AGM) and supporting documentation to shareholders, and the summarised consolidated annual financial statements.

King IV: Principle 5

Key issues considered by the board

1 Strategy and driving innovation

Key issues considered by the board during the year primarily revolved around the strategic repositioning of the group's business models in line with their evolution over the years. The board noted Transaction Capital's rebranding corresponding with this evolution.

Through its divisions, WeBuyCars and SA Taxi, Transaction Capital enables the mobility of private and public commuters in South Africa. The executive management team identified the opportunity to leverage the combination of competencies between these group companies to build a meaningful vehicle mobility platform. Pursuant to Transaction Capital's strategic intent to leverage off WeBuyCars' and SA Taxi's platform value, GoMo was launched in February 2022 with the long-term view of building a scalable used vehicle finance and insurance (F&I) business.

In the second half of FY2022 SA Taxi invested in an e-commerce auction platform, that specialises in the online sale of salvage vehicles. This investment provides an alternative channel for disposal of salvaged vehicles which is expected to increase efficiencies within the mobility platform over the medium-term. The board provided input and monitored the development of the mobility platform strategy and its execution.

Nutun's evolution is centred around the group's vision to create a range of digitally driven customer management services as a trusted partner to a global client base, leveraging off our South African technology platform, analytics competencies and call centre intellectual property. Transaction Capital Risk Services was officially rebranded to Nutun in August 2022. The board supported the transition of Nutun's strategic focus, as well as its expansion into servicing the UK and European digital business services markets.

2 WeBuyCars integration

Following the acquisition of an additional 24.3% stake in WeBuyCars in August 2021 which resulted in WeBuyCars becoming a group subsidiary, a key focus area for the board was the full integration of WeBuyCars and managing the associated risks and opportunities. Transaction Capital's group executives are actively involved in the management and ongoing affairs of acquisitions after any transaction is completed. This approach allowed management and the board to gain an in-depth understanding of the WeBuyCars business and integrate its operations in FY2021. The integration process in 2022, has thus focused on aligning governance, compliance and reporting structures. Rigorous implementation processes ensure that Transaction Capital's governance and reporting requirements are adequately met, with progress continuously monitored by the board.

3 Embedding a sustainability (ESEG) culture across the group

In 2022 Transaction Capital made significant progress in embedding ESEG into the group's organisational culture. This has taken shape through operationalising the Economic, Social, Environmental (ESE) frameworks within the divisions, driving more rigorous data capturing processes, with progress made towards monthly data capturing and exploring data automation. As part of the process of fully integrating WeBuyCars into the Transaction Capital group, an ESE framework was developed bottom-up through engagement with multiple stakeholders to define the division's societal purpose, which cascades into defined impact areas linked to supporting metrics.

In 2021 the board adopted a proactive approach to ESEG engagement through the introduction of bi-annual ESEG investor roadshows. This proactive engagement approach has continued in 2022 with roadshows focused on sustainability-related matters conducted in March and September 2022 with shareholders and proxy representatives.

A key focus area for the board in 2022 was overseeing the identification and assignment of mitigation measures for climate-related risks and opportunities identified in FY2021 and integrating these into the group's risk

management framework. Also related to climate change, we continued work to obtain a comprehensive view of the potential financial impact of climate-related risks and opportunities identified in FY2021. In August 2022, Transaction Capital held an inaugural climate change impact workshop including key stakeholders from across all the group's businesses. The outcomes from this workshop will form the building blocks for embedding climate-related risk identification, analysis, monitoring and reporting across the group.

Transaction Capital acknowledges the numerous sustainability frameworks and standards available globally and seeks to enhance its ESEG disclosures in an efficient and effective manner. To meet stakeholder demands and move towards more standardised and frequent sustainability reporting, the board considered and approved the adoption of the IFRS International Sustainability Standards Board's (ISSB) draft Sustainability and Climate-related Disclosure Standards along with the JSE's Sustainability and Climate Disclosure Guidance. These will ensure that the group communicates holistically on the various aspects of sustainability and climate change and stakeholders can track our metrics over time in a consistent manner.

Key issues considered by the board continued

4 Enhancing our remuneration policies and disclosures

For Transaction Capital, fair remuneration 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, resourcing and compensation. Transaction Capital's compensation policies aim to sustain a performance-driven and entrepreneurial culture by attracting, rewarding and retaining the most talented people at all levels of the organisation.

In FY2022 the board continued to engage proactively with shareholders to ensure the group's remuneration policy supports business performance, while remaining aligned to the interests of its stakeholders. Following feedback from our ESEG investor roadshows in 2021, the board considered enhancements to our remuneration practices and approved the inclusion of an additional ESEG hurdle in the long-term incentives of executives and defined the distribution of weightings between HEPS, returns and ESEG as LTI hurdles.

This ESEG hurdle introduced in FY2022 links to meeting our emission reduction targets as well as our transformation targets:

- ▶ Reducing Transaction Capital's carbon footprint in line with the group's commitment to be materially below 2°C global warming as communicated in the FY2021 sustainability report.
- ▶ Improving or maintaining B-BBEE levels at Transaction Capital group level and in each subsidiary according to the plans governed by the social and ethics committee.

5 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 continues to monitor key talent development and succession planning initiatives across the group, and ensures these initiatives are aligned with the group's transformation objectives.

An ongoing priority for the board is the consideration of appropriate resourcing of key executive roles across the group, in response to the group's growth trajectory and the opportunities this presents. In FY2022 several key executive appointments were made at Transaction Capital, most notably the appointment of John Watling as successor to the current CEO of Nutun, Dave McAlpin, who will step down as Nutun's CEO in 2023/2024. John, who's skills and experience align to Nutun's repositioning as a global digital services business, will initially serve as joint CEO for a period of 12 months to allow for a phased handover.

In 2022 the board provided oversight in the launch of various youth employment programmes aimed at attracting and developing talent in order to create opportunities for South African youth to enter the workforce for the first time but also to build a pipeline of specialised, high-performing individuals who will carry the organisation forward in years to come.

In November 2021 the board approved the non-executive director policy which ensures that board tenure is managed effectively and that the board continues to act independently and in the best interests of Transaction Capital's stakeholders. In line with this policy, a key focus for the board in the past year was the succession and onboarding of the new chairman of the board. Christopher Seabrooke, stepped down as chairman of the board and was succeeded by Ian Kirk with effect from 31 December 2022. The handover process has been well managed over a 12-month transition period.

6 Employment Equity and B-BBEE targets

Transformation is high on the board and executive management's agenda. To accelerate its transformation objectives, transformation targets are included as qualitative measures in the short-term and long-term incentive targets for key executives across the Transaction Capital group.

In FY2022 the group aimed to achieve notable improvement in underrepresented groups at the top to junior management levels through promotions and appointments. Key appointments were made from designated groups at the management levels, showing a positive trend in reducing the gender and racial disparities in our workforce profile.

Following feedback from our ESEG investor roadshows in 2021, the board considered enhancements to the disclosure of employment equity targets across the group. Our FY2022 integrated report thus includes more granular disclosure of the group's targets at occupational levels and we will seek to continue achieving greater transparency.

7 Capital management

Maintaining a balance between having a prudent and yet flexible approach to capital management is a constant consideration for the board. Transaction Capital remains well capitalised, with adequate access to liquidity to execute on our divisions' organic growth initiatives and respond to opportunities arising from market dynamics. SA Taxi has adequate liquidity available in undrawn debt facilities to fund expected loan origination for the next year, while Nutun's funding requirements for the acquisition of non-performing loan (NPL) portfolios over the short-term are also 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.

In FY2022 the board considered and approved an accelerated bookbuild which successfully raised R1.28 billion of equity capital. The board also considered and approved the issuance of R451 million notes through TransCapital Investments and preference share funding to enhance Transaction Capital's balance sheet.

Board meetings and key deliberations

Board meetings

Directors are required to attend all board meetings. The board follows a formal workplan that includes strategy, operational and financial performance, risk and governance. Progress against the group's strategic objectives is reported on at each meeting. The company secretary is responsible for preparing standing agenda items, which are discussed with the chairman and updated for emerging issues prior to each board meeting. The company secretary circulates the agenda, formal board packs and other reading material to the board in good time via a secure online software system. The online system also includes a reading room where comprehensive reference materials are made available. At least four board meetings are held annually, one of which includes a strategic review.

Board meeting attendance in 2022

99%

Individual board meeting attendance is presented on page 50.

Key deliberations

In addition to the key issues outlined on the previous page, the board deliberates on standing agenda items such as feedback from the chairpersons of board 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. During the 2022 financial year, the board approved and resolved the following key matters during the 2022 financial year:

Approved the 2021 integrated 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.

Approved the group's 2022 interim results and interim dividend, with due consideration of the group's solvency and liquidity position.

Resolved the tax committee as a new sub-committee of the board.

Approved the group's 5-year strategy.

Approved the group's accelerated bookbuild, which raised gross proceeds of R1.28 billion.

Approved the group's 2023 – 2027 financial budget.

Approved the Transaction Capital preference share transaction.

Approved the acquisition of Milton Graham in Australia and New Zealand.

Approved Approved the acquisition to acquire 40% of Gobid.

December /
January
2022

February /
March
2022

April / May
2022

August /
September
2022

October /
December
2022
(subsequent
event)

Noted/Considered Transaction Capital Limited's long-term and short-term national scale ratings upgraded by GCR Ratings ("GCR") to A(za) from A-(za) and A1(za) from A2(za), respectively. Transaction Capital Limited's long-term unsolicited international scale ratings upgraded to B+ from B.

Noted/Considered Held Transaction Capital's AGM virtually.

Resolved that all 13 ordinary resolutions and five special resolutions presented for shareholder approval at the AGM were approved by the required majority.

Approved the acquisition of Synergy.

Approved the group's tax strategy policy.

Noted/Considered the retirement of Chris Seabrooke as chairman of the board on 31 December 2022.

Approved the appointment of Chris Seabrooke as a member of the audit committee. Chris Seabrooke stepped down as chairman of the nominations committee and will continue on the board as a non-executive director, as a member of the nominations and remuneration committees.

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

Approved the appointment of Ian Kirk as chairman of the nominations committee and the resignation of Ian Kirk as a member of the audit committee.

Governing structure 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 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 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.

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.

The board, in conjunction with the nominations committee, is responsible for appointing the CEO and for monitoring his management of the performance of the group's assets and resources against approved strategic and financial objectives.

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.

King IV: Principle 1 & 6

Subsidiary boards

Each of Transaction Capital's subsidiaries 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 subsidiary'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 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 2022, the board and nominations committee are satisfied that the board's overall composition (as well as that of its 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



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.

Governing structure and delegation 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.	<ul style="list-style-type: none"> ▷ 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.	<ul style="list-style-type: none"> ▷ 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 include capital raising, capital allocation, credit and insurance risk underwriting, data management and technology risk and opportunity (including cyber security).	<ul style="list-style-type: none"> ▷ Financial services (including insurance and fund management) ▷ Data ▷ Technology ▷ International experience

In 2021 a new board skills assessment approach was adopted. This approach is a rating scale which provides greater granularity when compared to the binary (yes/no) questionnaire further enhancing its ability to track changes in board skills over time.

The 2022 assessment identified skills gaps in sustainability (specifically climate change), and information and technology (including data analytics). 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 2022 assessment, the nominations committee is satisfied that the skills and experience of the board are adequate for fulfilling its role.

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 continues to act independently.

Non-executive director policy

The non-executive director policy was approved by the board in November 2021 and ensures 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 include:

- ▶ 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 12-year tenure, and may continue as a non-executive director at the discretion of the board.
- ▶ The chairperson of each board committee will be required to retire after a 10-year tenure, and may continue as a member of the respective board committee. Former chairpersons of committees will be eligible for reappointment as chairperson after a three-year period at the discretion of the board.

Board composition changes

No changes occurred during the 2022 financial year. Post year-end Christopher Seabrooke retired from his role as independent non-executive chairman of Transaction Capital board with effect from 31 December 2022. Christopher Seabrooke also stepped down as chairman of the nominations committee and as a member of the asset and liability committee. He continues on the board as a non-executive director, and as a member of the nominations and remuneration committees and was appointed as member of the audit committees and an invitee to the asset and liability committee, with effect from 31 December 2022.

Ian Kirk was appointed as chairman of the board of Transaction Capital with effect from 31 December 2022 and also assumed the role of chairman of the nominations committee. He stepped down as a member of the audit committee and was appointed an invitee to this committee from 31 December 2022.

Governing structure and delegation continued

Evaluation and performance of the board and company secretary

Formal performance evaluations of the board, its sub-committees and the company secretary are conducted annually by means of an evaluation questionnaire. The evaluations assess the combination of skills, performance during the year, contribution and independence of individual directors, and the effectiveness of committees. Results of the evaluations provide the basis for enhancements to the board and its committees for the following year, specifically focusing on assessing the overall effectiveness and independence of the board.

The nominations committee workplan includes discussions on board performance as well as that of the chairman, members and committees.

Based on the annual evaluations undertaken during November 2022, the board has assessed the expertise, performance and experience of the chairman, lead independent director, CEO, CFO, internal audit executive and the company secretary and is satisfied that they are performing adequately. In accordance with King IV, the offices of the chairman, lead independent director and CEO are separate. Additionally, the board is satisfied with the qualifications, experience and competence of the company secretary, Lisa Lill, and that an arm's length relationship is maintained between the board and the company secretary.

King IV: Principle 9 & 10

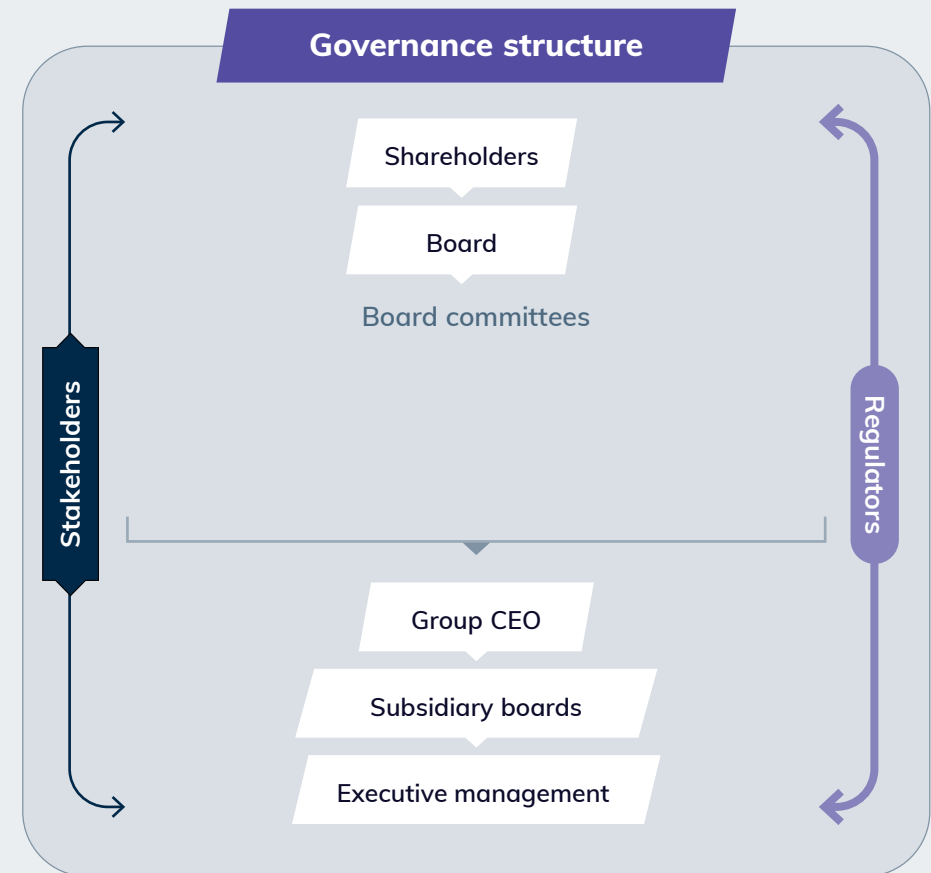
Board committees

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

All committees have fully functional structures, with clear objectives set out in their respective terms of reference. Terms of reference are approved by the board and reviewed annually. Included in each committee's terms of reference is the imperative to enhance the standard of governance within the group, together with clearly defined authority delegation and reporting procedures.

The board receives formal feedback from the chairperson of each committee at each board meeting. Copies of the minutes of committee meetings are included in the board documentation. Committees also report to stakeholders annually, in the integrated report and at the AGM if required.

King IV: Principle 8



Board committees continued

Audit committee

Members	Diane Radley Chairperson	Buhle Hanise	Suresh Kana	Ian Kirk*
Overall meeting attendance	93%			
Functions managed	<ul style="list-style-type: none"> ▶ Financial accounting and external reporting ▶ Financial controls ▶ Tax ▶ Internal audit ▶ External audit (including non-audit services) ▶ Combined assurance 			

Value creation in 2022

- ▶ Continued integration of WeBuyCars' financial and accounting systems.
- ▶ Continued improvement in external reporting.
- ▶ Further embedding of the JSE Listings Requirement 3.84(k).
- ▶ The creation of a balance sheet substantiation framework.
- ▶ 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.
- ▶ Implementation of group wide budgeting and forecasting tool.
- ▶ Monitoring changes in provisioning models and back testing.

Focus areas for 2023

- ▶ Development and oversight of a group wide provisioning models committee.
- ▶ Monitoring of capital allocation, specifically relating to international expansion.
- ▶ Inform shareholders of the recommended firm and designated registered audit partner by way of a SENS announcement on completion of the tender process. This appointment will be subject to shareholders' approval at the group's AGM in 2023.
- ▶ Continuously ensuring an integrated approach in relation to audit and risk.
- ▶ Strengthening the role of internal audit within the company.
- ▶ Revision and consideration of management's plans in respect of future changes to IFRS and other regulations.
- ▶ Embed balance sheet substantiation.
- ▶ Review of the technical elements of any acquisitions or part acquisitions.
- ▶ Oversight to finance team capacity given extra-ordinary growth rate.
- ▶ Selection of new audit firm as part of the mandatory audit firm rotation process and oversight of the transition.

Risk and technology committee

The risk and technology committee was a new committee in 2022, established with effect from 1 September 2021

Members	Ian Kirk Chairperson	Suresh Kana	Diane Radley
Overall meeting attendance	100%		
Functions managed	<ul style="list-style-type: none"> ▶ Risk (including social and environmental risks) ▶ Compliance ▶ IT strategy, governance and investment ▶ Data and information 		

Value creation in 2022

- ▶ Future technology architecture and how we strategically execute against this.
- ▶ Ensured the development of customer-centric solutions.
- ▶ Project discipline.
- ▶ Technology skills focus – attraction and retention.
- ▶ Provisioning of effective cybersecurity as part of the enterprise's comprehensive cyber resilience capability.

Focus areas for 2023

- ▶ Awareness and response to business model disruption from technology.
- ▶ Project discipline.
- ▶ Technology skills focus – attraction and retention.
- ▶ Monitor management of the group's top 10 risks closely and oversee the management of emerging key risks, as well as strategic-execution risk and organisational resilience.
- ▶ IT system integrity, stability and availability as the bedrock of operational excellence.
- ▶ Provisioning of effective cybersecurity as part of the enterprise's comprehensive cyber resilience capability.
- ▶ Embedding IT governance standards and aligning IT services with current and future business needs.
- ▶ Greater embedment of enterprise-wide risk management.
- ▶ Oversight of acquisition of new technology and integration into the business.
- ▶ Research, identify and experiment technology to assist with ESEG reporting.

* Ian Kirk stepped down as a member of the audit committee and was succeeded by Christopher Seabrooke with effect from 31 December 2022. Ian Kirk will continue to attend as an invitee to the audit committee.

Board committees continued

Nominations committee

Members	Christopher Seabrooke* Chairperson	Suresh Kana	Kuben Pillay	Sharon Wapnick	Roberto Rossi
Overall meeting attendance	89%				
Functions managed	<ul style="list-style-type: none"> ▶ Directors ▶ People ▶ Succession 				

Value creation in 2022

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

Focus areas for 2023

- ▶ Continued focus on equality through reviewing employment equity strategy and targets as well as diversity and inclusion initiatives.
- ▶ Review growth opportunity strategy, which includes conditions of employment, management, leadership development programmes and long-term employee development through succession planning.
- ▶ Continued focus on evaluating and enhancing succession planning, with a specific focus on transformation.
- ▶ Monitor the effectiveness of talent management and development of strategies in order to mitigate retention risk at critical skills levels.
- ▶ Talent transformation and succession planning to enable improved diversity at senior management and top management levels.

* Christopher Seabrooke stepped down as chairman of the nominations committee and was succeeded by Ian Kirk with effect from 31 December 2022. Christopher Seabrooke to continue as a member of the nominations committee.

Remuneration committee

Members	Kuben Pillay Chairperson	Ian Kirk	Christopher Seabrooke	Sharon Wapnick
Overall meeting attendance	96%			
Functions managed	<ul style="list-style-type: none"> ▶ Remuneration ▶ People and retention 			

Value creation in 2022

- ▶ 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, competitive skills.
- ▶ Setting ESEG targets for 2023 executive short-term incentives.

Focus areas for 2023

- ▶ Maintain continued dialogue with shareholders to ensure the relevance and appropriateness of the remuneration policy in the face of a changing regulatory environment, including among others, the focus on tying ESEG to remuneration.
- ▶ Continue to evaluate our policy in terms of market and peer reviews and our success in attracting and retaining key talent to deliver our strategic goals and shareholder returns.

Board committees continued

Social and ethics committee

Members	Suresh Kana Chairperson	David Hurwitz CEO	Albertinah Kekana	Kuben Pillay	Roberto Rossi
Overall meeting attendance	86%				
Functions managed	<ul style="list-style-type: none"> ▶ Stakeholder engagement ▶ Transformation ▶ Sustainability ▶ Ethics 				

Value creation in 2022

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

Focus areas for 2023

- ▶ Transformation, with a particular focus on the group's employment equity profiles and diversity.
- ▶ Continued adoption of IFRS ISSB Sustainability Disclosure Standards and alignment with JSE Sustainability and Climate Disclosure Guidance.
- ▶ Guide the enhancement of the culture of ethics and ethical leadership.
- ▶ Talent transformation and succession planning to enable improved diversity at senior management and top management levels.

Asset and liability committee

Members	Suresh Kana Chairperson	David Hurwitz CEO	Mark Herskovits CIO	Jonathan Jawno	Ian Kirk	Diane Radley	Christopher Seabrooke*
Overall meeting attendance	94%						
Functions managed	<ul style="list-style-type: none"> ▶ Funding ▶ Liquidity ▶ Capital 						

Value creation in 2022

- ▶ Expanding the funding programme for Nutun to include a wider universe of investors.
- ▶ Optimising the WeBuyCars balance sheet.
- ▶ Ensuring that GoMo 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.

Focus areas for 2023

- ▶ Management of group debt levels within risk parameters and through core cash-generating activities.
- ▶ Enhancing the capital structure at group level should future acquisitions materialise.
- ▶ Overseeing any funding mix changes which may be required for SA Taxi as product design innovations are rolled out to clients.
- ▶ Continue to reduce the cost of capital.

* Christopher Seabrooke resigned as a member of the asset and liability committee with effect from 31 December 2022.

Governance of functional areas

Risk 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

Data, information and technology

Data, 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.

Insurance policies were updated during the year following the changes in the group and new policies are in place from 1 July 2022.

King IV: Principle 12

Compliance framework

Compliance structure

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.

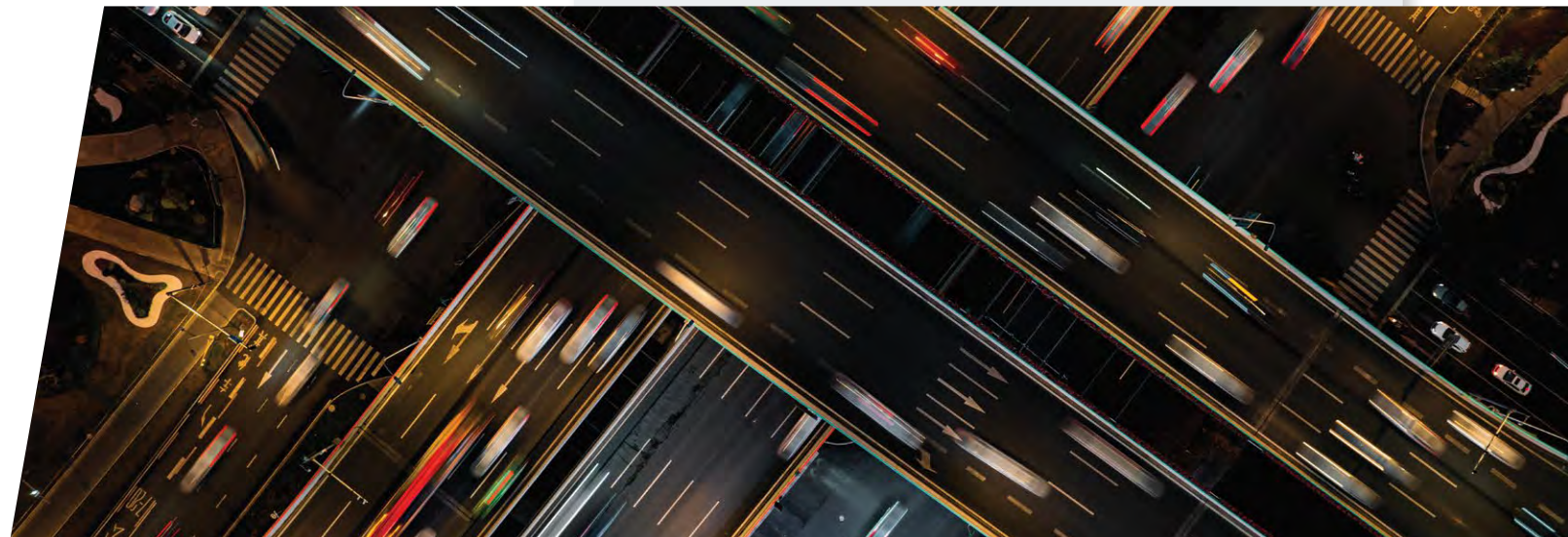
King IV: Principle 13

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 10 March 2022, the remuneration policy and implementation report both received the requisite non-binding advisory votes to pass, at 96.41% and 96.31%, respectively. The remuneration policy was updated after extensive engagement with shareholders to stay abreast of trends in remuneration practices and continue to better align shareholders and management.

King IV: Principle 14

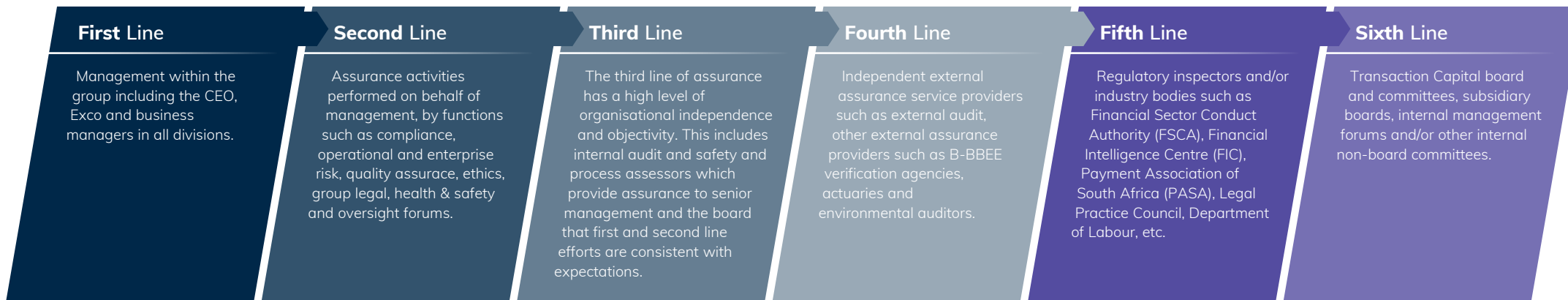


Governance of functional areas continued

Combined assurance framework

The audit committee and risk and technology committee are responsible for overseeing the effectiveness of combined assurance arrangements within the group. The combined assurance plan is based on the recommendations of King IV.

The following line of assurance have been defined for the group:



The assurance activities across the various lines of assurance were identified for each group risk.

Transaction Capital Group Risks	First Line		Second Line					Third Line	Fourth Line		Fifth Line	Sixth Line
	People & processes	Management supervision & oversight	Management assurance	Compliance	Quality assurance	Health, safety & environment	Risk management	Internal audit & other	External audit	Other	Regulatory bodies/ government	Board committees (incl. subs)
① Operating environment	✓	✓	✓	✓		✓	✓	✓	✓			✓
② Cyber crime and information security	✓	✓	✓	✓			✓	✓	✓	✓		✓
③ OEM supply (SA Taxi)	✓	✓										✓
④ Affordability constraints (SA Taxi)	✓	✓	✓	✓	✓		✓	✓	✓			✓
⑤ Acquisitive strategy execution	✓	✓		✓			✓	✓	✓	✓		✓
⑥ Capital	✓	✓		✓			✓	✓		✓		✓
⑦ Liquidity	✓	✓		✓			✓	✓		✓		✓
⑧ Regulatory compliance	✓	✓		✓				✓	✓	✓	✓	✓
⑨ People	✓	✓		✓			✓	✓		✓	✓	✓
⑩ Climate	✓	✓				✓	✓	✓			✓	✓

Governance of functional areas continued

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 14 years.

During this time, the group has rotated audit partners ahead of the five-year mandatory audit partner rotation requirement. A process to select and appoint new external auditors is underway. Transaction Capital will undergo a managed transition to new external auditors during the financial year ending 30 September 2024 with the new auditor being approved by the audit committee in March 2023.

King IV: Principle 15

Internal audit

The role of internal audit is to support the achievement of strategic objectives (and supporting the 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 ISPPA, which is the highest rating awarded during such a review.

The next independent quality review is set to take place in March 2023 following the adoption of a revised internal audit methodology in 2022.

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





5

Remuneration

Remuneration report



3 Material matter



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

Support and develop employees in a challenging professional and personal context to maintain performance levels.

Enhance retention and attraction mechanisms, particularly for leaders and key skills staff, 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, resourcing 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.

In the current South African environment which is characterised by low growth levels, high inflation and unemployment rates and an increased brain drain, it is even more important to ensure the entrepreneurial flair of the group is supported by the depth and quality of highly skilled management teams across the organisation.

The attraction and retention of high-calibre talent is influenced by 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, as well as 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, in consultation with shareholders, the group continues to refine the remuneration report with reference to King IV, the International Integrated Reporting Framework and the JSE Listings Requirements.

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 ensure that the group's needs and strategic objectives are met, in addition to reviewing the robustness of LTI schemes to ensure 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 defined goal, is rewarded and encouraged within the group.
- ▷ Incentives at executive level are aligned to profit growth and relevant return metrics, as well as key non-financial measures, 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, fostering owner-manager thinking.
- ▷ In instances where an executive's decisions have a direct impact on shareholder value, an element of their compensation is aligned to 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 2022 AGM on 10 March 2022, 96.41% of shareholders voted in favour of the group's remuneration policy, with 96.31% voting in favour of the remuneration implementation report. Following engagements with shareholders after the 2022 AGM, several enhancements have been applied to the remuneration policy and disclosure in the 2022 financial year, as outlined below.

Enhancements to the remuneration policy



- ▶ Addition of ESEG as a performance hurdle to the LTI award.



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.

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.



We continuously monitor the level of fair and responsible pay for all our employees.

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 to ensure 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.

The remuneration committee understands the importance of ensuring that the wages of our most junior employees are sufficient to accommodate a decent standard of living and will continue to track the wage gap from this perspective. We continuously monitor the level of fair and responsible pay for all our employees. As a starting point, our minimum salary is substantially above the minimum wage requirements set by the South African government.

The committee understands that pay should not be differentiated by gender, age, disability, gender identity and expression, sexual orientation, race, ethnicity, cultural heritage or belief. On an annual basis, we compare the average position of our male and female employees against their market benchmark, grade and function to identify and understand any differences, and take action if necessary.

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 50th percentile of the market.	Basic salary and benefits on page 73
Benefits	Group life, provident fund, medical cover and disability cover.	Basic salary and benefits on page 73
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 on page 73
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 on page 74
Total reward	Providing competitive and attractive total compensation with a portion paid over the medium-to long-term.	

PART 1

Remuneration policy

Implementation report

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 50th 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, disability, health and wellness. In the current financial year, the life cover provided to certain executives has been increased from three times annual CTC to five times annual CTC.

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:
19 months

Other executives:
16 months

	Quantitative component	Qualitative component
Maximum quantitative award	<ul style="list-style-type: none"> ▶ CEOs: 16 months ▶ Other executives: 13 months 	<ul style="list-style-type: none"> ▶ CEOs: Three months ▶ Other executives: Three months
Maximum weighting	<ul style="list-style-type: none"> ▶ CEOs: 84% ▶ Other executives: 81% 	<ul style="list-style-type: none"> ▶ CEOs: 16% ▶ Other executives: 19%
Performance hurdles	<p>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):</p> <ul style="list-style-type: none"> ▶ Growth in divisional headline earnings or the group's HEPS above consumer price inflation (CPI). ▶ ROE or ROFE (return on funds employed) depending on the business. ▶ New business origination or growth in revenue. ▶ Unfettered access to debt capital or the reduction in the cost of capital. 	<p>The remuneration committee considers individual performance in meeting strategic imperatives, which include:</p> <ul style="list-style-type: none"> ▶ Strategy implementation, including but not limited to: <ul style="list-style-type: none"> • 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 (or where level one, maintenance) in B-BBEE scorecards. ▶ Sustainability performance targets, including the commitment to materially below 2°C global warming. ▶ Identification, successful implementation and integration of acquisitions. ▶ Other non-financial key performance indicators (KPIs).
Discretionary component	<p>In instances where – in the opinion of the remuneration committee – an individual executive has outperformed set KPIs, a discretionary STI may be awarded. In the event extraneous factors cause hurdles to not be achieved, discretionary bonuses (not usually exceeding 3 months' salary) may also 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.</p>	

PART

1

Remuneration policy

Implementation report

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 Nutun. In the current financial year, WeBuyCars' management team has been brought into the Transaction Capital remuneration structure and their executives have been granted CSPs. 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 are granted 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:

- ▷ 70% of CTC – group CEO.
- ▷ 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;
- ▷ LTIs 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.	<p>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:</p> <ul style="list-style-type: none"> ▶ Level of revenue and earnings. ▶ Growth in revenue and HEPS, and reduction in cost-to-income ratios. ▶ ROE, return on funds employed, 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 CSPs vest in years three, four and five after the award, in equal proportions of 33.33% per annum.	

Long-term incentives continued

Conditional share plan continued

Detail	Group and 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):															
	<table><tr><th>Thresholds</th><th>Continuing core EPS growth over vesting period (Weighting: 60%)</th><th>Core ROE/ROFE target* (Weighting: 30%)</th><th>ESEG targets (Weighting 10%)</th><th>% of CSP to be awarded**</th></tr><tr><td>Minimum vesting</td><td>CPI + GDP</td><td>≥ 14% ROE ≥ 70% ROFE</td><td>Pro-rata targets met</td><td>25%</td></tr><tr><td>On-target performance</td><td>CPI + GDP + 4%</td><td>≥ 15% ROE ≥ 75% ROFE</td><td>Targets met</td><td>100%</td></tr></table>	Thresholds	Continuing core EPS growth over vesting period (Weighting: 60%)	Core ROE/ROFE target* (Weighting: 30%)	ESEG targets (Weighting 10%)	% of CSP to be awarded**	Minimum vesting	CPI + GDP	≥ 14% ROE ≥ 70% ROFE	Pro-rata targets met	25%	On-target performance	CPI + GDP + 4%	≥ 15% ROE ≥ 75% ROFE	Targets met	100%
	Thresholds	Continuing core EPS growth over vesting period (Weighting: 60%)	Core ROE/ROFE target* (Weighting: 30%)	ESEG targets (Weighting 10%)	% of CSP to be awarded**											
	Minimum vesting	CPI + GDP	≥ 14% ROE ≥ 70% ROFE	Pro-rata targets met	25%											
On-target performance	CPI + GDP + 4%	≥ 15% ROE ≥ 75% ROFE	Targets met	100%												
* Core ROE target applies to TC, Nutun and SA Taxi. ROFE target applies to WeBuyCars.																
** Growth levels between bands will be vested on a proportionate basis.																
	<p>The ESEG targets that have been set for the FY2022 award are:</p> <ul style="list-style-type: none">▶ Reduce Transaction Capital's carbon footprint in line with Transaction Capital's commitment to materially below 2°C global warming as communicated in the FY2021 sustainability report.▶ Improve or maintain B-BBEE levels at Transaction Capital and in each subsidiary according to plans communicated and governed by the social and ethics committee. <p>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, or on a proportion of both Transaction capital and divisional valuations in some instances. 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.</p>															
Stretch performance	<p>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.</p> <p>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:</p> <table><tr><th>Thresholds</th><th>Continuing core EPS growth over vesting period (Weighting: 60%)</th><th>% of CSP to be awarded</th></tr><tr><td>Stretch performance</td><td>CPI + GDP + 8%</td><td>120%</td></tr></table> <p>If minimum performance criteria are not achieved (tabled above), there will be no additional settlement.</p>	Thresholds	Continuing core EPS growth over vesting period (Weighting: 60%)	% of CSP to be awarded	Stretch performance	CPI + GDP + 8%	120%									
Thresholds	Continuing core EPS growth over vesting period (Weighting: 60%)	% of CSP to be awarded														
Stretch performance	CPI + GDP + 8%	120%														
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 more than 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 Nutun 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 and supports its sustainability in future.

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.

Pilatucom Holdings Limited (the shares of which are held in trusts in which Jonathan Jawno, Michael Mendelowitz 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 once-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 76: 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 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 delivered strong earnings in the 2022 financial year, in line with the group's long-term track record of growth. Core continuing earnings per share grew 17% supported by high growth from Nutun and WeBuyCars offsetting a difficult financial year in SA Taxi. The group also achieved core continuing return on average equity of 14.0%.



Core earnings per share from continuing operations attributable to the group:

172.5 cents

FY2022 vs FY2021

▲ 17%

FY2021: 147.9 cents

Total core earnings from continuing operations



R369 million

FY2022 vs FY2021:

▼ 26%

FY2021: R499 million



R434 million

FY2022 vs FY2021:

▲ 36%

FY2021: R320 million



R762 million

FY2022 vs FY2021:

▲ 41%

FY2021: R541 million

In addition to meeting the respective ROE or ROFE targets, Transaction Capital, Nutun and WeBuyCars achieved their growth ambitions, and therefore quantitative STI targets were achieved to varying degrees. SA Taxi did not grow targets in 2022 and as a result did not qualify for quantitative or qualitative awards in terms of the rules of the STI framework.

Executive directors' and prescribed officers' remuneration and specific considerations by the remuneration committee during the year are detailed in the section that follows.

PART 2

Executive directors

David Hurwitz (CEO)

Link between performance and reward

Transaction Capital initiatives:

- ▶ Led Transaction Capital back to pre-pandemic growth levels, delivering core continuing EPS growth of 17% and core continuing return on average equity of 14.0%, despite the severe impact on SA Taxi from floods in KwaZulu-Natal that suspended Toyota's production of new taxis, affecting our ability to originate new loans and allied products.
- ▶ Transparent, frequent and high-quality stakeholder engagement with employees, shareholders and debt investors.
- ▶ Multiple awards received in 2022 in recognition of excellence:
 - 2022 Business Day Intellidex Investor Relations Awards: 1st in "Best integrated annual report", "Best market communications" and "Most Accessible Senior Management" categories.
 - Awarded 7th place in EY's Excellence in Integrated Reporting awards.
 - Sunday Times Top 100 companies, with Transaction Capital ranked in the top 10.
 - Financial Times's 100 Fastest Growing Companies in Africa.
- ▶ Operationalisation of ESEG-related initiatives, including implementing systems to measure and report on progress made on Transaction Capital's ESEG strategy.
- ▶ Maintained the group's B-BBEE contributor status.
- ▶ Protected the balance sheet and provided the group with capital optionality through an accelerated bookbuild in September 2022. The proceeds from this accelerated book build will be used to purchase a further 15% in WeBuyCars and for other potential earnings accretive opportunities.
- ▶ Attraction of key executive skills, most notably the employment of CEO of Nutun.

- ▶ Ensuring succession and retention of key management skills.
- ▶ Driving innovation in the group, through responsibility for strategic execution at TC Ventures.
- ▶ Bolstering critical corporate finance skills at the GEO.

Nutun initiatives:

- ▶ Development and execution on Nutun's strategy to transform into a digital business services provider, broadening Nutun's highly efficient outsourced collection services to include other customer experience management (CXM) services offered to a range of global clients.
- ▶ Supported TC Ventures in identifying a suitable acquisition target in the business services sector, culminating in the acquisition of 65% of Synergy. This accelerated Nutun's entry into the sector and provided a platform for the development of our global business services strategy.
- ▶ Executed on Transaction Capital Australia's strategy to sell the NPL portfolio and acquire a substantial contingency collections business. This creates a significant opportunity for an expanded range of outsourced CXM services to be delivered in Australia but operationalised from South Africa.

SA Taxi initiatives:

- ▶ Successfully launched GoMo in line with group's strategic intent to leverage off WeBuyCars' and SA Taxi's competencies. GoMo aims to disrupt and capture market share in an under-penetrated used vehicle F&I sector.
- ▶ Guided credit management and provisioning policies.

WeBuyCars initiatives:

- ▶ Integration of WeBuyCars into the Transaction Capital Group.

Performance against STI scorecard

	Performance hurdles	Maximum award available	2022 performance against hurdles				Outcome	Award
Quantitative component	Growth in HEPS above CPI and ROE.	16 months	Group core continuing EPS growth %	Months CTC	Group core ROE %	Months CTC		9 months
			> CPI + 5%	3.5	> 10%	4		
			> CPI + 10%	5	> 12.5%	5		
			> CPI + 15%	6	> 15%	6		
			> CPI + 17.5%	7	> 20%	7		
			>CPI + 20%	8	> 25%	8		
			Qualitative component (limited to three months)	Meeting employment equity targets.	1 month	Majority of new hires at the group executive office in 2022 were black (African, Coloured and Indian) candidates.		
Maintenance of B-BBEE scorecard level.	1 month	Transaction Capital maintained its B-BBEE contributor status at level 3 in 2022.					1 month	
Operationalisation of ESE framework.	1 month	Continued progress in operationalising the ESE framework in 2022 including: ▶ The setting of short- and medium-term ESEG targets. ▶ Developing and implementing an ESE framework into WeBuyCars.					1 month	
Total		19 months				12 months		
Discretionary Not applicable.								

David's total reward comprised:

	2022	2021
Salary	R6 220 437	R5 110 619
Short-term employee benefits	R690 169	R627 550
STI	R6 792 500	R5 958 333
LTI (present value of award)	R5 422 964*	R5 134 023
Total	R19 126 070	R16 830 525

* Differs by R40 805 to LTI disclosed in the annual financial statements due to movement in share price.

PART 2 Executive directors continued

Sean Doherty (CFO)

Link between performance and reward

Transaction Capital initiatives:

- ▶ Multiple awards received in 2022 in recognition of excellence:
 - 2022 Business Day Intellidex Investor Relations Awards: 1st in "Best integrated annual report", "Best market communications" and "Most Accessible Senior Management" categories.
 - Awarded 7th place in EY's Excellence in Integrated Reporting awards.
 - Sunday Times Top 100 companies, with Transaction Capital ranked in the top 10.
 - Financial Times's 100 Fastest Growing Companies in Africa.
- ▶ Operationalisation of ESEG-related initiatives, including implementing systems to measure and report on progress made on Transaction Capital's ESEG strategy.
- ▶ Maintained the group's B-BBEE contributor status.
- ▶ Protected the balance sheet and provided the group with capital optionality through an accelerated bookbuild in September 2022. The proceeds from this accelerated book build will be used to purchase a further 15% in WeBuyCars and for other potential earnings accretive opportunities.
- ▶ Drove continued improvement and transformation of the finance function including:
 - Designing and initiating the implementation of the balance sheet substantiation process.
 - Upgrading financial planning tools.
 - Implementation of internal audit AI tools.
 - Bolstering critical financial skills across the group.
- ▶ Launch of a CA training programme in 2021 with first intake in January 2022.
- ▶ Led ESEG engagements with stakeholders ensuring alignment between the group and stakeholders on critical ESEG themes.
- ▶ Continued embedding of the ESE framework into the group including the adoption of a new framework in WeBuyCars.

SA Taxi initiatives:

- ▶ Guided credit management and provisioning policies.

WeBuyCars initiatives:

- ▶ Led the execution of the integration of WeBuyCars into the Transaction Capital Group.

Performance against STI scorecard

	Performance hurdles	Maximum award available	2022 performance against hurdles				Outcome	Award
Quantitative component	Growth in HEPS above CPI and ROE.	14 months	Group core continuing EPS growth %	Months CTC	Group core ROE %	Months CTC	✓	7 months
			> CPI + 5%	3	> 10%	3		
			> CPI + 10%	4	> 12.5%	4		
			> CPI + 15%	5	> 15%	5		
			> CPI + 17.5%	6	> 20%	6		
			> CPI +20%	7	> 25%	7		
Qualitative component (limited to three months)	Meeting employment equity targets.	1 month	A majority of new hires at the group executive office in 2022 were black (African, Coloured and Indian) candidates.				✓	1 month
	Improvement in B-BBEE scorecard level.	1 month	Maintained Transaction Capital's B-BBEE contributor status at Level 3 in 2022.				✓	1 month
	Operationalisation of ESE framework.	1 month	Continued progress in operationalising the ESE framework in 2022 including: <ul style="list-style-type: none"> ▶ The setting of short- and medium-term ESEG targets. ▶ Developing and implementing an ESE framework into WeBuyCars. 				✓	1 month
	Embedding combined assurance framework into day-to-day business operations.	1 month	▶ Combined assurance framework with an appropriate cost base visible. Framework now informs assurance plans.				✓	– Maximum reached
Total		17 months						10 months

Discretionary Not applicable.

Sean's total reward comprised:

	2022	2021
Salary	R2 899 611	R2 569 551
Short-term employee benefits	R539 430	R480 966
STI	R2 833 333	R2 250 000
LTI (present value of award)	R4 540 507*	R3 671 204
Total	R10 812 881	R8 971 721

* Differs by R34 201 to LTI disclosed in the annual financial statements due to movement in share price.

PART 2 Executive directors continued

Mark Herskovits (CIO)

Link between performance and reward

Transaction Capital initiatives:

- ▶ Protected the balance sheet and provided the group with capital optionality through:
 - Co-leading an accelerated bookbuild in September 2022. The proceeds from this accelerated book build will be used to purchase a further 15% in WeBuyCars and for other potential earnings accretive opportunities.
 - Transaction Capital's inaugural R451 million corporate bond issue
 - Issuance of R1 billion Transaction Capital preference share
- ▶ Driving innovation in the group, through responsibility for strategic execution at TC Ventures, and leading and executing on value adding corporate deals across the Group.
- ▶ Bolstering critical corporate finance skills at the GEO.





Nutun initiatives:

- ▶ Supported TC Ventures in identifying a suitable acquisition target in the business services sector, culminating in the acquisition of 65% of Synergy. This accelerated Nutun's entry into the sector and provided a platform for the development of our global business services strategy.

SA Taxi initiatives:

- ▶ Successfully launched GoMo in line with group's strategic intent to leverage off WeBuyCars' and SA Taxi's competencies. GoMo aims to disrupt and capture market share in an under-penetrated used vehicle F&I sector.
- ▶ Repositioned the salvage business within SA Taxi through the acquisition of a 40% stake in GoBid, an online platform that specialises in the sale of salvage vehicles to private consumers, dealerships, and companies.

Performance against STI scorecard

	Performance hurdles	Maximum award available	2022 performance against hurdles				Outcome	Award
Quantitative component	Growth in HEPS above CPI and ROE	14 months	Group core continuing EPS growth %	Months CTC	Group core ROE %	Months CTC		7 months
			> CPI + 5%	3	> 10%	3		
			> CPI + 10%	4	> 12.5%	4		
			> CPI + 15%	5	> 15%	5		
			> CPI + 17.5%	6	> 20%	6		
			> CPI + 20%	7	> 25%	7		
			Qualitative component (limited to three months)	Meeting employment equity targets.	1 month	A majority of new hires at the group executive office in 2022 were black (African, Coloured and Indian) candidates.		
Improvement in B-BBEE scorecard level.	1 month	Maintain Transaction Capital's B-BBEE contributor status at Level 3 in 2022.					1 month	
Operationalisation of ESE framework.	1 month	Continued progress in operationalising the ESE framework in 2022 including: ▶ The setting of short- and medium-term ESEG targets. ▶ Developing and implementing an ESE framework into WeBuyCars.					1 month	
Project implementation.	1 month	▶ Executed on various capital transactions through FY2022.					– Maximum reached	
Total		17 months				10 months		
Discretionary	Not applicable.							

Mark's total reward comprised:	2022	2021
Salary	R2 732 190	R2 613 202
Short-term employee benefits	R574 983	R540 933
STI	R2 708 333	R2 326 430
LTI (present value of award)	R4 108 088*	R3 509 204
Total	R10 123 594	R8 989 769

* Differs by R373 444 to LTI disclosed in annual financial statements due to movement in share price and an additional LTI awarded on 16 November 2022.

PART **2** Prescribed officers

Terry Kier (SA Taxi CEO)

Link between performance and reward

- ▶ Successfully launched GoMo in line with group's strategic intent to leverage off WeBuyCars' and SA Taxi's competencies. GoMo aims to disrupt and capture market share in an under-penetrated used vehicle F&I sector.
- ▶ Repositioned the salvage business within SA Taxi through the acquisition of a 40% stake in GoBid, an online platform that specialises in the sale of salvage vehicles to private consumers, dealerships, and companies.
- ▶ Guided credit management and provisioning policies.
- ▶ Led the SA Taxi through the severe impact of the floods in KwaZulu-Natal, that suspended Toyota's production of new taxis, affecting its ability to originate new loans and allied products. Pivoting the business quickly to increase QRT manufacturing capacity, reduce costs and protect credit quality, all while maintaining a level of profitability.
- ▶ Execution of the integration and management of WeBuyCars into the group.
- ▶ Achieving specific human capital goals, including improving the retention rate of key employees and developing employees in line with succession plans.

Remuneration policy Implementation report

Performance against STI scorecard

	Performance hurdles	Maximum award available	2022 performance against hurdles				Outcome	Award
Quantitative component	Growth in HEPS above CPI and ROE	16 months	SA Taxi headline earnings growth % Months	Months CTC	SA Taxi ROIC %	Months CTC		-
			> CPI + 5%	2.5	> 10%	1		
			> CPI + 7.5%	4	> 14%	2.5		
			> CPI + 10%	6	> 18%	4		
			> CPI + 15%	8	> 22%	5		
			> CPI + 20%	10	> 25%	6		
Qualitative component (limited to three months)	Various business improvements such as establishing alternative revenue streams, implementing electronic fare collections and growth in loan originations.	2 months	Electronic fare collections and other products are being developed. GoMo and Gobid will lead to alternative revenue streams. Other business improvement plans were impacted by the severe KwaZulu-Natal floods which necessitated the need to re-focus in order to maintain a level of profitability.					N/A – no qualitative STI awarded as quantitative hurdles were not achieved.
	Maintenance of B-BBEE scorecard level. Meeting employment equity targets and ESEG targets.	2 months	SA Taxi B-BBEE contributor status dropped from a level 3 in 2021 to a level 4. This is mainly due to the reduced spending on skills development due to cash constraints brought on by the financial impact of the KwaZulu-Natal floods. Certain employment equity targets and ESEG targets were met; however, these will be improved on going forward.					
Total		19 months						-

Discretionary Not applicable.

Terry's total reward comprised:	2022	2021
Salary	R4 692 361	R3 989 116
Short-term employee benefits	R2 085 810	R881 399
STI	-	R4 015 134
Total	R6 778 171	R8 885 649

PART 2 Prescribed officers continued

David McAlpin (Nutun CEO)

Link between performance and reward

- ▶ Development and execution on Nutun's strategy to transform into a digital business services provider, broadening Nutun's highly efficient outsourced collection services to include other CXM services offered to a range of global clients.
- ▶ Executed on Transaction Capital Australia's strategy to sell the NPL portfolio and acquire a substantial contingency collections business. This creates a significant opportunity for an expanded range of outsourced CXM services to be delivered in Australia but operationalised from South Africa.
- ▶ Rebranded and successfully launched Nutun in line with refined strategy.
- ▶ Integrated Synergy into the Nutun group.
- ▶ Continued to grow the acquisition of NPL portfolios in South Africa through new product development and new client acquisition.
- ▶ Expanded Nutun Transact through establishing a business development team and sales pipeline.
- ▶ 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.
- ▶ Achieving specific human capital goals, including the number of black employees represented in senior and middle management.
- ▶ Appointed a successor from 1 October 2022, who will transition into the CEO role over the next 12 months, under the mentorship of David McAlpin.

Remuneration policy Implementation report

Performance against STI scorecard

	Performance hurdles	Maximum award available	2022 performance against hurdles	Outcome	Award
Quantitative component	Growth in Nutun headline earnings and a minimum ROE of 15%.	13 months	Nutun headline earnings growth %	✓	13 months
			> CPI + 4%		
			> CPI + 5.5%		
			> CPI + 7.5%		
			> CPI + 10%		
			> CPI + 11.5%		
			> CPI + 13%		
			> CPI + 15%		
Qualitative component (limited to three months)	Meeting employment equity targets of senior and top management representation, maintaining the B-BBEE scorecard at level 1, and achieving ESEG targets.	2 months	Achieved targets set out in employment equity plan and ESEG targets. Maintained a B-BBEE scorecard at level 1.	✓	2 months
	Strategy execution in South Africa, Australia and European markets.	2 months	Performance at a Nutun group level on target. However, the performance in Australia was disappointing and therefore this cheque was not earned.	✗	–
Total		16 months			15 months
Discretionary Not applicable.					

David's total reward comprised:	2022	2021
Salary	R3 605 935	R3 371 321
Short-term employee benefits	R683 490	R652 686
STI	R5 001 492	R3 711 682
LTI (present value of award)*	R4 222 432	R10 139 337
Total	R13 513 349	R17 875 026

* David's 2022 LTI award of R4.8 million was issued to retain him in order to facilitate a smooth transition over the next 12 months to the new Nutun CEO. R0.8 million of the award is linked to earnings targets in FY24.

PART 2 Prescribed officers continued

Faan van der Walt (WeBuyCars CEO)

Link between performance and reward

- ▶ WeBuyCars achieved record performance both financially and operationally, growing core continuing earnings 41% to R762 million in FY2022.
- ▶ Successfully opened five new WeBuyCars facilities in FY2022 increasing the average number of cars bought and sold by 42% and 43%.
- ▶ Execution of the F&I strategy, achieving increased F&I penetration.
- ▶ Increased online B2C e-commerce sales.
- ▶ Supported the integrated WeBuyCars into the Transaction Capital Group.
- ▶ Led the development of the international expansion of WeBuyCars into Morocco, through a successful POC.
- ▶ Supported the development of GoMo.
- ▶ Led the development of a B-BBEE roadmap.
- ▶ Supported the development and implementation of the ESE framework and metrics into WeBuyCars.

Performance against STI scorecard

An STI scorecard will be determined and implemented for the WeBuyCars 2023 STI awards. Faan does not qualify for a STI but earns a management fee as a shareholder in WeBuyCars.

Faan's total reward comprised:	2022
Salary	R3 716 671
Short-term employee benefits	R666 544
Management fee*	R5 079 864
Total	R9 463 079

* Management fees are paid by the WeBuyCars group to I Faan (Pty) Ltd in terms of the WeBuyCars shareholders agreement. I Faan (Pty) Ltd is an entity owned by Faan and is an indirect shareholder of WeBuyCars Holdings.

Remuneration policy Implementation report

Founders

Jonathan Jawno

Transaction Capital initiatives:

- ▶ Assisted David, Sean and Mark in managing technical capital structure and credit and provisioning-related risks.
- ▶ Guided the strategic direction of the capital markets team.

Nutun initiatives:

- ▶ Development and execution on Nutun's strategy to transform into a digital business services provider, broadening Nutun's highly efficient outsourced collection services to include other CXM services offered to a range of global clients.

SA Taxi initiatives:

- ▶ Repositioned the salvage business within SA Taxi through the acquisition of a 40% stake in GoBid, an online platform that specialises in the sale of salvage vehicles to private consumers, dealerships, and companies.
- ▶ Guided credit management and provisioning policies.

WeBuyCars initiatives:

- ▶ Integration of WeBuyCars into the Transaction Capital Group.
- ▶ Assisted in all elements of accelerating the group's ownership percentage in WeBuyCars.

Jonathan's total reward comprised:	2022	2021
Salary/directors' fee*	R4 012 631	R3 929 180
Short-term employee benefits	R89 270	R175 236
STI	R6 000 000	R6 000 000
Total	R10 101 901	R10 104 416

* With effect from 1 January 2021, the fees were paid to Smuts Capital Limited, a non-resident services company.

Michael Mendelowitz

Transaction Capital initiatives:

- ▶ Driving innovation in the group, through responsibility for strategic execution at TC Ventures, and leading on value adding corporate deals across the group.

Nutun initiatives:

- ▶ Development and execution on Nutun's strategy to transform into a digital business services provider, broadening Nutun's highly efficient outsourced collection services to include other CXM services offered to a range of global clients.
- ▶ Supported TC Ventures in identifying a suitable acquisition target in the business services sector, culminating in the acquisition of 65% of Synergy. This accelerated Nutun's entry into the sector and provided a platform for the development of our global business services strategy.

SA Taxi initiatives:

- ▶ Successfully launched GoMo in line with group's strategic intent to leverage off WeBuyCars' and SA Taxi's competencies. GoMo aims to disrupt and capture market share in an under-penetrated used vehicle F&I sector.
- ▶ Repositioned the salvage business within SA Taxi through the acquisition of a 40% stake in GoBid, an online platform that specialises in the sale of salvage vehicles to private consumers, dealerships, and companies.

WeBuyCars initiatives:

- ▶ Integration of WeBuyCars into the Transaction Capital Group.
- ▶ Assisted in all elements of accelerating the group's ownership percentage in WeBuyCars.
- ▶ Built solid relationships with the founders of WeBuyCars, assisting with the integration of WeBuyCars into the group, and accelerating Transaction Capital's shareholding in WeBuyCars.

Michael's total reward comprised:	2022	2021
Salary/directors' fee*	R4 012 155	R3 913 237
Short-term employee benefits	R183 725	R177 167
STI	R6 000 000	R6 000 000
Total	R10 195 880	R10 090 404

* With effect from 1 January 2021, the fees were paid to Dubnov Capital Limited, a non-resident services company.

PART 2 Founders continued

Roberto Rossi

Nutun initiatives:

- ▶ Development and execution on Nutun's strategy to transform into a digital business services provider, broadening Nutun's highly efficient outsourced collection services to include other CXM services offered to a range of global clients.

WeBuyCars initiatives:

- ▶ Integration of WeBuyCars into the Transaction Capital Group.
- ▶ Assisted in all elements of accelerating the group's ownership percentage in WeBuyCars.

Robert's total reward comprised:	2022	2021*
Salary	R4 180 000	–
Short-term employee benefits	R100 738	–
STI	R6 000 000	–
Total	R10 280 738	–

* 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 87.

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 core earnings and core EPS growth above 2022 levels at rates achieved by Transaction Capital historically.
- ▶ Achieving the ROE and ROFE performance targets.
- ▶ Diversification of revenue streams.
- ▶ Focus on sustainable quality of earnings.
- ▶ Achieving and improving on employment equity performance targets, with focus on succession planning.
- ▶ Maintaining (where a level 1 contributor) and improving 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 2022 financial year.
- ▶ Technology and systems optimisation and execution.

SA Taxi:

Continued growth in SA Taxi, driven by:

- ▶ Improvement in the credit loss ratio.
- ▶ Reducing business costs.
- ▶ Diversifying revenue streams and transitioning the business to a credit service provider.

Nutun:

- ▶ Grow the acquisition of NPL portfolios in South Africa through new and innovative product solving client solutions.
- ▶ Expansion of Nutun Transact (previously 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.
- ▶ Leveraging the Synergy platform into multiple international markets and time zones (via TC Global Sales and TC Australia).
- ▶ Successfully reposition TC Australia and secure base-case synergies.
- ▶ 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.

WeBuyCars:

- ▶ Continue to increase market share through successful opening of more capital light branches.
- ▶ Optimise the efficiency of the infrastructure built over the last 18 months.
- ▶ Achieving specific human capital goals, including the number of black employees represented in senior and middle management.
- ▶ Execution of the B-BBEE plan.
- ▶ Implementation of the ESE framework including articulation and measurement of contribution to the circular economy.
- ▶ Continued focus on international expansion with focus on driving profitable trading in Morocco, completing a successful proof of concept in Egypt and opening a buying pod in Namibia.

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 2022:

	Component	Present value of CSP ¹ R	Number of CSPs ¹	Vesting periods (years)	Number of CSPs exercised during the year	Gain on CSPs exercised R
Executive director						
David Hurwitz						
Granted on 22 November 2016	Group	–	–	2 to 4	30 759	1 305 720
Granted on 22 November 2017	Group	348 666	27 760	2 to 5	85 920	3 647 304
Granted on 20 November 2018	Group	1 599 690	98 203	2 to 5	85 351	3 623 150
Granted on 26 November 2019	Group	3 632 316	191 007	3 to 5	–	–
Granted on 24 November 2020	Group	4 635 135	255 192	3 to 5	–	–
Granted on 16 November 2021	Group	5 134 023	126 766	3 to 5	–	–
Granted on 15 November 2022	Group	5 463 769	146 639	3 to 5	–	–
Mark Herskovits						
Granted on 22 November 2016	Group	–	–	2 to 4	26 313	1 116 987
Granted on 22 November 2017	Group	175 664	13 986	2 to 5	43 290	1 837 661
Granted on 20 November 2018	Group	798 990	49 049	2 to 5	42 631	1 809 686
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	3 509 204	86 647	3 to 5	–	–
Granted on 15 November 2022	Group	3 734 644	100 232	3 to 5	–	–
Sean Doherty						
Granted on 19 June 2019	Group	3 711 399	215 779	3 to 5	107 889	4 670 515
Granted on 26 November 2019	Group	1 634 558	85 954	3 to 5	–	–
Granted on 24 November 2020	Group	2 267 200	124 823	3 to 5	–	–
Granted on 16 November 2021	Group	3 671 204	90 647	3 to 5	–	–
Granted on 15 November 2022	Group	4 574 708	122 778	3 to 5	–	–
Prescribed officer						
David McAlpin						
Granted on 22 November 2016	Nutun	310 817	72 283	2 to 4	72 283	537 375
Granted on 22 November 2017	Nutun	5 476 644	1 140 402	2 to 5	1 078 792	8 020 121
Granted on 25 March 2019	Nutun	11 460 166	2 196 837	2 to 4	1 464 558	10 888 001
Granted on 24 November 2020	Nutun	785 824	142 102	3 to 5	–	–
Granted on 13 March 2021	Nutun	10 139 337	1 837 673	2 to 4	–	–
Granted on 31 May 2022	Nutun	4 222 432	560 748	2.5	–	–

1. To enhance disclosure, the present value of share based payments have been restated to include the stretch performance awards awarded to the executives on 16 November 2021.

The figure presented in the prior year included only the normal awards.

Jonathan Jawno, Michael Mendelowitz, Roberto Rossi, Terry Kier and Faan van der Walt do not participate in the CSP. Refer to note 37 in the group's 2022 consolidated annual financial statements available at www.transactioncapital.co.za for further detail on the CSP.

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 once-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 2022, aligning their interests with the broader shareholder base:

Notes	Shares held Number	Valuation of shares at closing share price on 30 September 2022 R	CSP position at 30 September 2022* R	Total equity value to the group R	Cover of annual CTC Times
Equity held directly					
	26 971	991 454	19 233 326	20 224 780	>3
	1 635 475	60 120 061	14 928 967	75 049 028	>3
1	–	–	25 999 844	25 999 844	>3
	442 786	16 276 813	28 535 244	44 812 057	>3

Notes	Shares held Number	Valuation on 30 September 2022 R	Cover of annual CTC Times
Equity held via Discretionary Trusts			
	3 798 799	139 643 851	>3
	–	151 820 000	>3
	–	1 996 103 000	>3
	109 000 000	4 006 840 000	>3

* 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 3 798 799 shares in Transaction Capital Limited.
2. The Empire Family Trust, of which Terry Kier is a discretionary beneficiary, owns 0.57% of SA Taxi and an effective 1% in TCMH, valued at R37.62 million and R114.2 million, respectively. The subscription by the Empire Family Trust into TCMH was funded by TC Treasury (Pty) Ltd, a wholly owned subsidiary of Transaction Capital. As at 30 September 2022, the amount outstanding to TC Treasury (Pty) Ltd is R38.8 million.
3. A discretionary trust, of which Faan van der Walt and the members of his immediate family are discretionary beneficiaries, holds an indirect beneficial shareholding of 12.55% in WeBuyCars, valued at R2 billion.
4. Pilatucom Holdings Limited owns 109 000 000 shares in Transaction Capital Limited. All the shares of Pilatucom Holdings Limited are held by trusts of which Jonathan Jawno, Michael Mendolowitz and Roberto Rossi are discretionary beneficiaries.

Non-executive directors' fees

Fees paid to non-executive directors are for directorship and membership of board 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 2022:

Board members 2022	C Seabrooke R	K Pillay R	D Radley ¹ R	B Hanise R	S Wapnick R	I Kirk R	S Kana ² R	A Kekana ³ R	Total R
Board chairman (including committee attendance)	1 793 821	–	–	–	–	–	–	–	1 793 821
Lead independent director	–	–	–	–	–	–	128 130	–	128 130
Director	–	420 267	420 267	420 267	420 267	420 267	420 267	420 267	2 941 869
Audit committee (chairperson)	–	–	445 893	–	–	–	–	–	445 893
Audit committee (member)	–	–	–	179 382	–	179 382	179 382	–	538 146
Asset and liability committee (chairperson)	–	–	–	–	–	–	296 525	–	296 525
Asset and liability committee (member)	–	–	140 000	–	–	140 000	–	–	280 000
Remuneration committee (chairperson)	–	297 262	–	–	–	–	–	–	297 262
Remuneration committee (member)	–	–	–	–	140 017	140 017	–	–	280 034
Nominations committee (member)	–	140 017	–	–	140 017	–	140 017	–	420 051
Social and ethics committee (chairperson)	–	–	–	–	–	–	297 262	–	297 262
Social and ethics committee (member)	–	140 017	–	–	–	–	–	140 017	280 034
Risk and technology committee (chairperson)	–	–	–	–	–	297 262	–	–	297 262
Risk and technology committee (member)	–	–	140 017	–	–	–	140 017	–	280 034
Total annual fees	1 793 821	997 563	1 146 177	599 649	700 301	1 176 928	1 601 600	560 284	8 576 323

1. In addition to the fees received above, D Radley received directors' fees of R353 383 excluding VAT for acting as an independent non-executive director of SA Taxi Holdings (Pty) Ltd and Nutun Holdings (Pty) Ltd.

2. Suresh Kana was appointed as chairman of the social and ethics committee on 1 October 2021.

3. Albertinah Kekana was appointed as a member of the social and ethics committee with effect from 1 October 2021.

PART 2 Non-executive directors' fees continued

Fees paid to non-executive directors for the year ended 30 September 2021:

Board members 2021	C Seabrooke ¹ R	P Langeni ² R	R Rossi ³ R	K Pillay ⁴ R	D Radley ⁶ R	P Miller ⁸ R	B Hanise ⁷ R	S Wapnick ⁸ R	I Kirk ⁹ R	S Kana ¹⁰ R	A Kekana ¹¹ R	Total R
Board chairman (including committee attendance)	1 750 000	–	–	–	–	–	–	–	–	–	–	1 750 000
Lead independent director	–	–	–	10 417	–	–	–	–	–	114 583	–	125 000
Director	–	410 000	410 000	410 000	410 000	–	410 000	410 000	375 834	375 834	205 000	3 416 668
Alternate director	–	–	–	–	–	153 750	–	–	–	–	–	153 750
Audit committee (chairperson) ¹²	–	–	–	–	435 000	–	–	–	–	–	–	435 000
Audit committee (member) ¹²	–	–	–	–	–	–	175 000	–	160 417	160 417	–	495 834
Asset and liability committee (chairperson)	–	–	–	–	–	–	–	–	–	265 833	–	265 833
Asset and liability committee (member)	–	–	–	–	140 000	–	11 667	–	128 333	–	–	280 000
Remuneration committee (chairperson)	–	–	–	290 000	–	–	–	–	–	–	–	290 000
Remuneration committee (member)	–	–	140 000	–	–	–	–	–	128 333	–	–	268 333
Nominations committee (member)	–	–	140 000	140 000	–	–	–	128 333	–	128 333	–	536 666
Social and ethics committee (chairperson)	–	290 000	–	–	–	–	–	–	–	–	–	290 000
Social and ethics committee (member)	–	–	140 000	140 000	–	–	–	–	–	128 333	–	408 333
Risk and technology committee (chairperson) ¹²	–	–	–	–	–	–	–	–	24 167	–	–	24 167
Risk and technology committee (member) ¹²	–	–	–	–	11 667	–	–	–	–	11 667	–	23 334
Total annual fees	1 750 000	700 000	830 000	990 417	996 667	153 750	596 667	538 333	817 084	1 185 000	205 000	8 762 918

1. C Seabrooke is also the chairman of the nominations committee and a member of the remuneration committee and the asset and liability committee. C Seabrooke resigned as a member of the audit committee with effect from 1 November 2020.

2. Resigned as a non-executive director and as chair of the social and ethics committee effective 30 September 2021.

3. Appointed as an executive director with effect from 30 September. In addition to the fees received above, R Rossi received R9.2 million for consulting fees rendered to Transaction Capital Limited.

4. Resigned as lead independent director effective 1 November 2020.

5. In addition to the fees received above, D Radley received directors' fees of R 344 200 excluding VAT for acting as an independent non-executive director of SA Taxi Holdings (Pty) Ltd and Nutun Holdings (Pty) Ltd.

6. Resigned as an alternate director to R Rossi effective 1 April 2021.

7. Resigned as a member of the assets and liabilities committee effective 1 November 2020.

8. Appointed as a member of the nominations committee effective 1 November 2020.

9. Appointed as an independent non-executive director and a member of the audit committee, assets and liabilities committee and remuneration committee effective 1 November 2020.

10. Appointed as lead independent director, chairman of the assets and liabilities committee and a member of the nominations committee, audit committee and the social and ethics committee effective 1 November 2020.

11. Appointed as an independent non-executive director effective 1 April 2021.

12. With effect from 2 September 2021, the board resolved to establish a new board committee known as the risk and technology committee. Ian Kirk (as chairperson), Suresh Kana and Diane Radley were appointed as members of this committee. The committee previously referred to as the audit, risk and compliance committee was renamed the audit committee with effect from the same date.



6

Performance against strategy

CFO's report



Transaction Capital delivered strong operational performance with earnings growth in line with historical rates.

In FY2022, Transaction Capital extended its track record of mid-teen organic earnings per share growth. Core earnings from continuing operations attributable to the group increased 24% to R1 246 million, and core earnings per share from continuing operations attributable to the group grew by 17% to 172.5 cents.

The global macro-economic environment in FY2022 was characterised by rising fuel and energy prices, inflationary pressures, and rising interest rates resulting from geopolitical tensions and withdrawal of monetary and fiscal stimulus. In South Africa, this was combined with more frequent power outages and stage six loadshedding becoming a reality. High unemployment persists. Although commuter activity is increasing in South Africa, it is not anticipated to reach pre-pandemic levels in the short-term. These macro-economic headwinds continue to place pressure on minibus taxi operator profitability, causing finance and insurance instalment affordability constraints. This was compounded by the extended impact of the

KwaZulu-Natal floods on Toyota's production capability which constrained our ability to grow gross loans and advances in the second half of the year, resulting in SA Taxi's earnings in FY2022 remaining below FY2021 levels. In spite of this macro-economic environment, WeBuyCars and Nutun continue to deliver high earnings growth which were the foundation of robust growth in group earnings.

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.



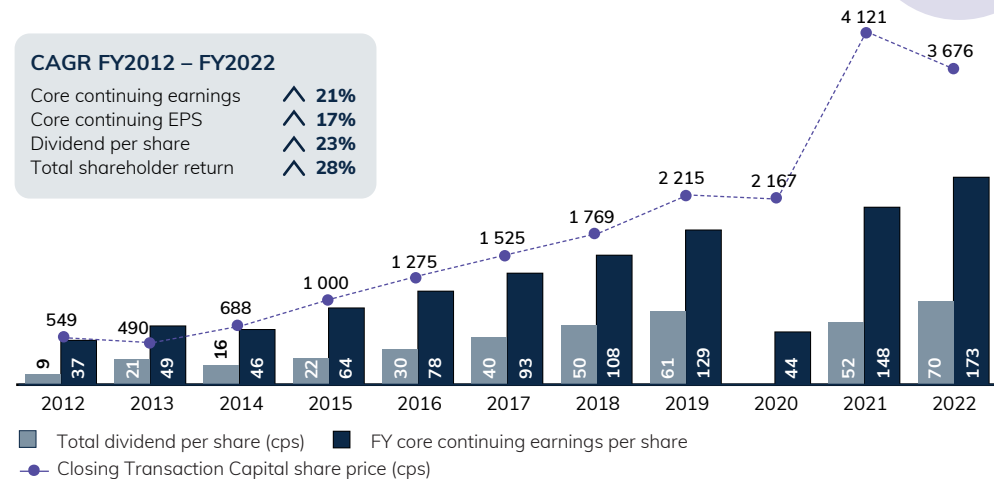
Sean Doherty

Transaction Capital 10-year performance

FY2022 core continuing earnings per share growth in line with long-term growth track record since listing in 2012

CAGR FY2012 – FY2022

Core continuing earnings	▲ 21%
Core continuing EPS	▲ 17%
Dividend per share	▲ 23%
Total shareholder return	▲ 28%



Group highlights

for the financial year ended 30 September 2022

Performance highlights

Transaction Capital delivered strong operational performance with earnings growth in line with historical rates

Core earnings from continuing operations attributable to the group^{1,2,3}

R1 246 million

▲ 24%

FY2021: R1 005 million

The group delivered earnings growth in line with historical earnings CAGR.

Core earnings per share from continuing operations attributable to the group^{1,2}

172.5 cents

▲ 17%

FY2021: 147.9 cents

Core continuing return on average equity⁴

14.0%

FY2021: 15.1%

Returns remain robust as earnings composition tilts towards capital light revenues from WeBuyCars and Nutun.

Core continuing return on average assets⁴

4.4%

FY2021: 4.4%

Total dividend per share

70 cents

FY2021: 52 cents

Final dividend of 37 cents per share at 2.5 times cover, bringing the total dividend per share for FY2022 to 70 cents per share.

- Earnings from continuing operations excludes results from discontinued operations.
- Headline earnings is calculated as basic earnings in terms of IAS33 – Earnings Per Share less all re-measurements as defined in the SAICA Revised IFRS Circular 1/2021 – Headline Earnings. FY2021 basic earnings included a non-recurring fair value gain of R1 403 million on the previously held minority interest in WeBuyCars. FY2022 basic earnings include adjustments relating to put and call options over non-controlling interests of R470 million as well as 12 months performance consolidated for WeBuyCars (FY2021: 2 months).
- It is management's view that the most appropriate metric to measure performance for the full year ended 30 September 2022 is Core EPS from continuing operations. Core earnings exclude adjustments on put and call options over non-controlling interests, acquisition costs as well as specified items if the gain/loss is considered part of Transaction Capital's normal operations. FY2022 core earnings exclude adjustments on put and call options of R470 million, once off transaction costs of R16 million and specified items of R79 million.
- Core return on average assets and core return on average equity are based on earnings from continuing operations.

ESEG highlights in 2022

In FY2022 the group made significant progress in embedding economic, social, environmental and governance (ESEG) into our organisational culture. This has taken shape through implementation of the Economic Social Environmental (ESE) frameworks within the divisions, driving more rigorous data capturing processes, with progress towards monthly data capturing and exploring data automation.

Transaction Capital



Hosted inaugural group wide **climate change impact workshop**.



Created **628 jobs for youth under the age of 25** in FY2022 through various youth employment initiatives.

Employment creation has been a key theme in the business this year, with WeBuyCars having created a net **988 new jobs** in FY2022.



Early adoption of the **IFRS Foundation Sustainability Standards** and the **JSE's Sustainability and Climate Disclosure Guidance**, to the extent possible.

Hosted **two ESEG investor roadshows**.

Further **enhanced** the group's **remuneration policy** and disclosure in response to stakeholder feedback.

Establishment of a tax sub-committee to oversee the adoption and publication of a group tax strategy.

Group



Awarded three special accolades in the **2022 Business Day Intellidex Investor Relations Awards**: 1st in "Best integrated annual report", "Best market communications" and "Most accessible senior management" categories.



Awarded **7th place** in **EY's Excellence in Integrated Reporting awards**.



Merit award received in the mid cap category of the Chartered Governance Institute of Southern Africa **Integrated Reporting Awards 2022**.



WeBuyCars Highlights



Development and implementation of **WeBuyCars' ESE framework**.



Continued roll out of **solar PV and water harvesting** at WeBuyCars' vehicle supermarkets.



Contracting a **circular economy study** to determine avoided emissions achieved by the parts refurbishing and material recycling practices when producing an SA Taxi Quality Renewed Taxi (QRT) vs a new taxi.



Winner of the **Most Sustainable Company** in the Mobility Industry in the World Finance Sustainability Awards.

SA Taxi Highlights



Winner of the **"Social Bond of the year – corporate"** in the 2022 Environmental Finance's Bond Awards for its Transsec 5 issuance.



Nutun Highlights



Nutun to consolidate its three office spaces in Johannesburg into **one green building**, which reduces its environmental footprint from FY2023.



Awarded the **top employer for 2023** certification.

Divisional highlights

In FY2022 our divisions have put the building blocks in place to materially enhance their competitive value propositions, diversify their revenues and expand their total addressable markets. Based on this strategic evolution, our current assessment of operating conditions and our growth prospects, we expect Transaction Capital's organic earnings growth over the medium-term to be at least in line with historic rates.

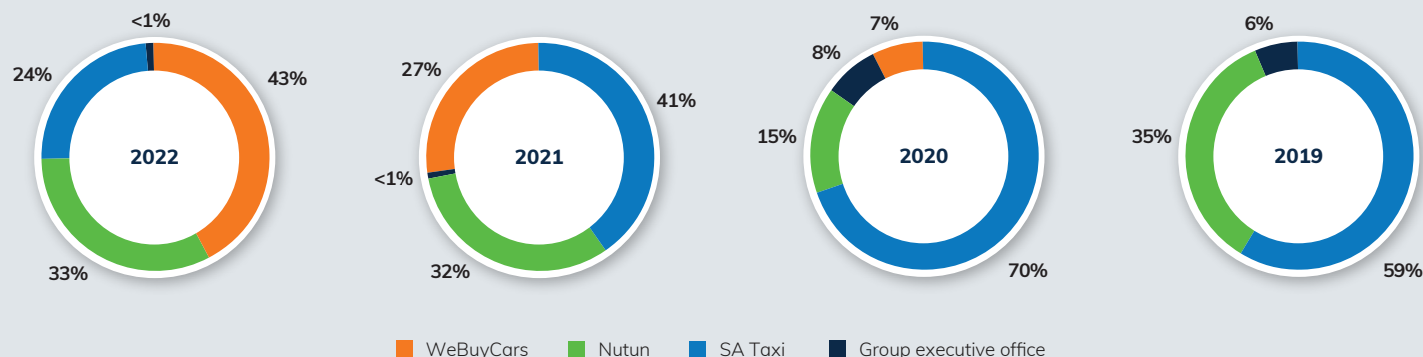
In the short-term, Transaction Capital has the opportunity to accelerate its earnings growth through the exponential growth prospects in WeBuyCars and Nutun's ability to leverage its local technology platform and ZAR-denominated resources to generate capital-light local and foreign revenues. The evolution of SA Taxi into a mobility platform across the public transport and private used vehicle sectors, leverages its competencies to broaden its total addressable market, providing better risk allocation optionality, and diversifying its revenue streams, which provide a compelling medium-term growth opportunity while the minibus taxi industry continues to recover.

Our divisions remain positioned in their markets to benefit from structural socio-economic realities, enabling them to deliver good commercial returns and meaningful social impact in variable economic conditions. We remain confident that the group can continue to generate strong shareholder returns in the medium-term, while creating positive, long-term value for all our stakeholders and broader society.

Group portfolio mix

Earnings diversification is yielding higher growth as the group shifts as earnings composition tilts towards capital-light revenues from WeBuyCars and Nutun.

Composition of earnings attributable to Transaction Capital



	Total earnings 2022 Rm	Earnings attributable to TC 2022 Rm	2021 Rm	Movement 2022 vs 2021
Core continuing earnings (Group ownership)				
WeBuyCars (74.2%)	762	540	270	▲ 100%
Nutun (100%) ¹	434	409	320	▲ 28%
SA Taxi (74.5%) ²	369	304	413	▼ 26%
GEO ³	(7)	(7)	2	
Total	1 558	1 246	1 005	▲ 24%
Core continuing earnings per share (cents)		172.5	147.9	▲ 17%

1. TC owns 100% of Nutun Holdings. Nutun Holdings has various subsidiaries at different ownership percentages.

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

3. GEO includes TCGF & TC Ventures.

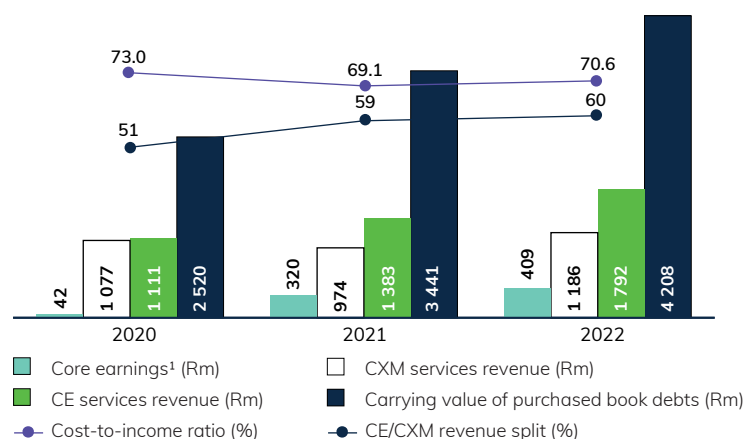
Divisional performance

Nutun (previously Transaction Capital Risk Services)

For the year ended 30 September		2022	2021	Movement
Financial performance				
Core earnings from continuing operations	Rm	434	320	36%
Revenue	Rm	2 978	2 357	26%
Capital-enabled services ("CE services")	Rm	1 792	1 383	30%
Customer experience management services ("CXM services")	Rm	1 186	974	22%
Core cost-to-income ratio excluding amortisation	%	70.6%	69.1%	
Purchased book debts				
Cost of purchased book debts acquired	Rm	1 442	1 240	16%
Carrying value of purchased book debts	Rm	4 208	3 441	22%
Estimated remaining collections	Rm	7 224	6 370	13%

Nutun financial performance

Demonstrated strong financial performance and accelerating historical growth rate



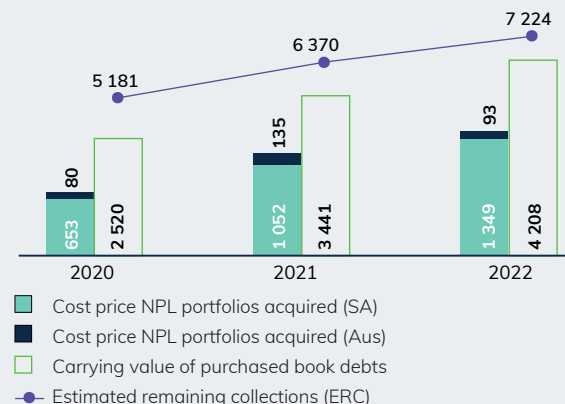
1. Based on core continuing earnings from continuing operations attributable to group.

CFO's report

Divisional reviews

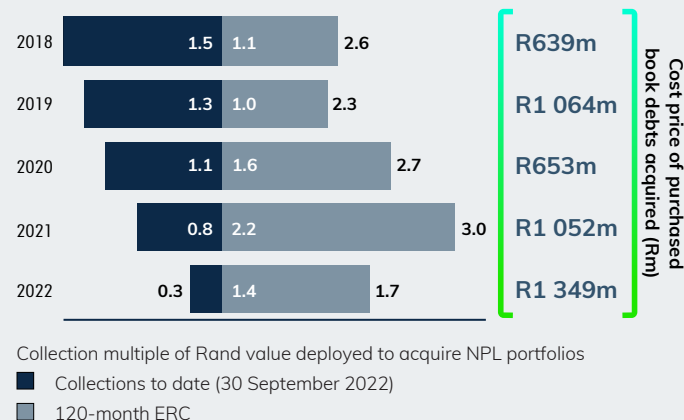
CE Services – acquisition of NPL portfolios as principal

Growth trajectory to support future positive performance (Rand million)



- Investment into SA NPL portfolios **▲ 28% to R1 349m** (FY2021: R1 052m)
- NPL portfolio sold in Australia
 - Direct attention to capital-light CXM services attracting **▲** margins
- Carrying value of purchased book debts **▲ 22% to R4.2bn** (FY2021: R3.4bn)
- Revenue from CE services **▲ 30% to R1.8bn** (FY2021: R1.4bn)

Collection multiple vintage performance as at 30 September 2022



- ERC **▲ 13% to R7.2bn** supporting strong annuity cash flows and predictable growth in future
- Average life of ERC **~4.17 years**
- Collection multiples typically achieved on NPL portfolio acquisitions in South Africa
 - Pre-write-off & legal debt **~1.5 to ~2.0 times**
 - Written off debt **>2 times**
- Bilateral forward flow agreements provide secured contractual pipeline of NPL portfolio acquisitions

Ability to adjust pricing methodology to prevailing environment ensures future NPL portfolios priced to achieve targeted returns and collection multiples

Divisional performance/Nutun continued

CFO's report

Divisional reviews

Operating context and market positioning

Over the last two decades, Nutun has built a competitive advantage to provide highly efficient outsourced collection services to a broad range of clients through a combination of unique technology, data and analytics competencies. As our clients expanded their requirements to outsource non-core services, Nutun recognised an opportunity to create a broader range of digitally driven business engagement services as a trusted partner to a growing global client base. These collection and customer experience management services (CXM services) may be delivered in a capital-light manner as an agent on a contingency or fee-for-service (FFS) basis. Alternatively, services are enabled and secured through the deployment of capital, hereinafter referred to as capital-enabled services (CE services), which mainly encompass the acquisition of NPL portfolios to be collected as a principal.

Services are diversified across geographies, sectors, and clients, which lowers concentration risk enabling Nutun to earn returns in different market conditions. Leveraging off our South African technology platform and call centre intellectual property (IP), Nutun is now positioned to drive growth through this digital business engagement platform. This market-positioning is yielding new revenue streams, with Nutun's earnings in the current year growing at a rate higher than historic levels and expected to continue at this growth rate over the medium-term.

Financial and operational performance

Nutun posted a strong performance with core earnings from continuing operations attributable to the group growing by 28% to R409 million, driven by robust levels of investment in, and collection of, acquired NPL portfolios in South Africa, and new revenues from our global CXM services. The implementation of effective work-from-home capabilities and technologies, together with the proactive recalibration of our staff complement and infrastructure in South Africa over the past two years continues to yield higher productivity while driving cost efficiencies. This is evident in a consistently low core cost-to-income ratio (excluding amortisation) of 70.6% in FY2022, and an improved core continuing return on equity of 21.9% in FY2022 (19.9% in FY2021).

Capital-enabled services (CE services)

Through its CE services, Nutun mainly acts as a principal in acquiring and then collecting on NPL portfolios. With over 20 years of experience in acquiring NPL portfolios at attractive risk-adjusted returns, Nutun adjusts its pricing methodology to the prevailing environment to ensure targeted returns are achieved. CE services revenue grew by 30% in FY2022 and remains a significant growth opportunity into the future. During this year, Nutun acquired larger NPL portfolios more frequently in South Africa through bilateral forward flow agreements, which provide a secured contractual pipeline of NPL portfolio acquisitions. In South Africa R1 349 million was invested in the acquisition of NPL portfolios, up 28% from the investment level of R1 052 million in FY2021.

Transaction Capital's Consumer Credit Rehabilitation Index, which measures consumers' propensity to repay overdue debt, had deteriorated 0.4% by September 2022, compared to the previous quarter ended 30 June 2022. This provides an opportunity for Nutun as consumer-facing entities deal with larger NPL portfolios due to consumers' inability to service their debt.

In Australia, fewer NPL portfolios are being offered for sale, as banks and other credit providers continue to be lenient on outstanding credit through debt moratoria programmes. These market dynamics have resulted in low supply and high demand for NPL portfolios, yielding sub-optimal returns in relation to the risks assumed. Given these market conditions Nutun has sold its Australian NPL portfolio at book value, and will focus on expanding its CXM services which will deliver better margins. We are positioned to re-enter the international book buying market should market conditions offer more appropriate risk adjusted returns.

As at 30 September 2022, Nutun's NPL portfolios were valued at R4 208 million. We expect ongoing revenue streams of R7 224 million from this asset over the medium-term, up 13% from R6 370 million a year ago.

Customer experience management services (CXM services)

Nutun's expansion into global CXM services is an exciting opportunity to leverage off South Africa's growing popularity as an outsourced customer engagement services destination, to earn international revenue and create sustainable employment locally. In anticipation of the medium-term effects of the COVID-19 pandemic, Nutun implemented a world-class technology-led operating model, which includes hybrid work, real-time omni-channel, voice analytics and business intelligence systems. These capabilities position the business to deliver on client expectations for high quality 'always-on' customer engagement services, and also assists clients to mitigate the impact of the global shortage of human resources and skills. While the unemployment rate in South Africa stands at 32.9% in Q3 2022, in contrast, there is a significant shortage of skilled labour across Australia, UK, Europe and the USA. The 'great resignation' which is an ongoing global economic trend beginning in early 2021 has resulted in global skills shortages as employees have voluntarily resigned from their jobs en masse.

In line with our strategy to drive capital-light CXM services revenue from diversified geographies, sectors, and clients off a ZAR cost-base, CXM services earnings grew 22% year-on-year, making up 40% of revenue. Earnings from CXM services are primarily generated from contingency based collection services, FFS mandates and other customer-engagement services, generated from mandates in South Africa, Australia, Europe and the UK.

Outlook

The evolution of Nutun into a global digital services business leverages the competitive advantage that we have built over the last two decades and offers distinct avenues for local and international organic revenue growth, particularly as South Africa is positioned as a top destination for outsourced CXM services.

In Australia, the sale of the NPL portfolio and the subsequent acquisition of a substantial contingency collections business, positions our platform as one of the largest providers of capital-light services in the region, with a significant opportunity for an expanded range of outsourced CXM services to be delivered from South Africa.

In FY2023 our strategic focus will be to continue acquiring NPL portfolios in South Africa at the current run rate. Additionally, CXM services revenue growth is expected to outpace CE services (principal collections) revenue growth over the medium-term, accelerating Nutun's earnings growth above historical rates.

Strategy link



Organic growth

Key enabler



Data, technology and analytics

Divisional performance continued

CFO's report

Divisional reviews

WeBuyCars

For the year ended 30 September

Financial performance

		2022	2021	Movement
Core earnings from continuing operations ¹	Rm	762	541	41%
Core earnings from continuing operations attributable to the group ¹	Rm	540	270	100%

Operational performance

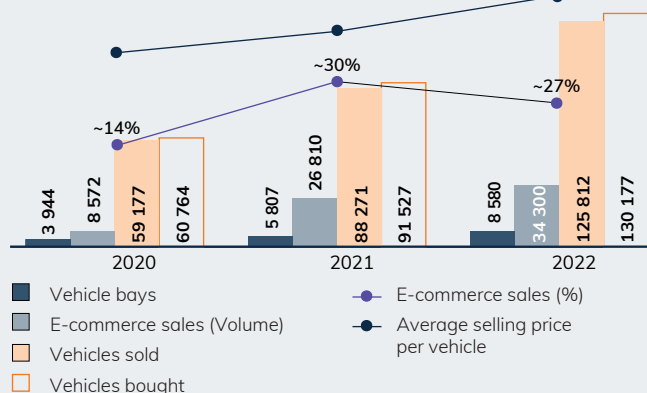
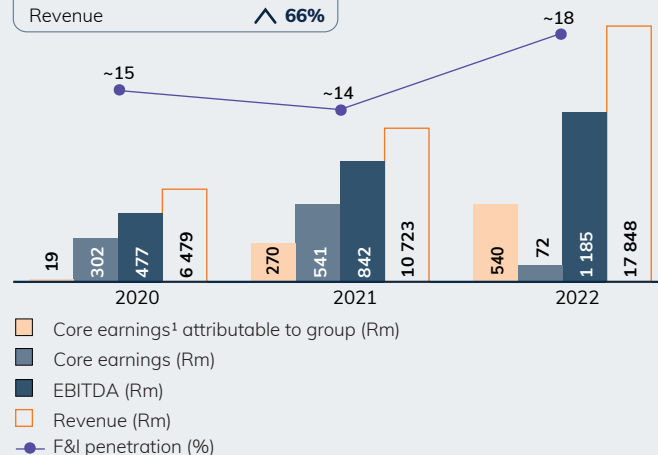
Vehicles purchased	Number	130 177	91 528	42%
Vehicles sold	Number	125 812	88 271	43%
F&I products penetration on units sold	%	18.2	13.6	
Total e-commerce sales	Number	34 300	26 810	28%
Total e-commerce sales	%	27	30	
Business-to-business	%	77.5	91.6	
Business-to-consumer	%	22.5	8.4	
Vehicle parking bays	Number	8 580	5 807	48%

Strong growth rate
CAGR FY2020 – FY2022

Core earnings ¹	▲ 59%
EBITDA	▲ 58%
Revenue	▲ 66%

CAGR FY2020 – FY2022

E-commerce sales (Volume)	▲ 100%
Vehicles bought	▲ 46%
Vehicles sold	▲ 46%
Vehicle bays	▲ 47%



Operating context and market positioning

WeBuyCars continues to disrupt used vehicle ownership and trade in South Africa through a unique combination of vehicle trading via its e-commerce and physical infrastructure, together with finance, insurance and other ancillary products. As a leading mobility platform, this uniquely composed offering which combines a convenient, trustworthy and satisfying customer experience with competitive pricing, drives WeBuyCars' brand value. Foundational to its business model are proprietary data sets and artificial intelligence (AI) led pricing that enable WeBuyCars to dynamically adjust pricing in response to vehicle value and market demand, allowing it to maintain targeted margins.

The outlook for the used vehicle market in South Africa remains positive. In South Africa, a total of around 11 million² passenger vehicles are in circulation. This vehicle 'car parc' has grown steadily, increasing the overall market by 2% to 5%² per year over the last decade. Global supply of new vehicles has recovered which supports continued growth of the car parc and in turn benefits used vehicle trading. Structural support for the resilience and future growth of this market includes cash-strapped consumers trading down to more affordable used vehicles. Vehicle ownership remains an aspiration deeply rooted in South African culture, and mobility trends have shown that more people are moving from using public transport and being passengers in personal vehicles to owning their first car. Trading across the whole car parc, including older used vehicles, positions WeBuyCars to benefit from the South African population's shift to being first-time private vehicle owners.

Sales of new passenger and light commercial vehicles in South Africa for the 12 months to 30 September 2022, showed an increase of 10%³ year-on-year, recovering to levels seen before the pandemic. The number of used vehicles traded continues to exceed the number of new vehicles traded by more than 2 times³, consistent with prior years. Unlike the exaggerated used vehicle price increases and subsequent reductions experienced in markets such as the USA over the past year, South Africa's used vehicle price inflation at the end of Q2 2022 was 8.3%⁴ year-on-year, up slightly from 7.9%⁴ in the previous quarter. This is significantly lower than the 40.5%⁵ average increase of used vehicle prices experienced in the USA between January 2021 and January 2022. In this context WeBuyCars, through its proprietary data, tech and AI capabilities, has the ability to adjust rapidly to shifts in market pricing, which combined with its high inventory turnover rate reduces the impact of adverse vehicle price movements.

1. Transaction Capital Motor Holdco (Pty) Ltd (TCMH) acquired a 49.9% non-controlling interest in We Buy Cars (Pty) Ltd and accounted for the investment as an associate with effect from 11 September 2020. On 3 August 2021, TCMH increased its shareholdings in the WBC group (WeBuyCars), following which TCMH holds a controlling shareholding of 74.9% in the issued shares in the WBC Holdings (Pty) Ltd (WBC Holdings). Transaction Capital holds an effective 74.2% shareholding in the WBC Holdings group which is consolidated as an effective 74.2% subsidiary with effect from 3 August 2021.

2. eNatis: PARC data consists of passenger and light commercial vehicles. Vehicles stats: internal estimation using eNatis and Lightstone data (double counting eliminated).
3. Passenger and light commercial new vehicle sales in South Africa as obtained from NAAMSA (The Automotive Business Council).
4. Transunion VPI Q2 2022.
5. USA Today.

Divisional performance/WeBuyCars continued

CFO's report

Divisional reviews

Financial and operational performance

Transaction Capital increased its effective shareholding in WeBuyCars in August 2021 to 74.2%, and as a result, the group consolidated a greater component of WeBuyCars' earnings in FY2022. Core earnings grew 41% to R762 million in FY2022, with the group's attributable portion increasing by 100% to R540 million. WeBuyCars is now Transaction Capital's largest business, generating approximately 43% of headline earnings attributable to the group.

As announced on 8 September 2022, Transaction Capital is considering various mechanisms with the founders of WeBuyCars to increase our shareholding by a further 15% through the accelerated implementation of the put and call arrangement agreed in September 2021. We envisage that any mechanism ultimately pursued would be accretive and a low-risk deployment of capital, as WeBuyCars is well known to Transaction Capital as a high-quality growth business.

WeBuyCars continues to gain market share, driven by its strategy to expand geographically, grow its e-commerce offering, and drive higher penetration of F&I products. In FY2022, we exceeded the target of 10 000 vehicle sales per month, reaching an aggregate of circa 12 000 sales per month in the last quarter of the financial year. During FY2022 WeBuyCars launched 5 new branches including our largest vehicle supermarket (being the Dome in Johannesburg with an approximate capacity of 1 400 bays), and our smallest dealership in Polokwane with 250 bays. This is in line with our geographic expansion strategy to establish physical dealerships across South Africa, which will vary in size and structure based on market demand per jurisdiction. In the next 12 months, we plan to pilot further dealerships across South Africa using different operating models that enable market share

growth in a cost-efficient manner. New dealerships, although profitable within the first month of trading, take between 12 to 18 months to achieve efficiencies and stock turn levels in line with established WeBuyCars dealerships. This growth strategy is augmented by the 58 nationwide buying pods, which are capital-light and conveniently located in high traffic areas such as shopping centres.

The COVID-19 lockdown irreversibly accelerated digital adoption as well as a shift to purchasing goods and services online. WeBuyCars continues to invest significantly in brand marketing and online lead generation. Online sales via our e-commerce platform grew by 28%, decreasing marginally as a proportion of total sales (on higher volumes) to approximately 27%, with business-to-consumer (B2C) e-commerce capabilities now accounting for approximately 22.5% of total online sales, up from circa 8.4% at the end of FY2021. WeBuyCars' e-commerce capabilities will enable the optimisation of vehicle sales, improve stock turn efficiency and support growth in the years ahead, as the demand for contactless services on credible digital platforms continues to grow.

WeBuyCars earns a gross margin on vehicle sales, with additional margin earned on F&I products. The latter includes commissions earned from F&I products sold on behalf of banks, insurance companies and a vehicle tracking business. Take-up of F&I products continues to increase, with 18.2% of all sales now including F&I products, up from 13.6% in FY2021, and on significantly higher volumes. In the first half of FY2022 the group launched GoMo, a proprietary vehicle finance, insurance and allied mobility product provider. With GoMo strategically positioned alongside SA Taxi, it continues to facilitate vehicle sales and drive incremental F&I income for WeBuyCars. Higher take-up of F&I products will enhance unit economics and margins per vehicle sold.

Outlook

Over the medium-term, we anticipate future earnings from WeBuyCars to continue to grow at rates higher than Transaction Capital's historical earnings growth rates. Given its strategic positioning as a provider of mobility services in a market supported by favourable structural elements, we are confident this business will support Transaction Capital's earnings growth trajectory.

As majority shareholders, working alongside the founders and management team of WeBuyCars, we will seek to maximise growth potential and market share gains through our physical and e-commerce platforms by driving a differentiated customer experience enhanced by data, technology and analytical advantages. The recent launch of GoMo is expected to be value accretive to WeBuyCars. GoMo should increase volumes traded and drive higher penetration of F&I products, particularly on older vehicles which are not traditionally financed by banks, thus resulting in incremental revenues earned by WeBuyCars. Over the medium-term we also anticipate greater efficiencies as our strong brand stimulates growth into our expanding infrastructure. Our data and analytics capabilities are expected to drive further optimisation improvements to achieve operational leverage.

WeBuyCars' expansion into Morocco in FY2022 has been the first step towards our international growth aspirations. The business has achieved profitability and continues to grow organically. WeBuyCars will explore further organic and acquisitive expansion opportunities in select markets.

Strategy link



Acquisitive growth

Key enabler



Data, technology and analytics

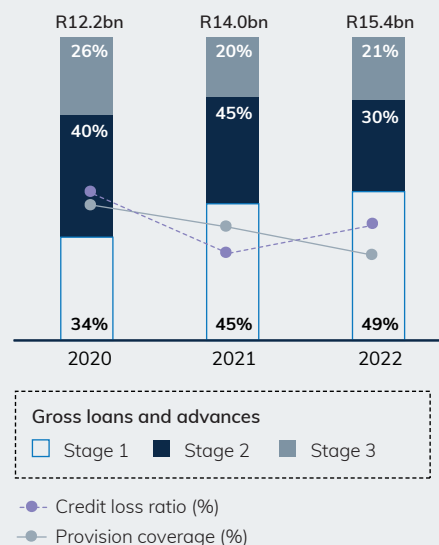
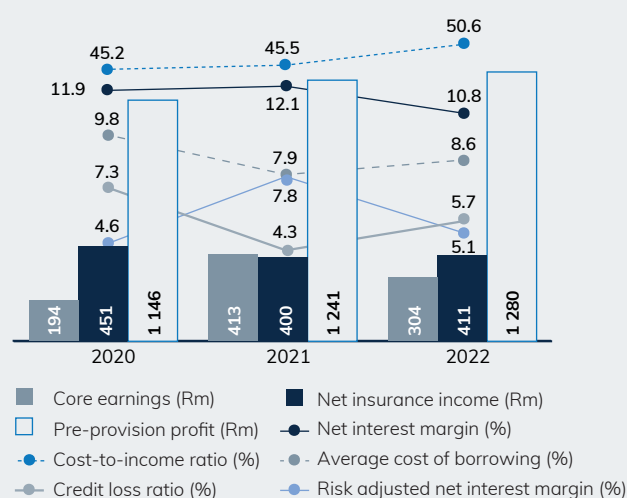
Divisional performance continued

CFO's report

Divisional reviews

SA Taxi

For the year ended 30 September		2022	2021	Movement
Financial performance				
Core earnings from continuing operations	Rm	369	499	(26%)
Core earnings from continuing operations attributable to the group	Rm	304	413	(26%)
Core pre-provision profit	Rm	1 280	1 241	3%
Net interest income from the provision of financing to customers	Rm	1 631	1 587	3%
Net interest margin	%	10.8	12.1	
Core cost-to-income ratio	%	50.6	45.5	
Credit performance				
Gross loans and advances	Rm	15 354	14 044	9%
Stage 1	%	49.0	44.5	
Stage 2	%	30.0	36.0	
Stage 3	%	21.1	19.5	
Credit loss ratio	%	5.7	4.3	
Provision coverage	%	4.2	5.6	
Insurance performance				
Gross written premiums	Rm	1 143	1 015	13%
Claims ratio				
Comprehensive vehicle insurance claims	%	77.1	67.2	
Credit life claims	%	48.7	83.3	



Operating context and market positioning

SA Taxi's business model has over the past 20 years enabled safer and more reliable mobility access for South Africa's 15 million public commuters on a daily basis, by facilitating minibus taxi ownership through a tailored mobility offering incorporating developmental finance, insurance, and allied services to taxi operators. Foundational to its business model are proprietary mobility data sets and analytics capabilities that allow SA Taxi to predict risk and manage it in real time. This business model promotes public commuter mobility in the minibus taxi industry in a sustainable manner.

The minibus taxi 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 country's integrated public transport network, with more commuters choosing minibus taxis over bus and rail services due to convenience, flexibility and accessibility. Spending on minibus taxi transport is largely non-discretionary, making the industry defensive in tough economic conditions.

The unprecedented floods in KwaZulu-Natal during April 2022 temporarily disrupted public transport services and severely damaged Toyota's manufacturing plant, resulting in its closure from mid-April to August 2022. Although the production of Toyota minibus taxis has recommenced, supply of new taxis remained significantly constrained for longer than initially anticipated, impacting

SA Taxi's ability to originate new loans and grow gross loans and advances in the second half of this year. Linked to this, revenues relating to insurance and other allied services were also negatively impacted.

Retail prices for minibus taxis have risen on average 6.5%¹ since September 2021 and the recommended retail price of a Toyota HiAce diesel vehicle in September 2022 was R528 800¹. At 30 September 2022, the 12-month average for petrol and diesel prices were, respectively, 28% and 29%² higher than a year ago. Petrol prices are anticipated to remain elevated in the coming months, driven by the Russia-Ukraine war although recessionary fears have resulted in some fuel price reduction. As detailed earlier in this report, although commuter activity is increasing, it remains lower than pre-pandemic levels and is not expected to reach these levels in the short-term. The combination of the aforementioned factors has placed the minibus taxi industry's profitability under strain, exerting pressure on taxi operators' ability to afford their finance instalments and insurance premiums. After no fare increases were levied over the two-year COVID-19 period, a fare increase was passed in July 2022 which has not sufficiently offset this financial pressure. In this context, SA Taxi's fully refurbished QRTs provide an affordable yet reliable alternative to buying a new vehicle.

1. Toyota recommended retail price, including VAT, as at 30 September 2022.
2. www.energy.gov.za (12-month rolling average fuel price – October 2021 to September 2022).

Divisional performance/SA Taxi continued

CFO's report Divisional reviews

Financial and operational performance

Due to the extended impact of the KwaZulu-Natal floods on the production of new taxis and the abovementioned headwinds faced by the minibus taxi industry, FY2022 core continuing earnings attributable to the group from SA Taxi were R304 million, 26% below FY2021 earnings. Earnings attributable to the group from SA Taxi now comprise approximately 24% of Transaction Capital's earnings, making it our smallest business.

Minibus taxi division

SA Taxi grew gross loans and advances 9% to R15.4 billion, with loans originated growing by 7% year-on-year. Due to pressure on loan instalment and insurance premium affordability in the current environment, preserving credit quality is a priority. SA Taxi is targeting higher quality and experienced minibus taxi operators, resulting in lower loan approvals and lower net interest margins.

Demand for new minibus taxis and QRTs continues to exceed pre COVID-19 levels and remains far higher than supply. SA Taxi has built capacity to refurbish QRTs from 280 per month in 2020 to approximately 400 per month currently, while increasing access to spare parts by enhancing its import processes. This increased refurbishment capacity will support higher QRT vehicle supply, and in turn, grow QRT loan origination. This strategy partially buffered the impact of the Toyota plant closure but was not able to fully absorb the loss in new vehicle loan originations.

Strategy link Organic growth

Key enabler Risk optimisation and capital mobilisation

In the second half of FY2022 SA Taxi invested in an e-commerce auction platform, that specialise in the online sale of salvage vehicles. This investment provides an alternative channel for disposal of salvaged vehicles which is expected to increase efficiencies within the mobility platform over the medium-term.

We anticipate collection ratios to recover over a longer period than we initially envisaged, causing the credit loss ratio to remain above our 3% to 4% target range, at 5.7%. This was also due to slower origination in the second half of FY2022 due to Toyota supply shortages, accelerated repossessions, and a higher cost of procuring parts associated with the refurbishment of higher QRT volumes. Stage 1 and Stage 2 loans and advances improved as we actively managed the book while Stage 3 loans and advances increased marginally.

In our insurance offering, SA Taxi's competitive advantage is its ability to reduce its cost of claim through efficiencies in our auto repairs and parts businesses, which in turn supports competitively priced premiums. With most of SA Taxi's finance clients choosing to also insure their vehicles through SA Taxi, gross written premium income grew by 13% in FY2022. Credit life claims have largely normalised to pre-pandemic levels, however, inflation has increased the cost of repairs which has resulted in comprehensive vehicle insurance claims ratios remaining slightly elevated. As a result, net insurance income grew by 3% in FY2022.

GoMo

Pursuant to Transaction Capital's strategic intent to leverage off WeBuyCars' and SA Taxi's platform value, GoMo was launched in FY2022 to build a scalable mobility platform that aims to disrupt and capture market share in an under-penetrated used vehicle F&I sector. GoMo leverages SA Taxi's competencies and systems to underwrite, fund, collect, repossess and design F&I products; and WeBuyCars' access to low-cost distribution at scale and ability to value and liquidate collateral efficiently. Since its launch, GoMo has received an overwhelmingly positive market response, with the number of loan applications being significantly higher than anticipated. This product is strategically better positioned alongside SA Taxi, as the nature of WeBuyCars' operations is capital-light with high cash conversion rates.

Although fully owned by Transaction Capital but strategically positioned alongside SA Taxi, GoMo will continue to facilitate vehicle sales and drive incremental F&I income for WeBuyCars. We expect this business to operate at near break-even levels before starting to generate profits in FY2024.

Strategy link Organic growth

Key enabler Data, technology and analytics

Outlook

SA Taxi's business model has, over two decades, evolved from a speciality financier within the minibus taxi sector into a vertically integrated mobility platform offering access to minibus taxi ownership, finance, insurance, maintenance and other allied services. The business' success in creating value from a niche asset demonstrates the potential it has to sustainably expand its addressable market.

Our strategic focus in FY2023 will be on optimising our core minibus taxi business lines, while developing GoMo into a profitable business of scale. We believe that GoMo has the potential to match the size of the SA Taxi loan book over the medium-term. To take advantage of this, we are exploring alternative symbiotic funding arrangements. As the recovery in the minibus taxi sector progresses, the strategic positioning of SA Taxi as a mobility platform leverages its competencies to broaden its total addressable market, provide better risk allocation-optionality, and diversify its revenue, providing a compelling medium-term growth opportunity.



Divisional performance/SA Taxi continued

CFO's report Divisional reviews

Core results

As a measure of maintainable performance, Transaction Capital has presented non-IFRS measures referred to as core financial ratios, as these are used by management as key metrics in the business. These may be referenced to headline earnings by excluding adjustments on put and call options over non-controlling interests as well as once-off transaction costs which, in terms of the JSE Listings Requirements, constitute pro forma financial information.

This pro forma financial information, which is the responsibility of the group's directors, has been prepared for illustrative purposes to reflect operational performance more accurately. Due to its nature, it may not fairly present, in terms of IFRS, the group's financial position, changes in equity, and results of operations or cash flows. Details of the nature of these adjustments can be found in the reconciliation of headline earnings to core headline earnings that follows. The pro forma financial information should be read in conjunction with the unmodified Deloitte & Touche independent accountants' report, in terms of International Standard on Assurance Engagements (ISAE 3420).

Reconciliation from headline earnings to core continuing earnings

	30 September		
	2022 Audited Rm	2021 Audited Rm	2020 Audited Rm
Headline earnings from continuing operations attributable to group	1 621	999	262
Adjusted for:			
Once off transaction costs	16	6	14
Adjustments relating to written put and call options over WBC Holdings non-controlling interests*:			
Imputed interest charge**	259	–	–
Fair value adjustment on call option derivative***	(200)	–	–
Re-measurement of put option liability	(563)	–	–
Adjustments relating to written put and call options over Synergy non-controlling interests*:			
Imputed interest charge**	19	–	–
Re-measurement of put option liability**	15	–	–
Gain realised on the conversion of ownership of the salvage operation from a division to a 40% equity stake in an entity that conducts similar salvage operations****	79	–	–
Core earnings from continuing operations attributable to group	1 246	1 005	276
Core earnings per share from continuing operations (cents)	172.5	147.9	44.3

* The adjustments relating to the put and call options are made in terms of the relevant option agreements, and will therefore continue for the duration of the agreements. Refer to note 34 of the consolidated financial statements for a description of the exercise dates for the options.

** Refer to note 26 of the consolidated financial statements.

*** Refer to note 13 of the consolidated financial statements.

**** The gain on the conversion of ownership of the salvage operation is once off, with the group's core salvage activity continuing, but with the future benefit coming through equity accounted income, which will be included in headline earnings. Refer to note 14 of the consolidated financial statements for a description of the GoBid transaction.

Balance sheet, liquidity and returns

Transaction Capital remains well capitalised, with adequate access to liquidity to execute on our divisions' organic growth initiatives and access to additional equity to respond to acquisitive growth opportunities arising from market dynamics.

Assets	R40.3 billion Total assets	R5.6 billion Total assets R1.9 billion Inventories R1.3 billion Properties	R21.2 billion Total assets R14.7 billion Net loans & advances	R7.5 billion Total assets R4.2 billion Purchased book debts
Liabilities	R30.7 billion Total liabilities R21.9 billion Senior & subordinated debt	R2.5 billion Total liabilities Majority relates to property backed mortgage loans & trade creditors	R17.9 billion Total liabilities R15.3 billion Senior & subordinated debt	R5.9 billion Total liabilities R2.8 billion Senior debt
Available debt facilities	R1.3 billion undeployed capital available at holding company level from accelerated bookbuild in September 2022	Strong balance sheet with low debt levels Capital light, and a capital-light business model with high cash conversion rates	Available undrawn facilities covering loan origination requirements throughout FY2023	Funding requirements for acquisition of NPL portfolios over short-term secured
Equity	R9.6 billion Total equity 30.0% Capital adequacy ratio equity 26.8% subordinated debt 3.2%	R3.1 billion Total equity 14.0%¹ Return on equity	R3.3 billion Total equity 18.8% Capital adequacy ratio equity 13.9% subordinated debt 4.9%	R1.6 billion Total equity 4.7 times Leverage

1. Core continuing return on average equity for RCMH disclosed in FY2022 datasheet.

Balance, liquidity and returns continued

Diversified debt funding strategy

	Pass through structures	Warehousing facilities	Private structured finance (majority international DFI's)	On balance sheet & syndicated loans
FY2022 balance outstanding	R5.9 billion	R1.9 billion	R6.8 billion	R6.8 billion
Composition	~28%	~9%	~31%	~32%
Debt investors	24 debt investors <ul style="list-style-type: none"> ▷ Banks ▷ Institutional investors 	2 debt investors <ul style="list-style-type: none"> ▷ Banks 	16 debt investors <ul style="list-style-type: none"> ▷ DFI's & impact funders ▷ Banks ▷ Fixed income funds & asset managers 	21 debt investors <ul style="list-style-type: none"> ▷ Banks ▷ Institutional investors ▷ Fixed income funds & asset managers
Instruments	<ul style="list-style-type: none"> ▷ Rated & listed securitisation notes ▷ Private or bilateral loans & debentures 	<ul style="list-style-type: none"> ▷ Asset-backed loans 	<ul style="list-style-type: none"> ▷ Private bilateral 	<ul style="list-style-type: none"> ▷ Syndicated loans ▷ Overdraft & working capital facilities
Covenants	<ul style="list-style-type: none"> ▷ No accelerated repayment covenant ▷ Interest rate step-up after year 5 ▷ No fixed repayment profile ▷ Debt repayment matched to collections on asset pool 	<ul style="list-style-type: none"> ▷ No accelerated repayment covenant ▷ Revolving structure ▷ No fixed repayment profile ▷ Debt serviced from collection on or sale of asset pool 	<ul style="list-style-type: none"> ▷ Fixed repayment profile ▷ Debt serviced from collection on asset pool 	
	Transsec 3 Transsec 4 Transsec 5 Transflow SATaxi Finance Solutions	Potpale Investments	SATaxi Impact Fund SATaxi Development Finance SATaxi Securitisation	Transaction Capital SATaxi NUTUN Taximart we buy cars

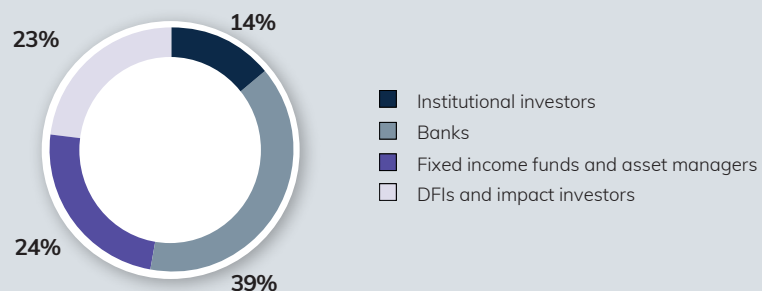
Diversified debt funding strategy continued

CFO's report

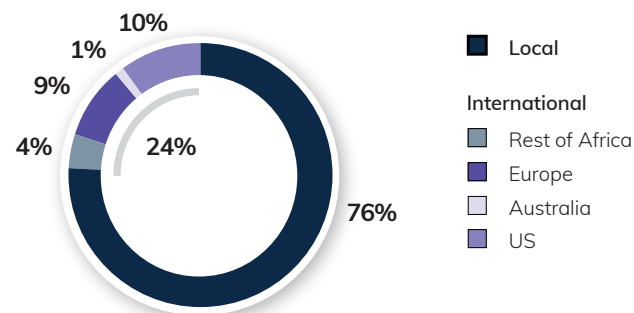
Divisional reviews

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

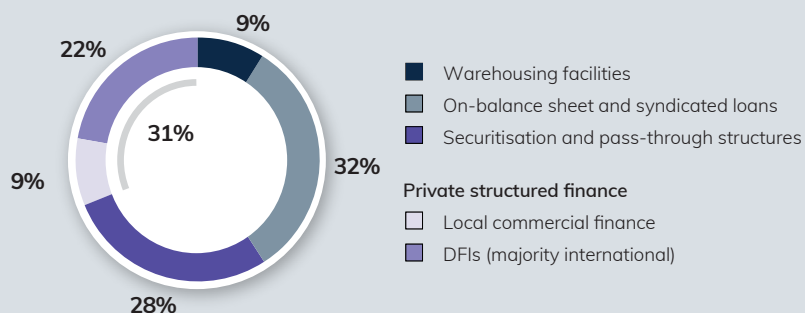
Diversification by debt investor category and capital pool



Diversification by geography

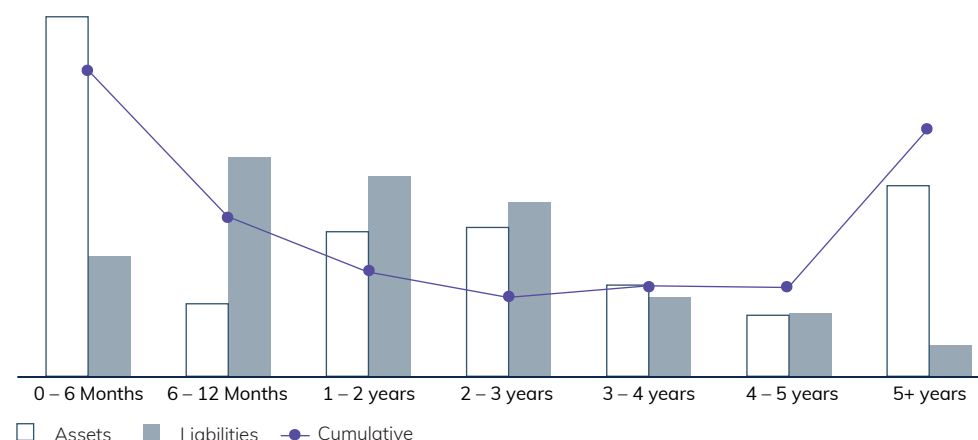


Diversification by funding structure and instrument



Positive liquidity mismatch

At FY2022 a positive asset-liability gap was observed for the group



Group financial performance

Condensed consolidated income statement

		For the year ended 30 September			Movement	
		2022	2021 Reclassified	2020 Reclassified	2022	2021
Gross profit from the provision of services and sale of goods	Rm	4 316	1 879	992	>100%	89%
Revenue	Rm	22 652	5 838	3 054	>100%	91%
Cost of revenue	Rm	(18 336)	(3 959)	(2 062)	>100%	92%
Net interest income from the provision of financing to customers	Rm	1 635	1 587	1 364	3%	16%
Interest income	Rm	2 875	2 583	2 433	11%	6%
Interest expense	Rm	(1 240)	(996)	(1 069)	24%	(7%)
Impairment of loans and advances	Rm	(856)	(563)	(836)	52%	(33%)
Risk-adjusted net interest income	Rm	779	1 024	528	(24%)	94%
Net insurance result	Rm	411	400	451	3%	(11%)
Insurance revenue	Rm	1 143	1 015	907	13%	12%
Insurance service expense	Rm	(738)	(620)	(468)	19%	32%
Insurance finance income	Rm	6	5	12	20%	(58%)
Core operating costs	Rm	(3 486)	(1 919)	(1 615)	82%	19%
Net finance charge – not relating to provision of financing to customers	Rm	(384)	(164)	(111)	>100%	48%
Finance income	Rm	78	72	112	8%	(36%)
Finance charge	Rm	(462)	(236)	(223)	96%	6%
Other income	Rm	264	44	125	>100%	(65%)
Equity accounted income	Rm	47	221	32	(79%)	>100%
Core operating profit	Rm	1 947	1 485	402	31%	>100%
Non-operating profit	Rm	7	–	5	100%	(100%)
Core profit before tax	Rm	1 954	1 485	407	32%	>100%
Core income tax expense	Rm	(420)	(363)	(86)	16%	>100%
Core profit for the year from continuing operations	Rm	1 534	1 122	321	37%	>100%
Discontinued operations						
Loss for the year from discontinued operations	Rm	(33)	(10)	(56)	>100%	(82%)
Core profit for the year	Rm	1 501	1 112	265	35%	>100%
Core profit for the year from continuing operations attributable to:	Rm	1 534	1 122	321	37%	>100%
Ordinary equity holders of the parent	Rm	1 246	1 005	276	24%	>100%
Non-controlling interests	Rm	288	117	45	>100%	>100%
Core loss for the year from discontinued operations attributable to:	Rm	(33)	(10)	(56)	>100%	(82%)
Ordinary equity holders of the parent	Rm	(33)	(10)	(56)	>100%	(82%)
Non-controlling interests	Rm	–	–	–	n/a	n/a
Other information						
Adjustments to carrying value of purchased book debts	Rm	352	293	588	20%	(50%)

Group financial performance continued

CFO's report

Divisional reviews

Condensed consolidated statement of financial position

		For the year ended 30 September			Movement	
		2022	2021 Reclassified	2020 Reclassified	2022	2021
Assets						
Cash and cash equivalents	Rm	1 478	2 236	1 794	(34%)	25%
Other investments	Rm	1 426	–	–	100%	n/a
Trade and other receivables	Rm	1 923	1 376	1 150	40%	20%
Inventories	Rm	3 759	2 431	987	55%	>100%
Assets classified as held for sale	Rm	371	98	262	>100%	(63%)
Loans and advances	Rm	14 952	13 253	11 421	13%	16%
Purchased book debts	Rm	4 208	3 441	2 520	22%	37%
Equity accounted investments	Rm	1 097	301	2 153	>100%	(86%)
Intangible assets	Rm	3 336	3 237	491	3%	>100%
Property and equipment	Rm	1 900	1 075	439	77%	>100%
Goodwill	Rm	4 754	4 377	1 365	9%	>100%
Other assets	Rm	1 130	532	803	>100%	(34%)
Total assets	Rm	40 334	32 357	23 385	25%	38%
Liabilities						
Bank overdrafts	Rm	818	364	387	>100%	(6%)
Trade and other payables	Rm	1 506	2 426	667	(38%)	>100%
Liabilities directly associated with assets classified as held for sale	Rm	21	14	12	50%	17%
Insurance contract liabilities	Rm	139	173	205	(20%)	(16%)
Interest-bearing liabilities	Rm	21 862	16 139	14 639	35%	10%
Senior debt	Rm	20 762	15 349	13 894	35%	10%
Subordinated debt	Rm	1 100	790	745	39%	6%
Lease liabilities	Rm	715	420	417	70%	1%
Put option liability	Rm	4 042	–	–	100%	n/a
Other liabilities	Rm	1 639	1 676	685	(2%)	>100%
Total liabilities	Rm	30 742	21 212	17 012	45%	25%
Equity						
Equity attributable to ordinary equity holders of the parent	Rm	7 956	9 743	5 818	(18%)	67%
Non-controlling interests	Rm	1 636	1 402	555	17%	>100%
Total equity	Rm	9 592	11 145	6 373	(14%)	75%
Total equity and liabilities	Rm	40 334	32 357	23 385	25%	38%

Group financial performance continued

CFO's report Divisional reviews

Summarised consolidated statement of cash flow

For the year ended 30 September	Notes	2022 Audited Rm	2021 Audited Rm
Cash flow from operating activities			
Cash generated by operations		1 967	892
Interest received		2 252	2 064
Interest paid		(1 688)	(1 148)
Income taxes paid		(351)	(201)
Dividends paid		(630)	(162)
Cash flow from operating activities before changes in operating assets and working capital		1 550	1 445
Increase in operating assets		(3 278)	(2 740)
Loans and advances		(1 842)	(1 586)
Decrease in leased assets		6	5
Purchased book debts		(1 442)	(1 159)
Changes in working capital		(2 114)	(691)
Increase in inventories		(1 752)	(721)
Increase in trade and other receivables		(387)	(41)
Increase in other loans receivable		(62)	(37)
Increase in trade and other payables		87	108
Net cash utilised by operating activities		(3 842)	(1 986)
Cash flow from investing activities			
Acquisition of property and equipment		(682)	(83)
Proceeds on disposal of property and equipment		6	1
Acquisition of intangible assets		(131)	(108)
Investment into equity accounted investment		(104)	(39)
Acquisition of subsidiaries	6	(1 100)	(23)
Increase in other investments		(1 428)	–
Net cash utilised by investing activities		(3 439)	(252)
Cash flow from financing activities			
Proceeds from interest-bearing liabilities		16 759	8 648
Settlement of interest-bearing liabilities		(11 759)	(7 185)
Settlement of other short-term borrowings		(58)	(21)
Repayment of lease liabilities		(132)	(61)
Additional interest acquired in subsidiaries		–	(82)
Issue of shares		1 259	1 407
Net cash generated by financing activities		6 069	2 706
Net (decrease)/increase in cash and cash equivalents		(1 212)	468
Cash and cash equivalents at the beginning of the year		1 874	1 422
Effects of exchange rate changes on the balance of cash held in foreign currencies		1	(16)
Cash and cash equivalents at the end of year		663	1 874

Dividend declaration

Transaction Capital's ordinary dividend policy remains 2 to 2.5 times cover. Following the interim dividend of 33 cents per share (HY2021: 19 cents per share) at a rate of 2.5 times cover, the board has declared a final gross cash dividend of 37 cents per share (FY2021: 33 cents per share) at a rate of 2.5 times cover for the financial year ended 30 September 2022.

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 2022 financial year.

Subsequent events

No events which would have a material impact on either the financial position or operating results of the group have taken place between 30 September 2022 and the date of release of this report.

Looking forward

Focus areas for the year ahead include:

- ▷ Delivering on the evolved business strategy of Nutun and WeBuyCars
- ▷ Evolving the SA Taxi business into a mobility platform across the public transport and private used vehicle sectors
- ▷ Accelerating the group's acquisitive growth strategy.
- ▷ Increasing Transaction Capital's ownership of WeBuyCars by a further 15%
- ▷ Further operationalising the group's ESE framework
- ▷ Maintaining or improving B-BBEE ratings at group and divisional levels.
- ▷ Continued implementation of the group's digital strategy.

Appreciation and congratulations

Congratulations to Sara Olivier and Sahil Samjowan who were promoted to the CFO of SA Taxi and Nutun, respectively during the FY2022.

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 delivering to constantly high standards throughout the year.

Divisional reviews

MC IC

Mobility platform

WeBuyCars, SA Taxi and GoMo enable private and public commuter mobility access in South Africa through a range of mobility services including vehicle trading, finance, insurance and other allied products. These businesses are strategically placed to capture emerging opportunities across private and public commuter mobility sectors.

This section provides context regarding the structural conditions supporting the long-term positive outlook for the South African used vehicle market and minibus taxi industry.

Environment and market context

South Africa continues to experience a positive shift towards used vehicles, with passengers becoming first time vehicle owners¹



23% of households use personal vehicles as main mode of transport, with a **positive shift from passengers to owners**

18.9%
Owners
2013: **13.7%**

4.0%
Passengers
2013: **9.7%**

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

Personal vehicles rank well in this area:

~47 minutes
Personal vehicles

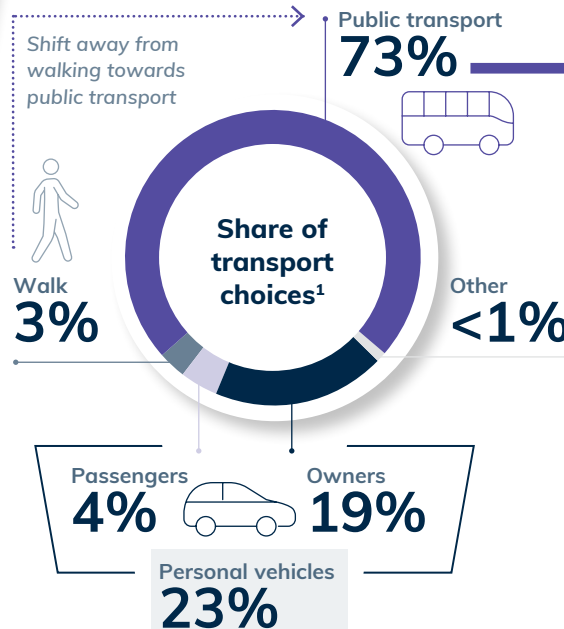
~85 minutes
Public transport

12%
Online searches for used cars
Compared to prior 12 months²

312 million
Online consumer advert views²

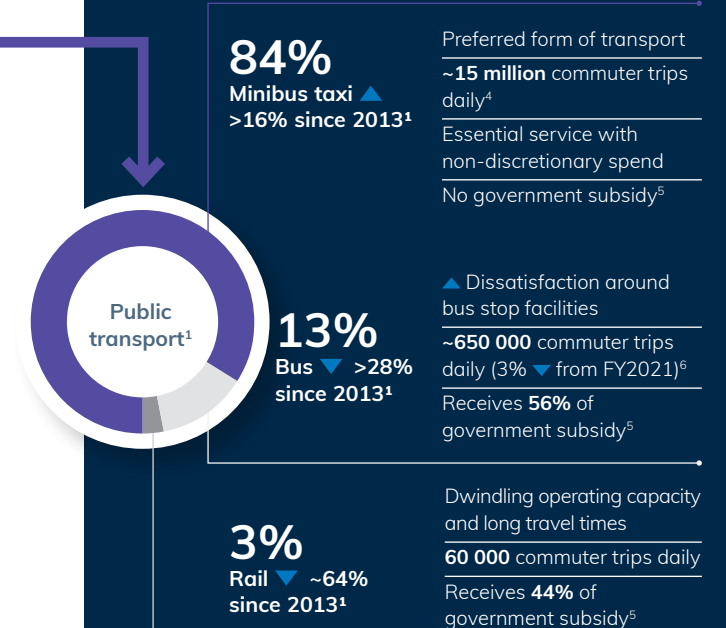
Personal vehicles sales vs prior year

New passenger vehicle sales: **▲ 10%** in FY2022³
Used passenger vehicle sales stable at prior year levels³



The minibus taxi is the largest and most vital mode of transport within South Africa's integrated public transport network

Commuters rely on minibus taxis given **accessibility, reliability, convenience and flexibility**



E-hail is a small proportion of South Africa's public transport network due to affordability.

Sources:

1. National Household Travel Survey 2020.
2. Calculated – Autotrader car industry report Jul 2021 – Jun 2022.

3. Internal estimation using eNatis and Lightstone data (double counting eliminated).
4. Reuters.

5. As per the Public Transport and Infrastructure System Report conducted for the National Treasury.
6. Bus and rail as per Stats SA.

Mobility platform continued

Environment and market context continued

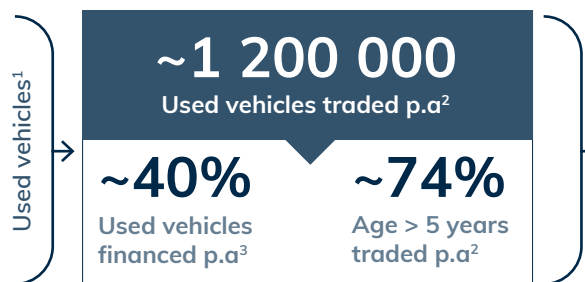
Pursuant to Transaction Capital's strategic intent to leverage off WeBuyCars' and SA Taxi's platform value, GoMo was launched in FY2022 to build a scalable mobility platform that aims to disrupt and capture market share in an under-penetrated used vehicle F&I sector. Consumer used vehicle finance, insurance and allied mobility services materially increase SA Taxi's total addressable market and provide opportunities to diversify risk exposure.

Mobility platform addressable market

Private commuter mobility

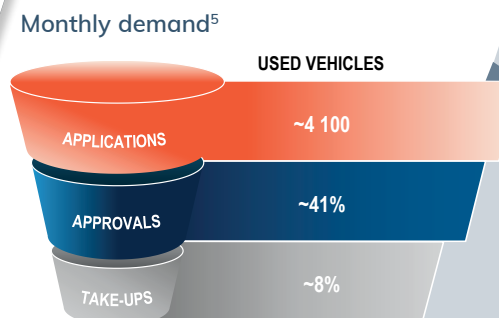
gomo
buy | insure | maintain

>11 000 000
Vehicles in SA¹



- ▷ Banks are generally uncomfortable to finance vehicles older than 5 years
- ▷ Structural shift to used vehicles by consumers

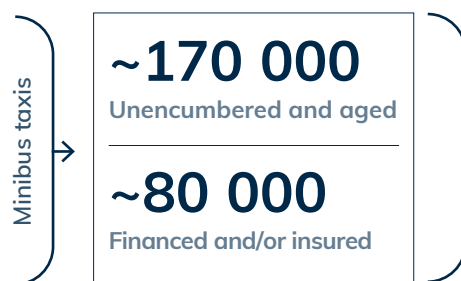
Demand materially exceeds supply in underserved market segment



Public commuter mobility

SA Taxi
driving our nation forward

>250 000
Minibus taxis



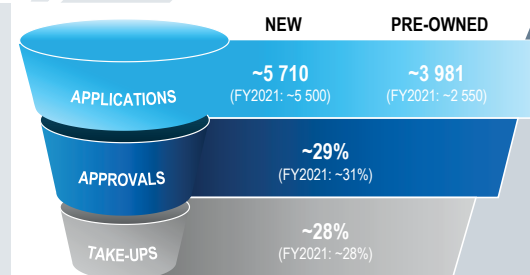
- ▷ Average age >10 years
- ▷ Ageing fleet requiring replacement and recapitalisation

Monthly supply⁴



Less than

Monthly demand⁵



Sources:

1. eNatis: Parc data consists of passenger and light commercial vehicles.
2. Internal estimation using eNatis and / or Lightstone data (double counting eliminated).
3. Estimation using TransUnion VPI and eNatis vehicle registrations.

4. Total monthly market supply of minibus taxis comprises Toyota, Nissan and Mercedes vehicles, SA Taxi's best estimate based on monthly NAAMSA reports, internal data and Lightstone.
5. SA Taxi and GoMo internal information.

Mobility platform continued

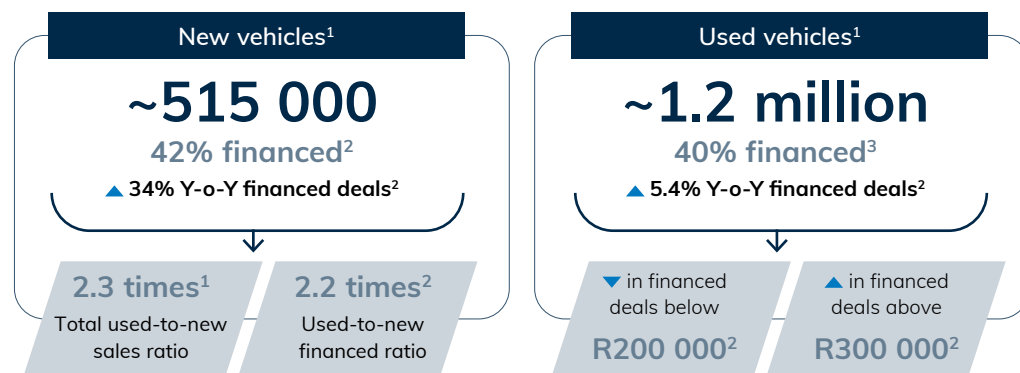
CFO's report

Divisional reviews

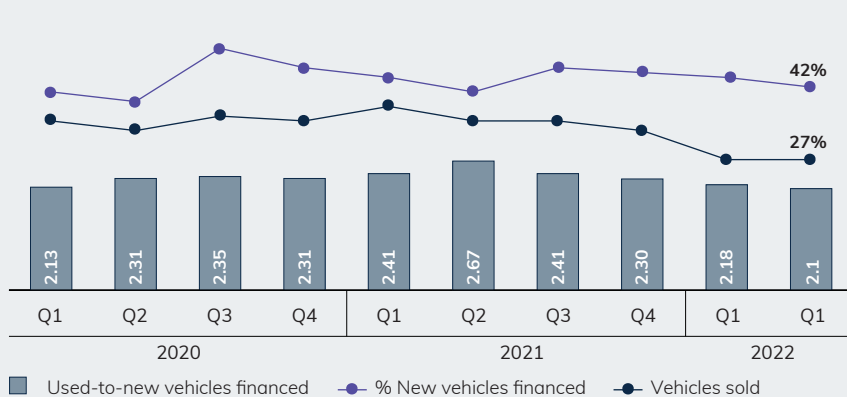
Used vehicle market context and environment

The outlook for the used vehicle market in South Africa remains positive. In South Africa, a total of around 11 million passenger vehicles are in circulation. This vehicle 'car parc' continues to grow providing a high number of used vehicles for trade and finance.

Vehicle sales in SA



New and used vehicles financed²

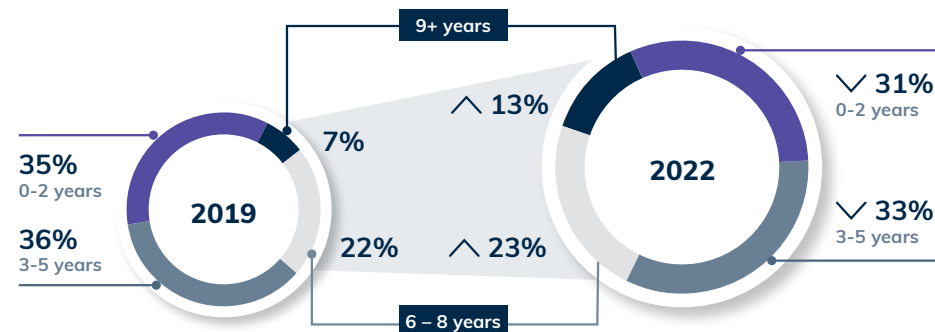


Sources:

1. Internal estimation using eNatis and Lightstone data (doublecounting eliminated).
2. TransUnion VPI: Q3 2021 – Q2 2022.
3. Estimation using TransUnion VPI and eNatis vehicle registrations.

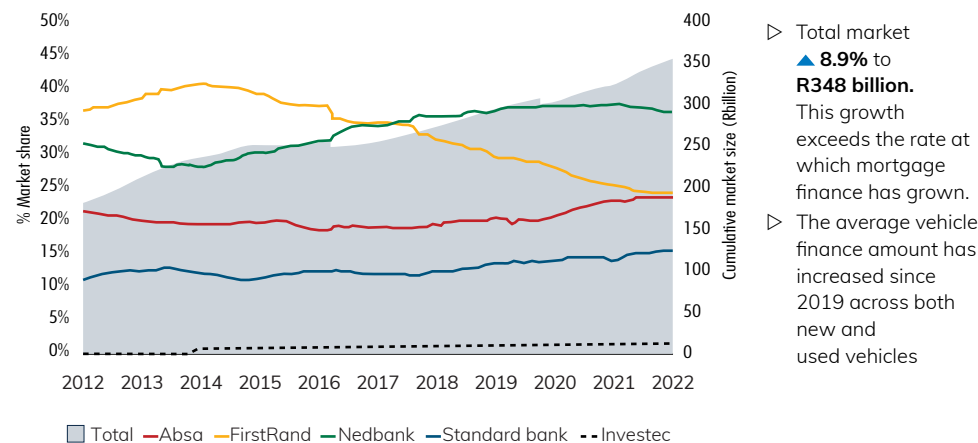
4. NAAMSA ABSA VAF insights.
5. SBG BA900 analysis – Aug 2022.

Structural shift to finance older used vehicles⁴



In 2019 71% of vehicles financed were less than 5 years old, this has decreased to 64% as consumers have shifted to buying older vehicles. Conversely, the proportion of vehicles financed that are 5 years or older has increased from 29% to 36%.

Growth in VAF market attributable to financing of older vehicles⁵



Mobility platform continued

WeBuyCars

Performance overview

130 177

Number of vehicles purchased

FY2021:

▲ 42%

18.2%

Finance and insurance penetration

FY2021:

13.6%

125 812

Number of vehicles sold

FY2021:

▲ 43%

R762 million

Core earnings¹

FY2021:

▲ 41%

34 300

E-commerce sales

FY2021:

26 810

21%

Business-to-Business

FY2021:

28%

+

6%

Business-to-Consumer

FY2021:

2%

R540 million

Core earnings² attributable to the group

FY2021:

▲ 100%



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**; an innovator amongst numerous participants in the used vehicle segment, that is 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** via an independent vehicle condition report and **high-resolution photos** facilitating the buying decision

A **differentiated buyer and seller of used vehicles**, serving clients through e-commerce and physical infrastructure including vehicle showrooms and buying pods to deliver a consistently **high-quality service**

With **no brand affiliation**, WeBuyCars buys any used vehicle type, and offers an unmatched and **diverse range of vehicles** for sale within a market where **one million used vehicles** trade per year. This market is less sensitive to exchange rate and vehicle price inflation

By leveraging 20 years of **experience** in proprietary vehicle, price, consumer and other data with **artificial intelligence technology**, WeBuyCars determines pricing according to the value and demand of a vehicle, preserving margins and a high stock turn

Technology is transforming the way in which consumers transact, which is no different in the vehicle industry. This **improves the efficiency and reliability** of service, while overcoming geographic transactional barriers

Penetrating the used vehicle vertical enables WeBuyCars to extend its offering **beyond vehicle buying** and selling as a principal. Finance, insurance based, tracking and other ancillary products (finance and insurance products) offered as an agent, with future opportunity to offer these as a principal

WeBuyCars has a prominent national footprint with **13 vehicle showrooms and 58 pods**, including **>290 national buyers** to deliver world-class client service. E-commerce activities include B2B and B2C offerings

1. Core continuing earnings of R762 million in FY2022 (FY2021: R541 million) reported above relates to WeBuyCars and not TCMH.

2. Core continuing earnings and including GoMo.

Mobility platform | WeBuyCars continued

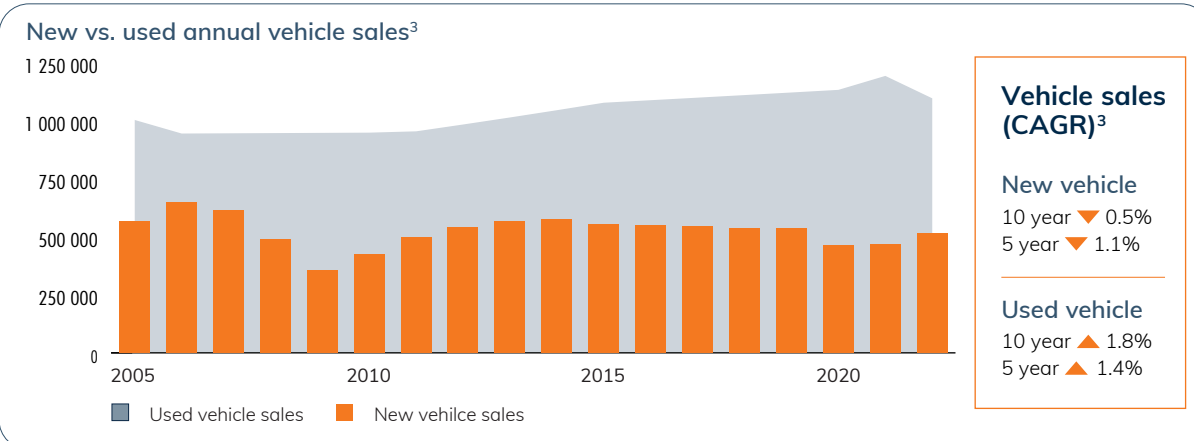
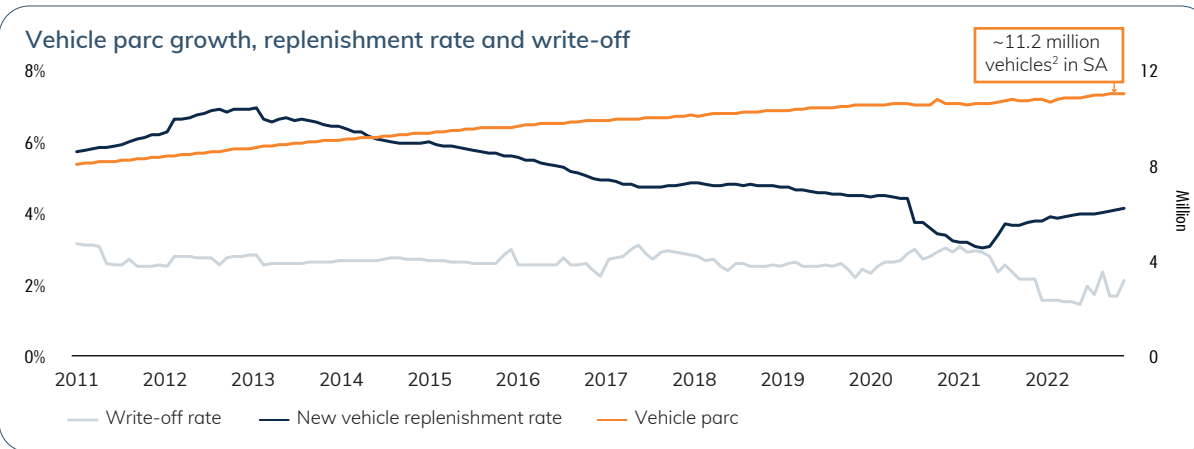
CFO's report

Divisional reviews

Market context and environment

Sales of new passenger and light commercial vehicles in South Africa for the 12 months to 30 September 2022, showed an increase of 10%¹ year-on-year, recovering to levels seen before the pandemic.

SA's vehicle parc is growing despite new vehicle sales decreasing over last 10 years



Shift from new to used vehicles

New vehicle sales
Into parc

~515 000
vehicles

FY2022 new vehicles sales

Write-off rate
Out of parc

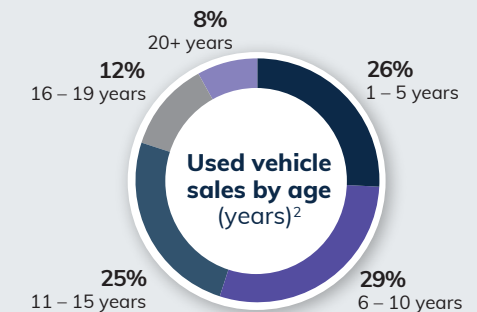
~300 000
vehicles

Consistently 2 – 4% per year³

New and used vehicle sales recovered to FY2019 levels

- ▷ Used vehicles offer a more affordable option to new vehicles
- ▷ Banks are adding liquidity into the used vehicle market as they seek growth

~74% of used vehicles traded >5 years old which presents a significant opportunity for WeBuyCars



2017
Average year model of vehicles sold⁴

Sources:

1. Transunion VPI Q2 2022.

2. eNatis: PARC data consists of passenger and light commercial vehicles

3. Internal estimation using eNatis and Lightstone data (double counting eliminated)

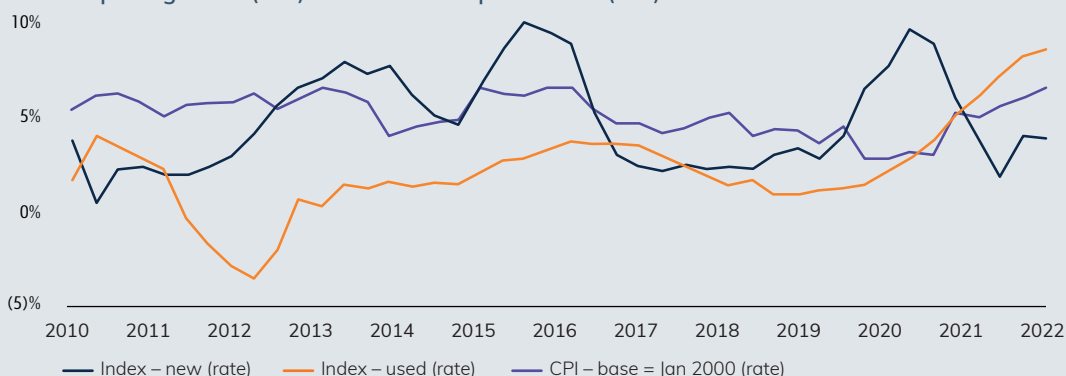
4. Autotrader car industry report June 2022

Mobility platform | WeBuyCars continued

Market context and environment continued

Structural market conditions support the resilience of the used vehicle industry

Vehicle pricing index (VPI) and consumer price index (CPI)¹



Vehicle price inflation¹

New vehicle

^ 3.9%

FY2021: 6.1%

New vehicle price inflation ▼ from 2021

- ▷ Stressed consumer environment, with ▲ interest rates
- ▷ Price ▲ in 2022 driven by:
 - Exchange rates (~70% imported)
 - Sustained supply-side constraints slowing production

Used vehicle

^ 8.3%

FY2021: 4.9%

Used vehicle price inflation ▲ from 2021

- ▷ More affordable option to a new vehicle
- ▷ Banks are adding liquidity into the used vehicle market as they seek growth
- ▷ Prices stabilising following ▲ due to 2021 new vehicle supply constraints

Used vehicles traded in SA²



R423 964

Average vehicle price
2021: R389 145



77 147 km

Average mileage
2021: 75 830 km

CFO's report

Divisional reviews



Independent versus group dealerships

- ▷ Dealers are stockholders with inventory on balance sheet
- ▷ South Africa has >3 000 dealers (~2 100 franchised)
- ▷ Dealership groups affiliated to OEMs provide limited brand optionality and pricing flexibility
- ▷ Independent dealerships provide greater choice of brands, limited stock available 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 test-drives
- ▷ Private-to-private platforms are poorly regulated, vehicles not backed by any guarantee and finance and insurance products not offered
- ▷ Dealers-to-private platforms are strongly established distribution channels
- ▷ Transaction is not always certain



Control buying and selling experience Buy from private commuters

- ▷ Digital lead generation
- ▷ AI-led pricing
- ▷ Frictionless and fair process
- ▷ Trusted brand
- ▷ Sellers receive fair price, driven by AI with immediate cash settlement

Sells to dealerships and private customers

- ▷ E-commerce and physical infrastructure
- ▷ Vertically integrated, offering finance, insurance and other allied products

Buys and sells variety of vehicles

- ▷ Many brands and models

Majority of vehicles sold

- ▷ Age | >9 years
- ▷ Price | <R200 000

Growth opportunities in a large fragmented and disrupted South African market

Sources:

1. TransUnion VPI Q2 2022 vs Q2 2021 2. Autotrader car industry report June 2022

Mobility platform | WeBuyCars continued

CFO's report

Divisional reviews

Business model and activities

IC

MC

WeBuyCars has a scalable, agile and robust business model

Well-known, reputable and trusted brand

- ▶ In industry where trust and customer satisfaction has been low
- ▶ Effective advertising campaigns
- ▶ Consistently high satisfaction levels
- ▶ Peace of mind transacting

Buyers have access to full disclosure

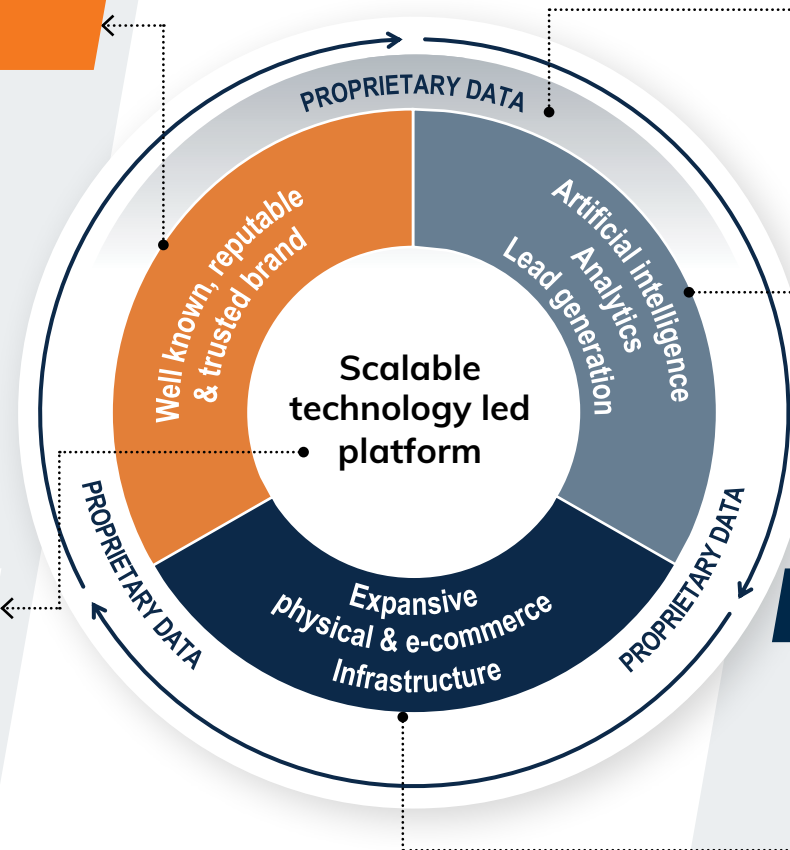
- Transparent vehicle appraisal report (e.g. DEKRA)
- High resolution photos

Sellers receive a fair price

- Online channel
- Instant offer driven by AI, and not buyer sentiment
- Immediate cash settlement
- ▶ Reputation, brand and trust enhances lead generation

Technology

- ▶ Online channel and e-commerce infrastructure enhances customer experience
- **1st** mover advantage in used vehicle e-commerce market
- **~27%** of sales online
 - Improves efficiency and reliability of service
 - Scalable technology led platform reducing costs per unit



Proprietary data

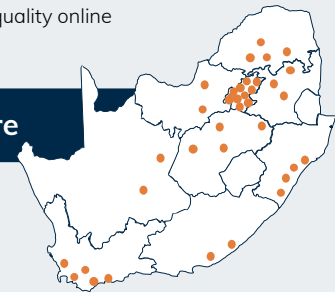
- ▶ Leveraging **~20 years** of vehicle, price, consumer and other data with AI and machine learning
- ▶ Continuously enriched with buying and selling transactional data obtained from internal and external sources

Artificial intelligence (AI), analytics and lead generation

- ▶ AI and machine learning applied to
 - Ensure vehicles are bought and sold at a fair price
 - Adjust pricing according to value and demand, preserving margins and 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
 - **13** vehicle supermarkets, **58** buying pods, **>290** national buyers
- ▶ **E-commerce platform**
 - Trusted brand facilitating peace of mind transacting via online auctions
 - Established **B2B** platform with vehicle dealerships
 - Early stage **B2C** activities commenced



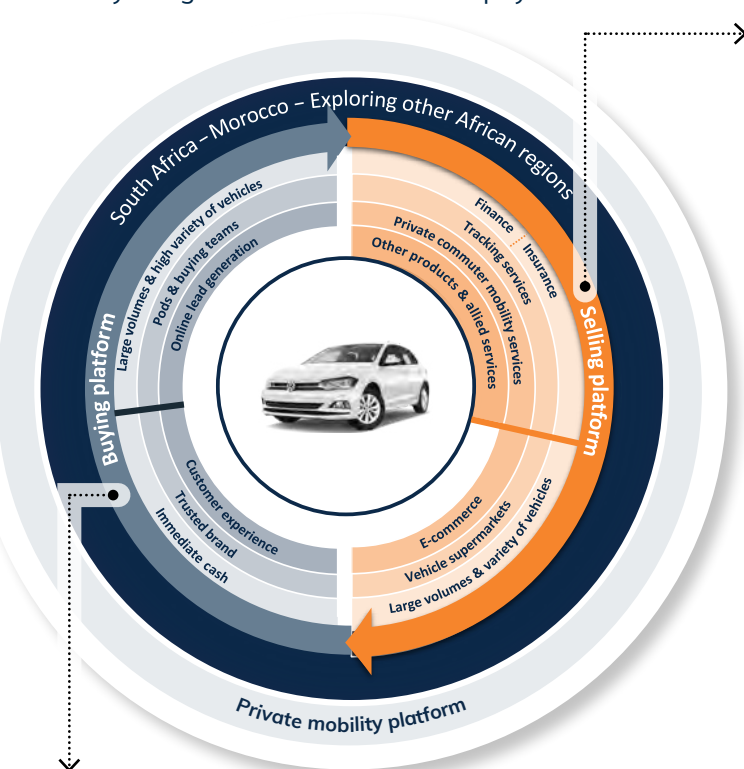
Mobility platform | WeBuyCars continued

CFO's report

Divisional reviews

Business model and activities continued

Vertically integrated e-commerce and physical infrastructure



Selling platform

E-commerce platform

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

- ▷ 100% data driven processes including proprietary pricing algorithms
- ▷ Online solution allows to buy, exchange or finance vehicle and offers finance and insurance products

27%

E-commerce sales

FY2021: 30%

21%

Dealerships

(FY2021: 28%)

6%

Private commuter

(FY2021: 2%)

>10 000

Online listings

~1.9 million

Unique website visits per month

FY2021: ▲ 90%

Vehicle supermarkets

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

13

Vehicle supermarkets

FY2021: 8

8 580

Vehicle buys

FY2021: 5 807

2 456

Employees¹

FY2021: 1 468

25

Days to sale per vehicle

FY2021: 24 days

1. WeBuyCars employees only excluding GoMo employees



Buying platform

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

- ▷ Our buying pods are highly visible, modular and modern. They enable cost effective vehicle buying interaction and vehicle handover.

58

Buying pods

FY2021: 27

9

Province presence

FY2021: 9

>290

National buyers

FY2021: >190

Finance and insurance and allied products

Additional gross margin earned on add-on products, including agency fees earned from finance and insurance 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 including GoMo

Value-added

Service plans, scratch and dent, tyre and rim

Insurance

Include warranty, credit shortfall and credit life

Vehicle tracking and recovery

Tailored solutions with quick, on-site fitment of tracking devices

Strategic and operational highlights IC FC

WeBuyCars is a provider of innovative mobility products in a favourable market

Leading private commuter mobility platform in SA's large and resilient used vehicle market

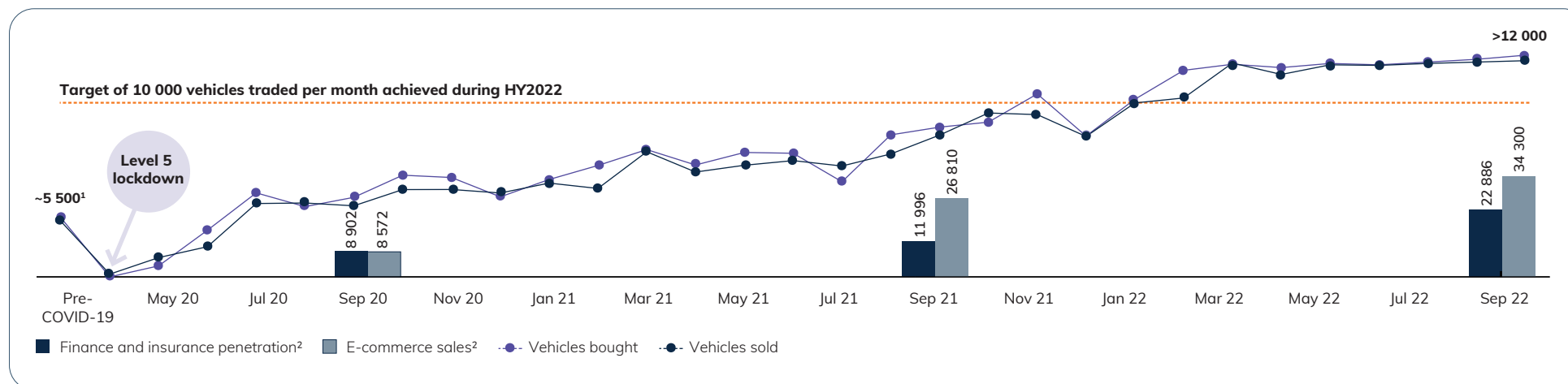
- ▷ Market share growth strategies:
 - Expand geographically by opening new vehicle supermarkets
 - Investment into brand, marketing and online lead generation
 - Increase in e-commerce offering (B2B and B2C)
- ▷ Unit economics strategies:
 - Optimise stock efficiencies
 - Increase in finance and insurance penetration

Structural elements support business model

- ▷ Continues to disrupt used vehicle ownership and trade in SA
 - Unique combination of vehicle trading via e-commerce and physical infrastructure, with finance and insurance capabilities
- ▷ Increased consumers opting for used versus new vehicles
 - Consumers' disposable income under strain and new vehicle prices continue to increase
- ▷ Structural shift towards online channels by consumers
- ▷ New and used vehicle sales recovered to 2019 levels
 - Commuters shift from passengers to first time owners



WeBuyCars continues to outperform in number of vehicles bought and sold, e-commerce sales and finance and insurance penetration



1. Average number of vehicles sold | January 2020 to March 2020. 2. Figures for financial periods 1 October to 30 September.

Mobility platform | WeBuyCars continued

Delivering shared value SC NC

Societal purpose:

To accelerate sustainable mobility through innovation, simplicity, and trust.

This page is a summary of sustainability indicators that demonstrate enterprise value creation for WeBuyCars and its key stakeholders.

WeBuyCars ESEG highlights

Development and implementation of **WeBuyCars' ESE framework**, to measure and report on progress made on their ESE strategy, including an assessment of the **business' carbon footprint**.

Continued roll out of **solar PV** and **water harvesting** at WeBuyCars' vehicle supermarkets. With solar PV at 8 of its vehicle supermarkets, contributing 29% to its overall electricity consumption and rainwater harvesting at 11 vehicle supermarkets.

Facilitating economic development



We strive to grow consistently.

- ▷ WeBuyCars is a key player in the South African used-vehicle trading sector with exciting growth prospects.
- **R17.9 billion** in annual turnover
- **42.2%** growth in number of cars bought
- **42.5%** growth in number of cars sold
- **2 456 number** of employees in South Africa¹
- **13 locations** of branches where services are offered in South Africa.

We support the economy with our taxes

- ▷ **R285 million** total company tax paid in the year.

Supporting social inclusion



We create a more accessible market for car buyers and sellers.

- ▷ WeBuyCars supports economically stressed consumers as they opt to trade down from new to used vehicles, providing a more affordable entry point for first-time vehicle ownership.
- ▷ Our e-commerce platform enables customers to choose their preferred vehicle and price point faster, arrive at their decision sooner.
- **34 300 car sales** conducted online
- Growth in e-commerce platform now accounts for **27.3%** of total sales.

Bettering the industries we serve

We provide reliable customer service.

- ▷ We are a well-known, reputable and trusted brand in an industry where trust and customer satisfaction have traditionally been low.
- ▷ WeBuyCars believes in transparency and improves reliability by each vehicle having an independent Dekra used vehicle report:
 - **100%** of vehicles purchased are paired with a Dekra assessment
 - **~2.8** insurance and value-added products per unit sold

Circular economy



WeBuyCars operates within the re-use aspect of the circular economy, extending the life of a vehicle in South Africa, enabling customers to have the choice of a second-hand vehicle versus a more carbon intensive new vehicle.

Avoided emissions: it is estimated that we avoided between **1 – 1.4 million tCO₂e** from car manufacturing facilities in 2022, because of us selling second hand cars, and not needing to produce these as new vehicles for the market.

Hire inclusively



Employees:

1 356

Number of jobs created in FY2022

281

Number of youth jobs created (<25 years old) in FY2022
(21% of appointments for the year)

Good corporate citizen



R3.8 million

CSI spend in FY2022

We promote climate resilience



Carbon emissions:

Metric tonnes CO₂e for FY2022

2 902

Total scope 1 emissions

49.0%

Contribution to group scope 1 emissions

3 692

Total scope 2 emissions

41.1%

Contribution to group scope 2 emissions

9 850 742

Total scope 3 emissions

95.7%

Contribution to group scope 3 emissions

1. Excludes 31 GoMo employees

Mobility platform | WeBuyCars continued

CFO's report

Divisional reviews

Strategic growth priorities

IC MC

Strategic initiatives continue to yield positive results with amplified opportunities



Increased market share through geographical expansion, e-commerce, brand awareness and technology enhancements

- ▷ Medium-term target of ~15 000 vehicles traded per month
- ▷ Harness data and technology to drive e-commerce offering
 - Demand for contactless services on credible digital platforms increased
 - Penetration of e-commerce ~27% online sales off higher volumes
 - Enable improved stock turn and cost efficiency
- ▷ Physical footprint continues to expand with additional branches
 - Establish dealership models across SA, varying by size dependent on demand
- ▷ International expansion
 - Organic expansion in Morocco
 - Considering international expansion opportunities in selected markets
- ▷ Continued enhancement of brand awareness, trust and customer experience



77%
(FY2021: 92%)
Dealers (B2B)

23%
(FY2021: 8%)
Private commuters (B2C)

Enhance unit economics and margin potential

- ▷ GoMo repositioned within SA Taxi | Increased penetration of finance and insurance products and volumes traded
 - Increased commissions earned, increasing total addressable market
- ▷ Increase in unit economics per vehicle via higher take-up of finance and insurance products (FY2022: ~18%; FY2021: ~14%)
- ▷ Enhance insurance and allied products offering | Add relevant new allied products
- ▷ Optimising vehicle acquisition and stock turn
- ▷ Maintain margin percentages | Higher average selling price per vehicle generating increased Rand margins

Transaction Capital to increase shareholding in WeBuyCars

- ▷ Negotiating increase stake from **74.2% to 89.1%**
- ▷ Accelerating earnings growth in short-term
- ▷ Founders remain invested and actively involved over the longer-term
- ▷ Options in place to acquire remaining **10%** by FY2030

Strategy link



Organic growth

Key enabler



Data, technology and analytics



See more on WeBuyCars' strategy on **page 35** (Organic growth) and **page 37** (Key enabler: data technology and analytics)

Mobility platform | WeBuyCars continued

CFO's report

Divisional reviews

Q&A

with the WeBuyCars CEO
Faan van der Walt

Over the medium-term we will seek to maximise growth potential and market share gains through our physical and e-commerce platforms by continuing to drive a differentiated customer experience enhanced by data, technology and analytical advantages.

WeBuyCars is now Transaction Capital's largest business, generating approximately 43% of core earnings attributable to the group. The business continues to outperform against several key performance metrics, including total revenue, finance and insurance (F&I) penetration, as well as units bought and sold.

WeBuyCars CEO Faan van der Walt discusses what gives WeBuyCars its competitive edge and the division's prospects in the local used vehicle market in the short to medium-term.

Q: The global motor industry has undergone a significant shift in recent years with new vehicle supply shortages and rising vehicle prices driving up demand for used vehicles. What is the outlook for South Africa's used vehicle market and how is WeBuyCars positioned relative to the environment?

A Over the past two years, there have been various factors that have allowed the used vehicle market to thrive. The global economic slowdown brought on by the COVID-19 pandemic caused supply chain disruptions and severely impacted new vehicle production. This shortage in new vehicles was then worsened by microchip shortages and further exacerbated by the Russia-Ukraine war. The resultant increase in demand for used vehicles, has of course then driven a sustained increase in used vehicle prices. As these supply chain constraints start easing, we expect to see the sale of new vehicles recovering to historical averages. Although, this recovery may have an impact on demand for used vehicles, a higher supply of new vehicles ultimately increases the total number of vehicles in circulation that will in the future be available to be bought and sold in the second-hand vehicle market. South Africa has around 11.2 million cars¹ in circulation, and the overall market has grown steadily by between 2% and 5%¹ per year over the last decade, even despite the recent supply disruptions.

Many of our investors have asked whether we expect to see a drastic reversal in vehicle price inflation in the near term; our answer is that although we do expect inflation in used vehicle prices to start normalising, we are not expecting excessive revisions like those seen in markets such as the US in the past year. South Africa's used vehicle price inflation has remained in high single-digit percentages, which is significantly lower than the vehicle price inflation heights of greater than 40% seen in the US in early 2022. In this context WeBuyCars, through its proprietary data, technology and AI capabilities, has the ability to adjust rapidly to shifts in market pricing, which combined with its high inventory turnover rate reduces the impact of adverse vehicle price movements. In addition, WeBuyCars sources stock directly from private consumers and sells mainly to private consumers, which allows us to adjust prices in line with market movements in order to maintain stable margins.

Structural support for the resilience and future growth of the used vehicle market includes cash-strapped consumers trading down to more affordable used vehicles. In addition, owning a personal vehicle remains an aspiration deeply rooted in South African culture given our long travel distances and the inadequacy of the country's rail and bus services. Mobility trends show that more South Africans are moving from using public transport and being passengers in personal vehicles to owning their first car. WeBuyCars trades in used vehicles of all ages, particularly older vehicles. This places us in a good position to benefit from the South African population's shift from using public transport to being first-time private vehicle owners.

Q: What are the key differentiators that contribute to WeBuyCars' success in the market?

A WeBuyCars has over a 20-year period built up expertise and a leading market position in South Africa's used vehicle market. We are continuously looking for ways to disrupt the second-hand vehicle market, and we've succeeded in doing this through a unique combination of vehicle trading via our e-commerce and physical infrastructure, as well as by offering finance, insurance and other ancillary products.

Although WeBuyCars has a strong digital capability now, our business started off as a traditional used vehicle dealership where success essentially depended on building trust and buying at the right price to be able to sell profitably. Our success is built, foremost on getting these fundamentals right. Over the past five years we have increasingly incorporated the use of data, analytics, and technology to drive a unique customer experience which allows the business to achieve our targeted margins. Our rich dataset, proprietary systems and analytics capabilities enable the business to operate efficiently and rapidly adjust to changes in the market.

We continue to invest significantly in our physical infrastructure with our buying pods and vehicle supermarkets being available countrywide. Our national footprint includes 13 vehicle supermarkets comprising 8 580 parking bays, 58 buying pods and over 290 buyers across all 8 of South Africa's provinces. Our strategy to expand geographically, as well as growing the e-commerce offering and driving higher penetration of F&I products is what enables us to continue gaining market share.

Lastly, WeBuyCars is an owner of its inventory, not just a platform or online marketplace on which used vehicles can be traded. Being a vehicle stockholder means that we can fully control the consumer's buying and selling experience. We consistently strive to give consumers peace of mind transacting by having all our vehicles independently assessed and providing buyers with full disclosure on the condition of the vehicle they are purchasing. For sellers, peace of mind comes from knowing that our vehicle price offers are not based on buyer sentiment but are data and AI driven therefore they can expect to receive a fair price quickly, followed by immediate cash settlement.

1. eNatis: Parc data consists of passenger and light commercial vehicles. Vehicle stats: internal estimation using eNatis and Lightstone data (double counting eliminated).

Mobility platform | WeBuyCars Q&A with Faan van der Walt continued

CFO's report

Divisional reviews

Q: Please tell us more about what gives WeBuyCars a competitive edge from a data, tech, and analytics perspective.

A In 2018 WeBuyCars embarked on developing end-to-end proprietary systems that streamline our business processes from purchasing of a vehicle to the sale thereof. Having a proprietary system means the system is developed specifically with the needs of WeBuyCars in mind which reduces the implementation risk that is often associated with a pricey off-the-shelf product.

Additionally, having a strong in-house development capability gives us the agility to timeously bring about changes informed by the results of continuous research and testing. This allows us to consistently deliver a customer experience that is innovative and efficient.

Our data and analytics capabilities enable us to gauge market movements and dynamically adjust pricing and buying of inventory to suit demand in the market. This assists in ensuring that we achieve our targeted margins and maintain efficient inventory turnover days – which significantly reduces price risk.

Q: Part of WeBuyCars' value proposition is fair pricing. Can you tell us more about how the business uses its analytical capabilities to achieve this.

A We have developed two AI systems that assist in the pricing of vehicles. The first system prices vehicles at the point of purchase from the consumer to ensure a fair market related price is offered to the consumer with a targeted margin in mind for WeBuyCars. This leverages 20 years of buying experience in the business, as well as live market data.

The second system is used following the purchase of a vehicle, to optimise the unit economics thereof by ensuring it is allocated to the correct sales channel.

We continuously look at improving our systems to optimise efficiencies and enhance the buying and selling experience. With development happening inhouse, there is no significant cost to new innovations, and we are able to develop ideas and deploy them quickly.

Q: To support WeBuyCars' growth strategy, in 2022 the business added 1 078 new employees across its operations. What is WeBuyCars doing to enhance its employee value proposition to ensure attraction and retention of the right skills?

A WeBuyCars is a high growth business which requires that we recruit ahead of the curve to allow for a thorough training period. Building capacity is critical to keeping up with the growth in sales volumes. Given the breadth of our operations, we are able to provide meaningful employment opportunities across the spectrum, from wash bay attendants to data scientists.

Growth also allows the organisation to offer meaningful opportunities for development and promotion of existing staff. We are working with the Wholesale and Retail Sector Education and Training Authority (W&R SETA) to conduct further learnership programmes and internships which will contribute to upskilling of the youth in our business. In addition to this, we provide opportunities for staff to apply for a bursary to further their studies. Most of our bursary allocations assist staff to complete their drivers' licenses, matric certificates and other short courses. Senior staff may also apply for undergraduate or postgraduate university programmes.

Q: What are the key highlights of WeBuyCars' ESEG journey in 2022 and what are the key objectives in the year ahead?

A In 2022, WeBuyCars developed and implemented its ESE framework, allowing the business to measure and report on progress made on our ESEG strategy. We also quantified our carbon footprint for the first time during the past year.

In addition to this, we continue to roll out solar PV and water harvesting at WeBuyCars' vehicle supermarkets. Currently WeBuyCars has solar power at eight of its supermarkets, contributing approximately 29% to our electricity consumption, and rainwater harvesting at 11 supermarkets. The rainwater harvesting allows the WeBuyCars branches in Gauteng to wash vehicles with rainwater for about eight months depending on the province's rainfall patterns.

Over and above continued progress on the points already mentioned, WeBuyCars has developed its first B-BBEE strategy, with the focus for 2023 being to achieve a B-BBEE rating. This will ensure alignment to Transaction Capital's transformation objectives in South Africa, that seek to address historical imbalances.

Q: What are your focus areas for the year ahead?

A WeBuyCars continues to gain market share, driven by its strategy to expand geographically, grow its e-commerce offering, and drive higher penetration of F&I products. In the next 12 months, we plan to pilot further dealerships across South Africa using different operating models that enable market share growth in a cost-efficient manner. This growth strategy is augmented by the 58 nationwide buying pods, which are capital-light and conveniently located in high traffic areas such as shopping centres.

Over the medium-term we will seek to maximise growth potential and market share gains through our physical and e-commerce platforms by continuing to drive a differentiated customer experience enhanced by data, technology and analytical advantages.

We are strongly focused on delivering greater efficiencies as our strong brand stimulates growth into our expanding infrastructure. New dealerships, although profitable within the first few months of trading, take between 12 to 18 months to achieve efficiencies and stock levels in line with established dealerships. We expect our data and analytics capabilities to drive further optimisation improvements to achieve operational leverage.

The recent launch of GoMo is expected to be value accretive for WeBuyCars. GoMo should increase volumes traded and drive higher penetration of F&I products, particularly on older vehicles which are not traditionally financed by banks.

Lastly, WeBuyCars' expansion into Morocco in 2022 has been the first step towards our international growth aspirations. Whilst still small the business has achieved profitability and is expected to continue growing organically.

Mobility platform continued

SA Taxi

Performance overview

R15.4 billion
Gross loans & advances
FY2021:
▲ 9%

R1 631 million
Net interest income¹
FY2021:
▲ 3%

R411 million
Net insurance income
FY2021:
▲ 3%

10.8%
Net interest margin
FY2021:
12.1%

5.7%
Credit loss ratio
FY2021:
4.3%

11.4%
Return on equity
FY2021:
16.4%

R304 million
Core earnings² attributable to the group
FY2021:
▼ 26%



CFO's report

Divisional reviews



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

1. From the provision of financing to customers. 2. Core continuing earnings.

Mobility platform | SA Taxi continued

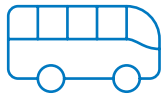
CFO's report

Divisional reviews

Market context and environment

Spending on minibus taxi transport in South Africa is largely non-discretionary, making the industry defensive in tough economic conditions. However, macro economic pressures and lower commuter activity has placed the industry's profitability under strain.

Vehicle prices

**R528 800**Toyota Hiace (diesel) price¹

Since FY2015:

▲ 46%

Last 12 months:

▲ 6.6%

~R6 022 ^Impact on monthly instalment since FY2015²

Fuel prices including fuel levies

**R21.58** per litreAverage petrol price³

FY2021:

R16.07

Petrol price breached R20 per litre in December 2021

Fuel price volatility expected to be further impacted by ▲ oil prices

R20.23 per litreAverage diesel price³

FY2021:

R13.69**~2 to 3** billionlitres used by taxi industry per year⁴**~R40** billionfuel spend by taxi industry per year⁴Record high diesel prices, following recent price increases implemented in November 2022⁵▲ Petrol
R3.33
per litre▲ Diesel
R8.29
per litre

Over the past 12 months

SA Taxi's interest rates⁶**19.2%**

Average interest rate at origination

since FY2015

▼ 4.7%

~R1 536 vImpact on monthly instalment since FY2015²**12.00% to 26.75%**

Risk based pricing interest rate range

Repo rate

4.4%Average repo rate⁶FY2021: **3.5%**

Repo rate ▲ after

5 decade low

~3% ▼ in 2020



Fares

25% ^ Cost of transportPublic transport costs ▲ by 22% in last 12 months⁷**9.3%** ^Average annual increase in cost of using minibus taxi from 2013 to 2020⁸

Supported affordability of instalment historically

After no fare increases were levied over the two-year COVID-19 period, a fare increase was passed in July 2022. This increase has been insufficient to offset the financial pressure of higher vehicle and fuel prices, and lower commuter volumes.

Sources:

1. Toyota recommended retail price, including VAT, as at 30 September 2022.
2. Calculated only for new originations.
3. www.energy.gov.za 12-month rolling average fuel price (Oct '21 to Sept '22).

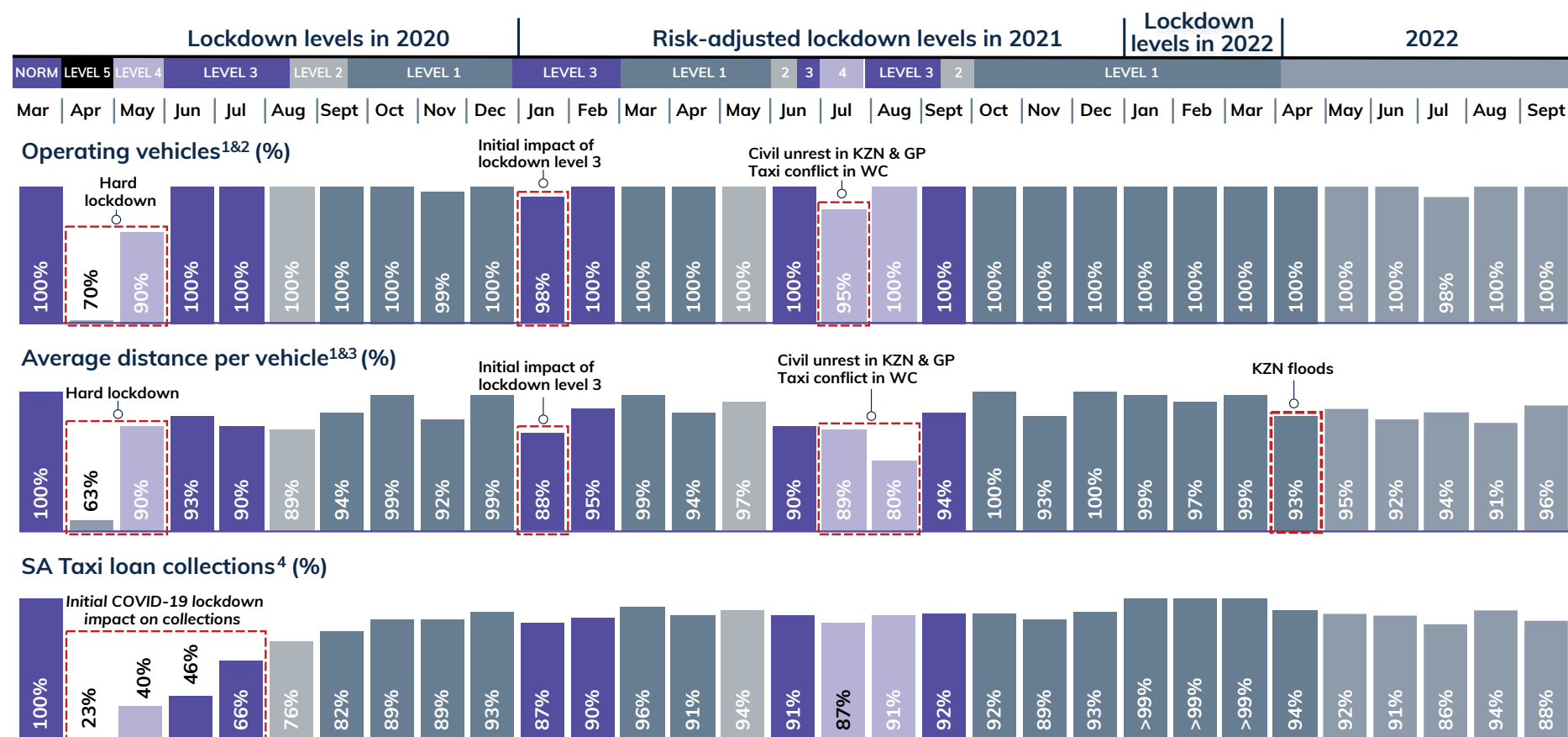
4. SA Taxi internal information.
5. Business Tech.
6. SARB: 12-month weighted average repo rate.
7. Stats CPI – July 2022
8. National House Travel Survey 2020

Mobility platform | SA Taxi continued

Market context and environment continued

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 and other macro-economic events on the average activity of our minibus taxi fleet, and associated collections, benchmarked against pre-COVID-19 levels. The graph below details the impact on our clients' mobility, and related profitability over the past 3 years.

Vehicle mobility analytics applied to manage credit and insurance risk



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

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

3. Total kilometres travelled by the fleet / number of operating vehicles (SA Taxi's imperial telematics data).

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

Mobility platform | SA Taxi continued

CFO's report

Divisional reviews

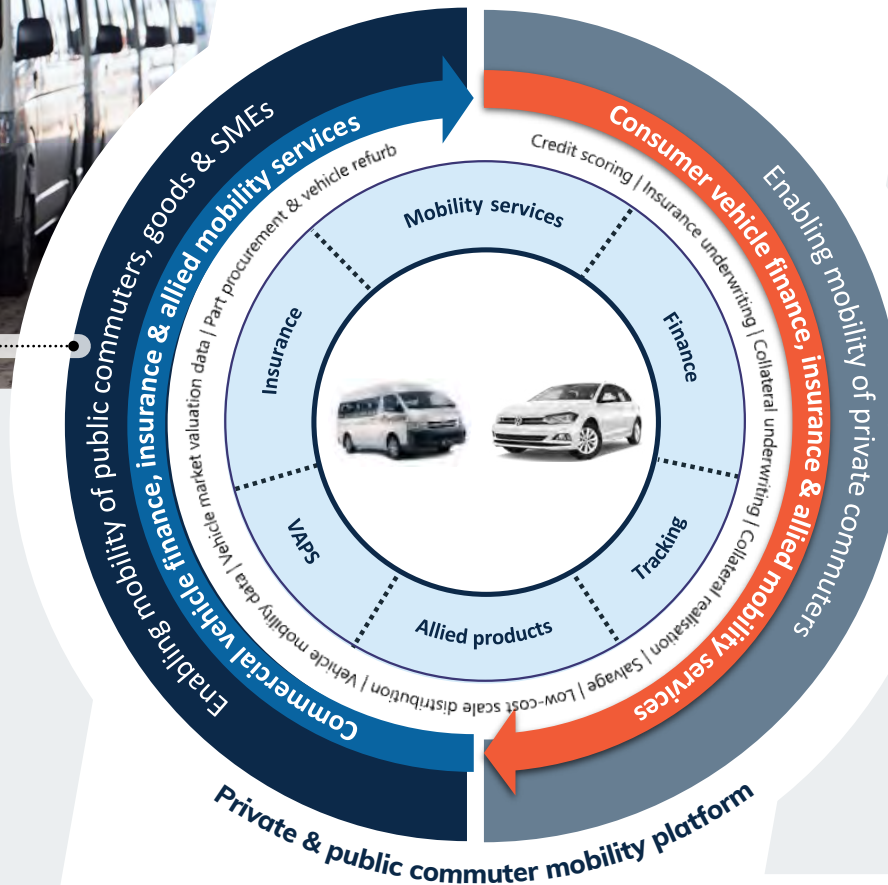
Business model and activities

(IC) (MC)

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.

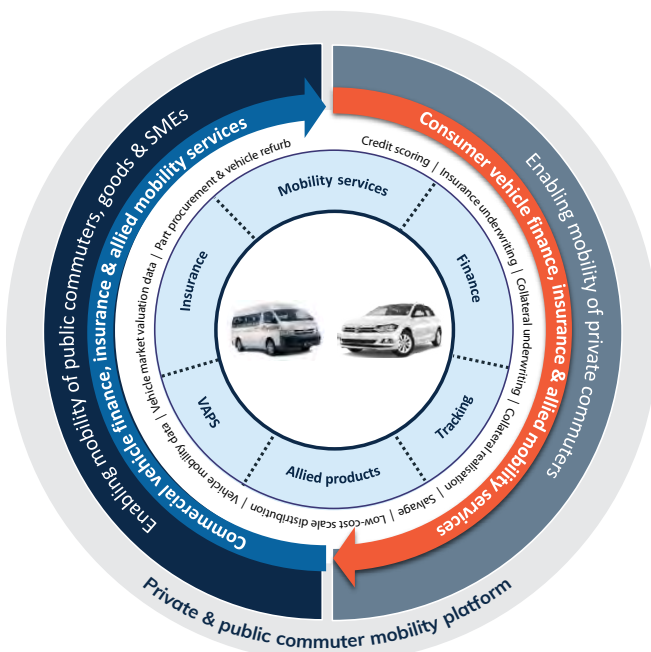


- ▷ Remain selective in taxi operators and vehicle variants, supportive of credit quality
- ▷ Vertically integrated mobility platform offering access to minibus taxi ownership (new and QRTs), finance (on-balance sheet), insurance, tracking, maintenance, refurbishment and other allied services



- ▷ Enter consumer vehicle mobility sector
- ▷ Leverage SA Taxi's credit scoring, product design, origination, collections and repossession competencies
- ▷ Leverage WeBuyCars' proprietary data sets, low-cost distribution and sales capabilities
- ▷ Alternative funding arrangements under consideration

Business model and activities continued



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.

15.4 billion

Gross loans and advances

^ 9%

36 068

Loans on book

^ 2%

~1.2

Vehicles per client

FY2021:

~1.3

8.6%

Average cost of borrowing

FY2021:

7.9%

10.8%

Net interest margin

FY2021:

12.1%

49%

Gross loans and advances stage 1

FY2021:

45%

5.7%

Credit loss ratio

FY2021:

4.3%

5.1%

Risk-adjusted net interest margin

FY2021:

7.8%

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.

>R1.0 billion

Gross written premium per year

FY2022: R1.1 billion

>31 000

Insurance clients

Majority financed clients choose to be insured by SA Taxi

>2.0

Products per client

>100

Broker network to expand total addressable market

Cost of claim remains low via SA Taxi Auto Repairs and SA Taxi Auto Parts

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.

~5%

Average retail margin per vehicle

>R1.0 billion

Vehicle turnover per year

FY2022: R1.5 billion

^ 46%

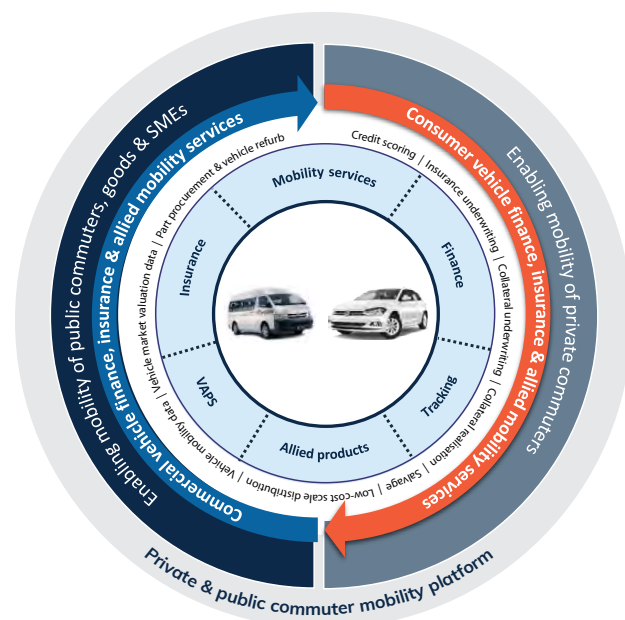
Vehicles sold through SA Taxi Direct result in product margin earned, a high take-up of SA Taxi insurance and allied products, and an improved credit performance due to a better-informed customer.

Mobility platform | SA Taxi continued

CFO's report

Divisional reviews

Business model and activities continued



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.

~28 500m²

Workshop facilities

FY2021: **~24 000m²**

>4 450

Minibus taxis rebuilt per year

FY2021: **>3 600**

>75%

Credit recovery rates on repossession, refurbishment and resale

SA Taxi transaction-based account

Ultimate intention and combine telematics, rewards, finance and credit into single transaction-based account relevant to SA's **>200 000** minibus taxi operators

Fuel programme



~10 000
Cards issued per year



~20 million
Litres of fuel purchase per year



Tyre programme



~R1 900
Original retail price



~R1 679
Reduced price for taxi operators



~45 500
Number of tyres sold per year



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

Parts programme



>200
Number of stores nationwide



>5 000
Unique parts sold



Brake pads

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 local procurement of new parts from source at low cost.
- ▷ The salvage of used parts from vehicles not economically viable to repair.
- ▷ Management of credit losses and cost of insurance claims.

Supply to SA Taxi Auto Repairs

~R448 million per year

Supplied to SA Taxi Auto Repairs

Retail to minibus taxi operators

~R61 million per year

Retail sales revenue

Supply to external autobody repairers

~R96 million per year

Retail sales revenue

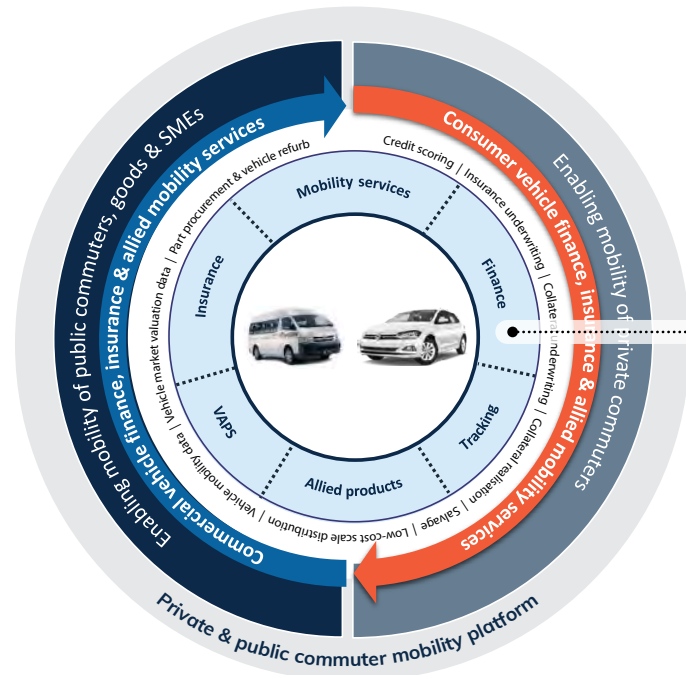
Retail of salvage parts

~R39 million per year

Sales revenue

Mobility platform | SA Taxi continued

Business model and activities continued



GoMo mobility solutions

R241 million

Gross loans and advances

1 132

Number of loans on book

R208 463

Average origination value

8%

Take up rate

71 months

Average loan term at origination

31

GoMo employees



- ▷ Proprietary vehicle finance, insurance and allied mobility product provider
- ▷ GoMo launched January 2022
- ▷ Strategically positioned alongside SA Taxi
 - Capture market share in an under-penetrated used vehicle finance and insurance sector
 - Disrupting vehicle ownership in SA
- ▷ Higher volumes traded and drive increased penetration of finance and insurance products for WeBuyCars
 - Target older vehicles which are traditionally not financed by banks
- ▷ Combines:
 - SA Taxi's ability to underwrite, fund, collect, repossess and design finance and insurance product
 - WeBuyCars' access to low-cost distribution at scale and ability to underwrite and recover on value of used vehicles

Strategic and operational highlights

IC

FC

Performance below FY2021 levels

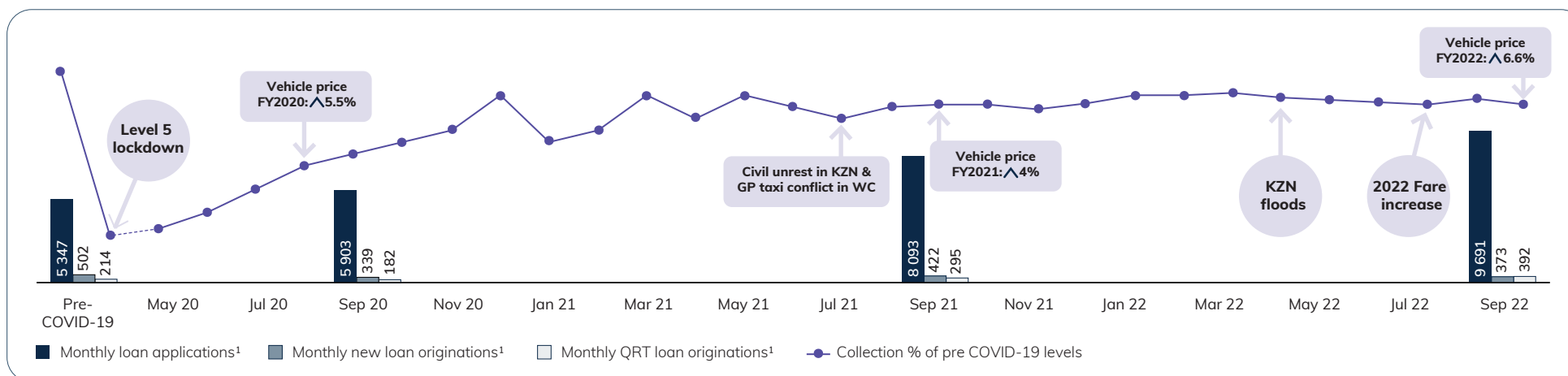
- ▷ Loan applications exceed historical levels
- ▷ Loan originations impacted in FY2022
 - Due to extended impact of KwaZulu-Natal floods on production of new Toyota minibus taxis
 - Partially supplemented by higher QRT loan originations (▲ 33%)
- ▷ Collection ratios remain below historical levels
 - Commuter volumes remain below pre COVID-19 levels
 - 1st fare increase since COVID-19 implemented in July 2022
 - Increased cost of minibus taxis and fuel prices impacting loan affordability

Positioned as mobility platform Sustainably expanding addressable market

- ▷ Optimising core business to enhance resilience and position SA Taxi for growth, as minibus taxi industry recovers
- ▷ Continue to broaden addressable market
- ▷ Diversify into used vehicle mobility platform:
 - Mobility financial services (GoMo)
 - Aim to disrupt and capture market share in underserved used vehicle Finance and insurance sector
 - Leverage WeBuyCars' low-cost origination, ability to value and liquidate collateral efficiently
 - Leveraging SA Taxi's credit competencies and infrastructure



Strong applications and QRT originations, new originations impacted by Toyota plant closure during FY2022



1. Monthly average figures for financial period 1 October to 30 September 2021.

Mobility platform | SA Taxi continued

CFO's report

Divisional reviews

Delivering shared value SC NC

Societal purpose:

To enable mobility access for millions of minibus taxi commuters through tailored developmental financing and support services for SMEs.

This page is a summary of sustainability indicators that demonstrate enterprise value creation for SA Taxi and its key stakeholders.

SA Taxi ESEG highlights

Contracting a **circular economy study** to determine avoided emissions achieved by the parts refurbishing and material recycling practices at SA Taxi to determine emission savings.

Winner of the **Most Sustainable Company** in the Mobility Industry in the World Finance Sustainability Awards.

Winner of the **"Social Bond of the year – corporate"** in the 2022 Environmental Finance's Bond Awards for its Transsec 5 issuance¹.

1. SA Taxi issued its first social bond on the JSE Limited's sustainability segment through its Transsec 5 initial issuance in May 2021. In this financial year, November 2021, the group concluded a Transsec 5 top issuance. 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 the three-month JIBAR.

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.
 - **R37.7 billion** in loans originated since 2008, creating 105 033 SMEs.
- ▷ We provide support services to SMEs across the value chain.
 - **29 228** financed clients.
 - **30 673** and 12 699 insurance policies for financed clients and open market clients, respectively.
 - **62 702** SA Taxi rewards cards issued.

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%**.

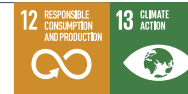
Bettering the industries we serve



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

- ▷ We form partnerships that promote inclusivity and safety of the industry.
 - **R196.8 million** total value of minibus taxi industry dividend to date².
 - **~45 500** Bridgestone tyres sold to the industry at a reduced rate.
 - **R1.7 million** investments in taxi infrastructure.
 - **R4 million** rewards earned by the industry through SA Taxi's reward programmes.
- ▷ We promote formalisation of the industry.
 - **R2.7 billion** tax contributed to fuel levies by SA Taxi's fleet.

Circular economy



Our contribution to the circular economy is evident in the QRT business:

- ▷ **Reconditioning** of old vehicles.
- ▷ **Retrofitting** to extend life of a taxi.
- ▷ **Recycling**, increasing the proportion of recycled material in taxis.

Abatement of scope 3 emissions in the SA Taxi fleet accounts for 9.9% reduction based on these circular economy principles.

2. Gross amount including debt servicing costs.

Hire inclusively



Employees:
342

Number of jobs created in FY2022

44

Number of youth jobs created (<25 years old) in FY2022
13% of appointments for the year

Good corporate citizen



R4.9 million

CSI spend in FY2022

We promote climate resilience



Carbon emissions:

Metric tonnes CO₂e for FY2022

2 813

Total scope 1 emissions

48%

Contribution to group scope 1 emissions

2 248

Total scope 2 emissions

25.0%

Contribution to group scope 2 emissions

442 675

Total scope 3 emissions

4.3%

Contribution to group scope 3 emissions

SA Taxi strategic growth priorities

(IC)

(MC)

Serving public and private mobility ecosystem

Entering adjacent markets

Expanding total addressable market and growing earnings base



GoMo leverages SA Taxi's competencies and systems to underwrite, fund, collect, repossess and design F&I products; and WeBuyCars' access to low-cost distribution at scale and ability to value and liquidate collateral efficiently. Since its launch, GoMo has received an overwhelmingly positive market response, with the number of loan applications being significantly higher than anticipated. This product is strategically better positioned alongside SA Taxi, as the nature of WeBuyCars' operations is capital-light with high cash conversion rates.

GoMo will continue to facilitate vehicle sales and drive incremental F&I income for WeBuyCars by:

- ▷ Disrupting vehicle ownership in SA
- ▷ Capturing market share in an under-penetrated used vehicle finance and insurance sector



Optimise SA Taxi's core business through:

- ▷ Delivering more affordable finance products
- ▷ Cost recalibration
- ▷ Parts procurement efficiencies
- ▷ Leveraging 20+ years of IP to expand into new or adjacent verticals

Strategy link



Organic growth

Key enabler



Data, technology and analytics



See more on SA Taxi's strategy on **page 35** (Organic growth) and **page 37** (Key enabler: data technology and analytics)



Mobility platform | SA Taxi continued

CFO's report

Divisional reviews

Q&A

with SA Taxi CEO,
Terry Kier

SA Taxi's strategic repositioning as a mobility platform leverages our competencies to diversify our revenue while also providing better risk allocation-optionality, and a compelling medium-term growth opportunity. We believe that we have put the plans in place to support the recovery of the business over the next year, while also accelerating plans to diversify our taxi business and enter an adjacent market.

CEO of SA Taxi, Terry Kier shares more about the exciting journey that is driving the evolution of the business into a broader mobility platform.

Q: The operating environment remains challenging for minibus taxi operators as commuter volumes remain muted. This is compounded by inflationary pressures which are driven by rising fuel, energy and vehicle prices as well as an increasing interest rate environment. In addition, the minibus taxi industry was impacted by unprecedented flooding in KwaZulu-Natal, which caused the closure of the Toyota manufacturing plant. How has this impacted performance at SA Taxi and how has the business responded?

A The unprecedented floods in KwaZulu-Natal in April 2022 temporarily disrupted public transport services and severely damaged Toyota's manufacturing plant, resulting in its closure for the latter half of our financial year. Although the production of Toyota minibus taxis has resumed, supply of new minibus taxis to the market remains significantly constrained. In the second half of the 2022 financial year, this impacted our ability to originate new loans and grow gross loans and advances, resulting in SA Taxi's earnings remaining below last year. This has also had a negative knock-on impact on revenue generated from vehicle sales, insurance, tracking and other allied services.

Retail prices for minibus taxis have also continued to rise, with an average increase of 6.5%¹ in the past year. Fortunately, SA Taxi has over the years, introduced and embedded its fully refurbished Quality Renewed Taxis (QRTs) in its offering, providing an affordable yet reliable alternative to new vehicles in light of supply-side constraints and escalating costs.

As economic activity in South Africa has resumed post the pandemic, we have seen a gradual increase in commuter activity. It does, however, remain below pre-pandemic levels and is not expected to reach prior levels in the short-term.

The combination of these factors has placed the minibus taxi industry's profitability under strain, exerting pressure on taxi operators' ability to afford their finance instalments and insurance premiums. In response to this, the industry passed the first fare increase since the start of the pandemic period in July 2022. Although this has provided some relief, it has been insufficient to entirely offset the financial pressure brought about by the environment.

We continue to implement initiatives to address minibus taxi operator affordability. This includes the implementation of an intensive debt rehabilitation programme, enabling operators that have demonstrated a willingness to pay to catch up on their instalments, as well as the option to access product amendments such as extending the term of their loans, effectively reducing their instalments. This has been implemented in a very conservative manner, ensuring that the term of the loan is matched to potential profitability on the routes that they service.

In summary, given that most South Africans rely on public transport, spending on minibus taxi transport is largely non-discretionary making the industry defensive in tough economic conditions. We have spent time over the past year to assess our business operations in order to realise efficiencies. We have had to make a few tough decisions, and we believe that these will yield returns as the business makes its way to recovery over the next year.

1. Toyota recommended retail price, including VAT, as at 30 September 2022.



Mobility platform | SA Taxi Q&A with Terry Kier continued

CFO's report

Divisional reviews

Q: You spoke about the floods earlier this year, which have had a significant impact on the operations and earnings of the business. You have previously noted that the business has made efforts to diversify the concentration risk on Toyota, which has now materialised. Has this provided impetus to diversify into electric as well as alternative vehicles?

A We have, over the past few years articulated our intent to explore alternative minibus taxi vehicles to reduce our exposure to a single asset class. Progress has been made to identify a potential electric vehicle, and we have been working with various OEMs to procure and pilot this offering. Initial indications are that the vehicle will be very expensive, rendering it unviable from a commercial perspective. We also remain cognisant of the instability of power supply in South Africa, with loadshedding having been recently escalated. Despite these challenges, we do still believe that electric vehicles offer a viable and environmentally friendly alternative to fuel-powered vehicles, and we will continue to engage with various stakeholders, including government, to invest in the infrastructure and incentive structures required to realise this goal.

Alternative vehicles have also presented a substitute to the Toyota-manufactured minibus taxi vehicle. They allow us to de-risk concentration risk, while significantly lowering the cost of vehicle purchase and finance. However, due to the nature of the industry, and the product we offer, the quality of the vehicle remains a priority. Nissan has ceased production of its minibus taxi, and we have decided not to pursue any Chinese vehicles. Over the course of the year, we have imported a few vehicles for testing. This is to ensure that the vehicle variant is accepted and trusted by us, as well as the industry. In the interim, we have made a strategic decision to procure Toyota vehicles as a first preference within the minibus taxi industry and create diversity by entering the consumer vehicle market.

Lastly, our entry into the used vehicle market, through GoMo, provides diversification from an asset class perspective. This presents the business with a viable option to re-envision and reposition itself in the market. These initiatives to source other vehicle options are ongoing, however, the recovery of the existing business over the next year as well as the scaling of the used vehicle offering remains the top priority.

Q: Credit loss ratios at SA Taxi remain elevated with collections lagging behind pre-pandemic levels. What do we anticipate will drive the recovery of the business and is there a risk that the business will not recover to pre-COVID levels?

A Credit losses remain above our target range, as a result of collection ratios that continue to lag behind expectation, as well as slower origination during the second half of the financial year. SA Taxi continues to focus on managing credit performance on the existing loan book. Initiatives such as the debt rehabilitation programme, debit order campaigns, introduction of alternative payment platforms as well as the use of technology and external agents, have assisted in driving collections. This has resulted in a recovery of the book construct on a volume basis, as well as an improvement in the staging of our book. We expect these initiatives to continue to drive recovery of credit performance in the next year.

Due to pressure on affordability in the current environment, preserving credit quality on the front end is a priority. We have therefore tightened our credit criteria and are targeting higher quality and experienced minibus taxi operators.

Over the next year, the management team will continue to spend a considerable amount of time and effort to reconfigure the business and align the cost base to the revised origination strategy, positioning the business for earnings growth in the future. This includes the closure of some production facilities, relocation of the parts business as well as closure of the retail parts business.

We have also invested in an e-commerce auction platform, that specialises in the online sale of salvage vehicles. This investment provides an alternative channel for disposal of salvaged vehicles which is expected to increase efficiencies within the mobility platform over the medium-term.

As the recovery in the minibus taxi sector progresses, SA Taxi's strategic repositioning as a mobility platform leverages our competencies to diversify our revenue while also providing better risk allocation-optionality, and a compelling medium-term growth opportunity. We believe that we have put the plans in place to support the recovery of the business over the next year, while also accelerating plans to diversify our taxi business and enter an adjacent market. This broadens our total addressable market from 250 000 minibus taxi vehicles to 11.2 million passenger vehicle owners in the private transport sector.

Our strategic focus in the next year will be on optimising our core minibus taxi business, while developing GoMo into a profitable business. We believe that the growth prospect for GoMo is large, exceeding our initial expectations. Therefore, we are considering alternative funding options that will enable us to scale the business.

Q: Sustainability is at the core of SA Taxi's operations, enabling the mobility of millions of commuters on a daily basis, contributing to viability of the minibus taxi industry. What have been the other ESEG highlights over the course of the year?

A SA Taxi's business model has over the past 20 years enabled safer and more reliable mobility access for South Africa's 15 million public commuters. The business has evolved, from being just a provider of vehicle finance, to being a provider of a range of mobility services that have enabled many entrepreneurs to build sustainable businesses.

We have a firm belief that the minibus taxi industry remains indispensable to South Africa's economic productivity, as most South Africans rely on public transport. It is the largest and most vital service in the country's integrated public transport network, serving as the backbone to our economy.

It is for this reason, that SA Taxi won the "Most Sustainable Company in the Mobility Industry" in the World Finance Sustainability Awards. This was in recognition of our social purpose of enabling mobility access for millions of commuters through tailored developmental financing and support services to SMEs, its alignment to the SDGs and the resilience of our operations during the COVID-19 pandemic.

We continue to seek sustainable ways to raise funding for the business. In recognition of our Transsec 5 issuance, SA Taxi won the "Social Bond of the year – corporate" award in the 2022 Environmental Finance Bond Awards. These awards celebrate the leading green, social, sustainability and sustainability-linked (GSSS) bond and loan deals.

Mobility platform | SA Taxi Q&A with Terry Kier continued

CFO's report

Divisional reviews

Q: SA Taxi has been working closely with WeBuyCars to unlock value in the business. This has culminated in the recent launch of the GoMo offering, which aims to capture opportunities in the underserved used vehicle market sector. Please share some insights from this journey and how this offering supports the evolution of the mobility platform?

A In South Africa, a total of around 11 million¹ passenger vehicles are in circulation. This number continues to grow as new vehicles entering this vehicle 'car parc' have continued to exceed write offs. Of these, 1.2 million used vehicles are traded on an annual basis, with only 40% of them currently financed by the banks. Whilst we trade across the entire market, the majority of vehicles traded are older than 5 years, outside of the risk appetite of most banks given their inability to accurately value and efficiently dispose off this asset in the case of default. As a result, we have seen a significant opportunity to tap into this market, especially considering that the majority (74%) of used vehicles traded in South Africa are five years or older.

In line with our previously articulated strategy to leverage off WeBuyCars' and SA Taxi's platform value, we launched GoMo during the year. GoMo leverages SA Taxi's competencies and systems to underwrite, fund, collect, repossess and design F&I products; and WeBuyCars' access to low-cost distribution at scale and ability to value and liquidate collateral efficiently.

The launch of GoMo is the first step towards realising our goal to build a mobility platform that serves both public and private commuters. Our initial analysis, as well as insights over the first few months of operation have highlighted the size of the opportunity. Since its launch, GoMo has received an overwhelmingly positive market response, with the number of loan applications being significantly higher than anticipated. This product, given its credit nature, is strategically better positioned alongside SA Taxi, as WeBuyCars' operations are capital-light with high cash conversion rates.

We aim to leverage these three businesses, SA Taxi, WeBuyCars and GoMo, to build a scalable mobility platform that will disrupt and capture market share in this underserved segment by providing innovative products spanning across finance, insurance and other mobility services, and could include partnership or servicer relationships.

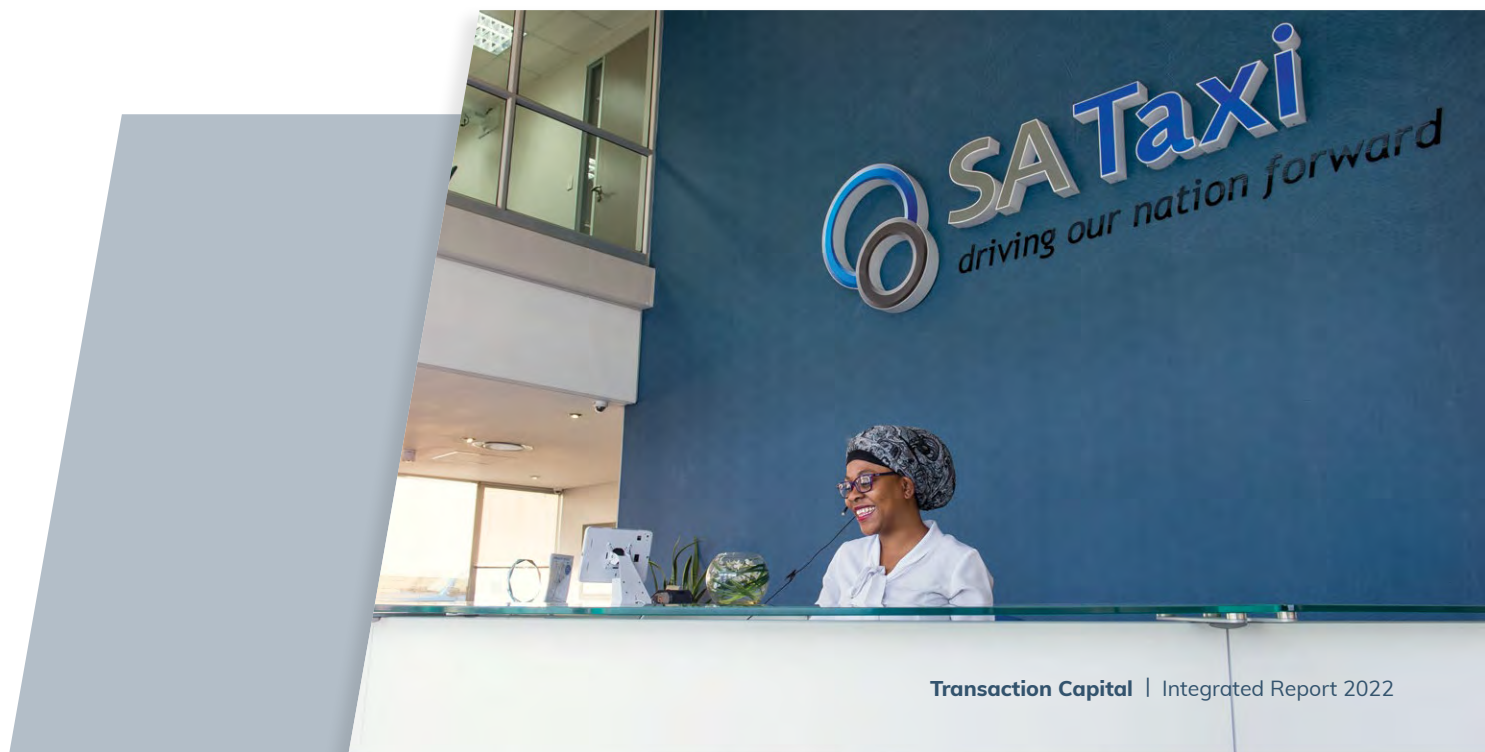
Q: What is the outlook for SA Taxi, and what are the priorities for the year ahead?

A As a business, we continue to back the industry, and remain significantly invested through our strategic partnership. Over the next year, we plan to leverage the extensive experience of our management team to reposition and relaunch ourselves in the market. We have bolstered existing skills in the business, with new and diverse thinking from industry experts across the vehicle and asset finance sectors.

We plan to revert the origination of QRTs to pre-pandemic levels of around 300 vehicles, with a focus on tighter credit and greater efficiencies. We continue to progress plans to expand our addressable market, with innovative product solutions targeted at commuters and have commenced with an electronic fare collection pilot, in partnership with a bank. Our view is that this creates shared value between operators, drivers and commuters, promoting safe transactions, while contributing positively to the formalisation of the industry, and creating opportunity to earn revenue for SA Taxi.

SA Taxi continues to drive down cost of claims through vertical integration and optimised part procurement and will leverage our investment in our salvage platform (GoBid) to drive efficiencies. On the insurance side, we have seen the stabilising of credit life claims since the peak of the pandemic. We continue to enhance the product to minimise losses, while ensuring that client needs are met.

The group has previously explored various strategic alternatives for SA Taxi, through product variations in our existing vertical (including alternative and electric vehicles), as well as exploring new offerings in adjacent verticals. We believe, however, that the potential scale of the GoMo consumer vehicle asset finance (VAF) opportunity finally presents the business with a viable option to re-envision and reposition itself in the market as the business takes a more prudent approach to the taxi industry. We are excited to usher in this next phase of growth in our business, as we continue to enable mobility access and drive our nation forward.



1. eNatis: Parc data consists of passenger and light commercial vehicles.

Nutun

Previously Transaction Capital Risk Services

Performance overview

21.9%

Return on equity

FY2021:

▲ 19.9%

R1 442 million

Cost price of purchased book debts acquired

FY2021:

R1 240m

R4 208 million

Carrying value of purchased book debt

FY2021:

▲ 22%

R7.2 billion

Estimated remaining collections

FY2021:

▲ 13%

R3.0 billion

Revenue¹

FY2021:

▲ 26%

R1.8 billion

CE Services²

FY2021:

▲ 30%

+

R1.2 billion

CXM Services³

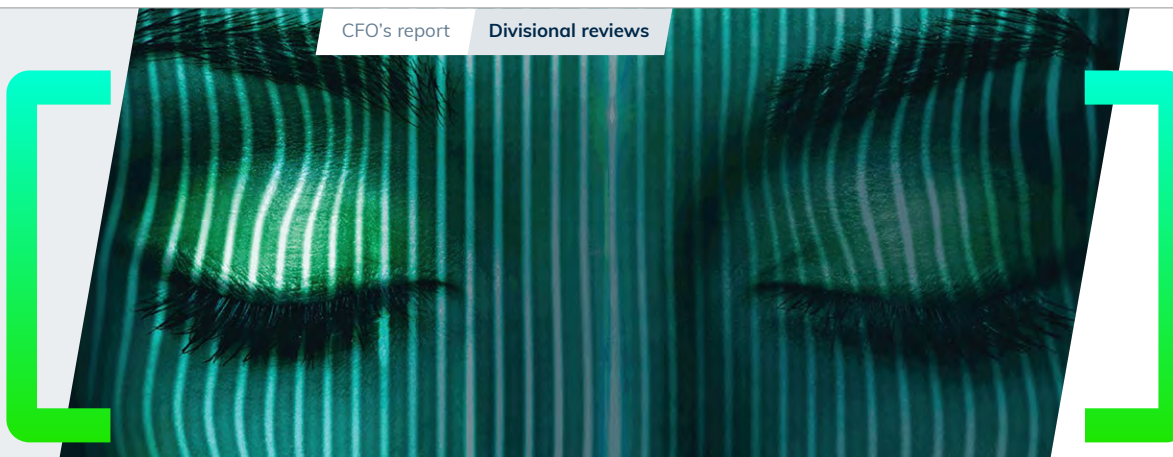
FY2021:

▲ 22%

R409 million

Core earnings⁴ attributable to group

FY2021: ▲ 28%


[CFO's report](#)
[Divisional reviews](#)


At Nutun we **create economic sustainability** in the communities we serve by combining our **unique technology, data and analytics** competencies to provide a range of **digitally enabled business services** as a trusted partner to a **global client base**.

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

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**

Nutun continued

CFO's report

Divisional reviews

Market context and environment

Structural elements support the relevance and growth of the global digital business services industry.

Three shifts reshaping the digital global services landscape

Businesses

Adjusting operating models to the environment

- Investment in omni-channel experience
▲ from **20%** to **>80%** since 2020¹
- Shift to outsourcing to enable focus on core service offering
- Acutely focused on financial recovery and cost reduction post COVID-19 impact on operations and profitability
- Increased focus on ESEG and sustainability

Consumers

Increasing expectations around customer experience

- 86%** of customers willing to spend more for superior brand experience²
- Requirement for 'always-on' services
- Shift to omnichannel experiences³

Employees

Evolution of the labour market

- Shift to work-from-home
- Labour shortage in developed markets due to "great resignation"
- Limited immigration in certain markets (e.g. UK and Australia), with low unemployment

SA is the preferred destination for outsourced services⁴ (as shown in the rankings on the map below)



270 000+
people employed

by outsourced sector in SA,
~25% servicing international clients

Sector could grow to over
775 000 jobs
by 2030,
with up to two-thirds servicing
international clients⁵.

Global markets serviced by SA⁶

	UK and Europe	56%
	United States	27%
	Australia	6%
	Africa	9%
	Other	2%

Structural elements support the outsourced services industry in SA⁶

- Low-cost ZAR-based infrastructure
- High unemployment provides excess supply of diverse and skilled labour with sizeable graduate pool
- English-medium and neutral accent, with multilingual expertise at a higher proficiency when compared to competitor destinations
- Strong cultural affinity to markets serviced
- Preferred empathetic communication style and tone rated in **Top 5**
- 18%** better customer experience than competitor markets
- Significant investment in technology, including work-from-home omnichannel and business continuity capabilities
- Government support for industry due to job-creation and contribution to GDP
 - ~**104 000** jobs created from 2015 to 2021
 - ~**\$1.7 billion** generated by export revenue

Sources:

1. Forbes

2. PWC – The future of consumer markets

3. PWC – Retailing 2020: Winning in a polarized world

4. Ryan Strategic Advisory

5. McKinsey and Company, Driving economic recovery in SA's BPO industry

6. BPESA Job Creation report

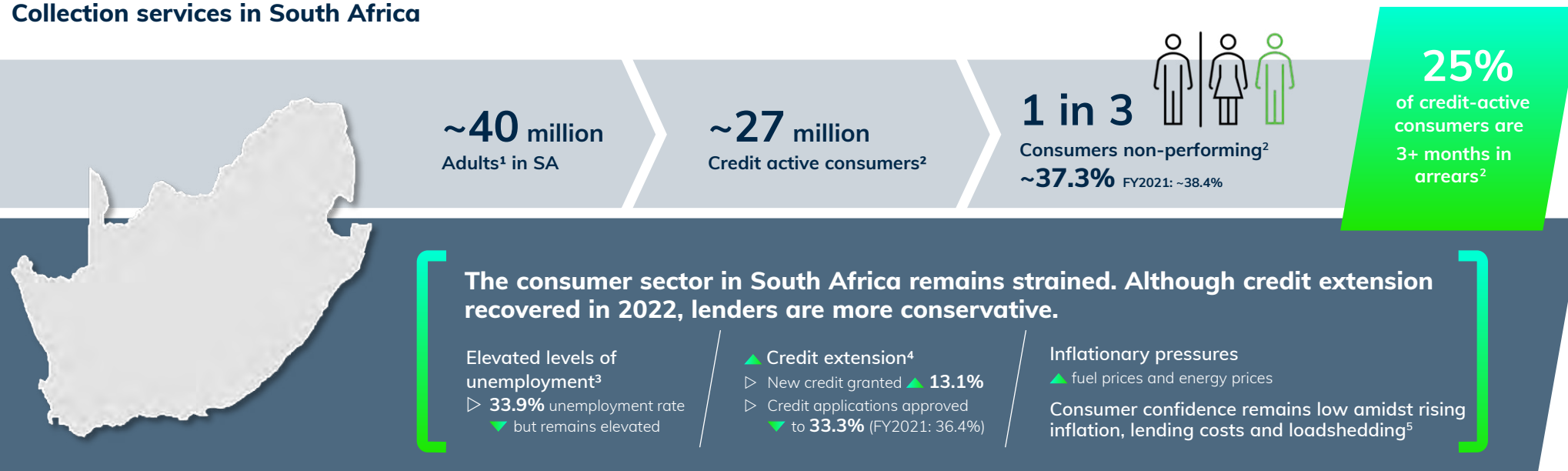
Nutun continued

CFO's report

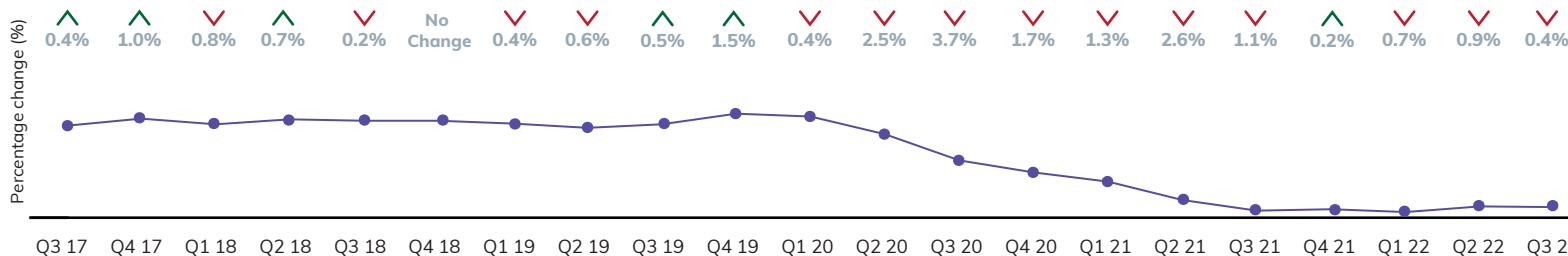
Divisional reviews

Market context and environment continued

Collection services in South Africa



Nutun's Consumer Credit Rehabilitation Index (CCRI) measures consumer's propensity to repay debt. The graph below shows the trend from Q3 2017 to Q3 2022.



Nutun algorithm scores propensity to repay debt

National rehabilitation prospects
Deteriorated from COVID-19 impact with slight improvement since Q4 2021

Empirically based sample of ~4 million **SA consumers** in credit default

Sources:

1. Stats SA, adults aged 15 to 64 Q2 2022.

2. NCR Credit Bureau Monitor Q2 2022 vs Q2 2021

3. Stats SA: Quarterly Labour Force Survey Q2 2022 vs Q2 2021

4. NCR CCMR Q3 2021 – Q2 2022 vs prior year

5. FNB Consumer Confidence Index

Nutun continued

CFO's report

Divisional reviews

Business model and activities

IC

MC

Nutun provides a broad range of digital business services across the customer lifecycle to its global client base.



We proactively explore opportunities for local and global growth, across the customer lifecycle in various sectors

Customer experience management services (CXM services)

- ▷ Focus on capital-light, ROE accretive CXM services
- ▷ Launched global digital business services division, benefitting from global outsource trends
- ▷ Deployment of TC Global Sales team to explore opportunities in UK, USA, Europe and other geographies
- ▷ Acquisition of Synergy is accelerating entry into sector and certain markets

Capital-enabled services (CE services)

- ▷ Compelling opportunities to acquire NPL portfolios in medium-term
- ▷ Consistent acquisition of NPL portfolios through bilateral forward flow agreements
- ▷ Transition from late-stage to early-stage collections

Transactional services

- ▷ Transactional services business
- ▷ Financial wellness
- ▷ Payroll and people services

Nutun continued

Business model and activities continued

Diversified business activities

In the past year, we have expanded our total addressable market and diversified the business by service, geography, sector, client and mandate.

Nutun provides a suite of digital business services as a trusted partner to its global client base

CE Services

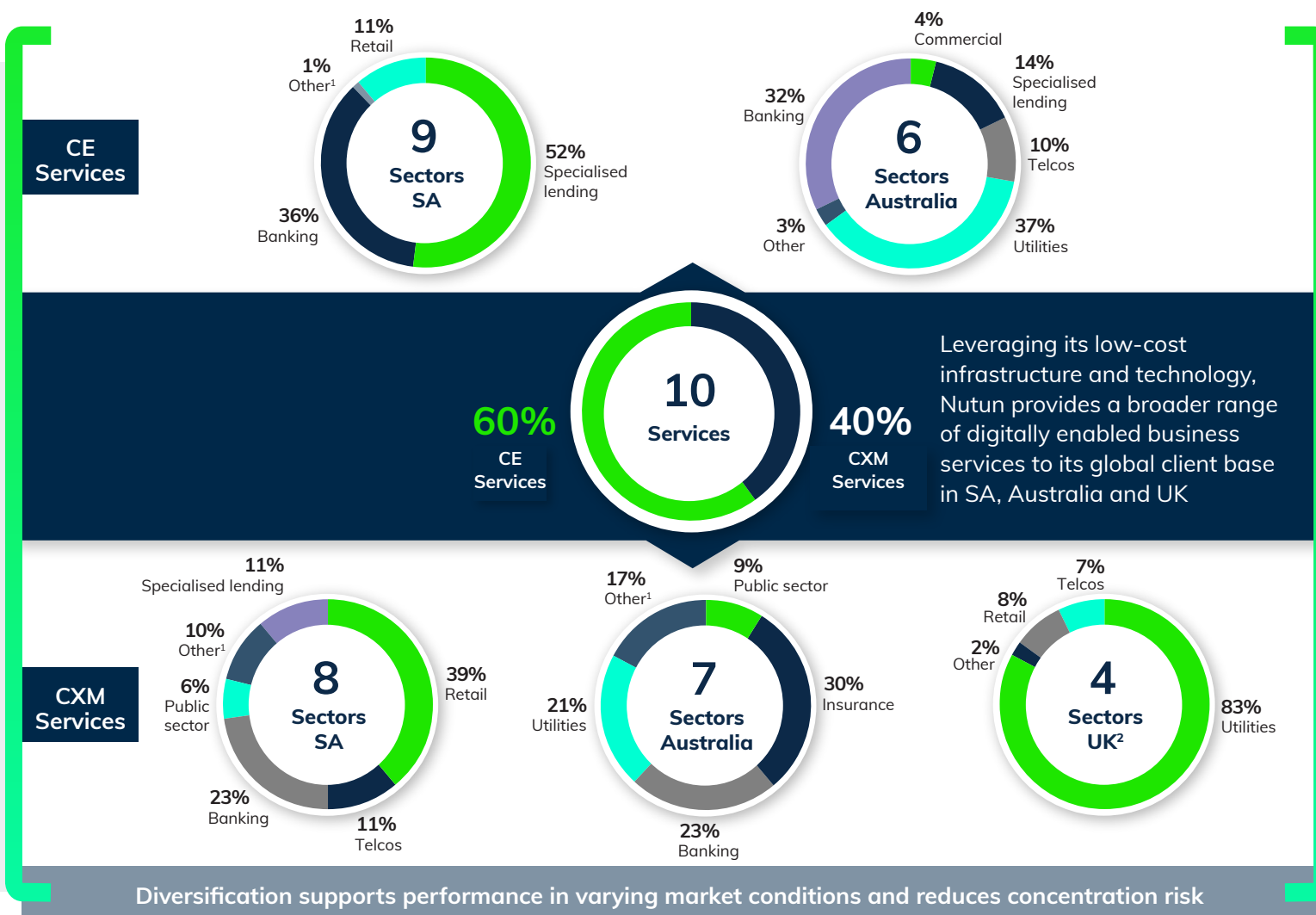
- Acquisition of NPL portfolios
 - Bilateral forward flow agreements
 - Auction acquisitions

CXM Services

- Customer engagement
- Collection services
 - Agency
 - Early and late stage, legal
- Customer insights and analytics
- Payroll and people solutions
- Unclaimed benefits
- Insourse services
- Insurance processing
- Legal process outsourcing
- Fee-for-service

Growth opportunities

- Lead generation and sales
- On-boarding
- Dispute resolution
- Moderation
- Retentions
- Other



1. Other includes education, lifestyle, public sector, security, SMEs, insurance and telcos

2. Small percentage of revenue generated from US clients

Nutun continued

CFO's report

Divisional reviews

Business model and activities continued

Our unique technology, data and analytics competencies enable intelligent digital business services.

Master Data Universe (MDU) – enriched data on each individual

Data is current, relevant and accurate:

Credit bureau data

Other data sources such as the Department of Home Affairs and the Deeds Office

Data from principal portfolios acquired

- ▷ Opportunity to monetise data
- ▷ POPI compliant

Master Data Universe

>12 million

unique and valid ID numbers

Each uniquely scored with a Nutun propensity to pay score

~3.6 million

unique and valid company registration numbers

Each uniquely scored with a Nutun propensity to pay score

up to 4
associated
telephone numbers
per unique ID number

>15 million

unique and valid postal addresses

Wide coverage of South Africa's non-performing credit consumers

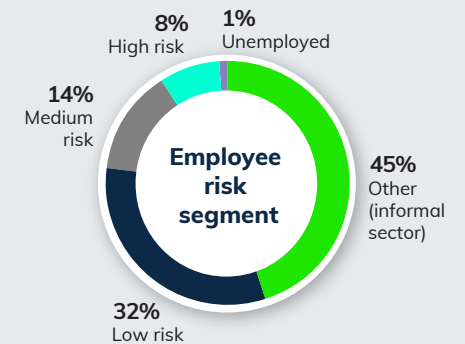
Nutun has data on

2 in 5 South African adults
and → **2 in 3** credit-active people

Enriched data improves contactability, which in turn improves **propensity to pay**

MDU and its applications are constantly evolving and enhanced with new technologies

Distribution of monthly collections per employment risk segment¹



- ▷ Monthly collections received from consumers not formally employed **~45%**
 - Indicating resilience of SA's informal sector
- ▷ Collections received through monthly debit orders **~28%**

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

Nutun continued

CFO's report

Divisional reviews

Strategic and operational highlights

IC

FC

Accelerating historical growth trajectory

Robust performance in FY2022 from two main revenue streams:

- Capital-enabled services (CE services)
 - Customer experience management services (CXM services)
- ▷ Strategy to drive capital-light revenues through CXM services
 - ▷ Diversified across services, sectors, clients and geographies
 - ▷ Lowers concentration risk and underpins positive performance and returns in different market conditions
 - ▷ Ongoing digital optimisation enables greater levels of efficiency

Nutun delivers a range of global digital business services:

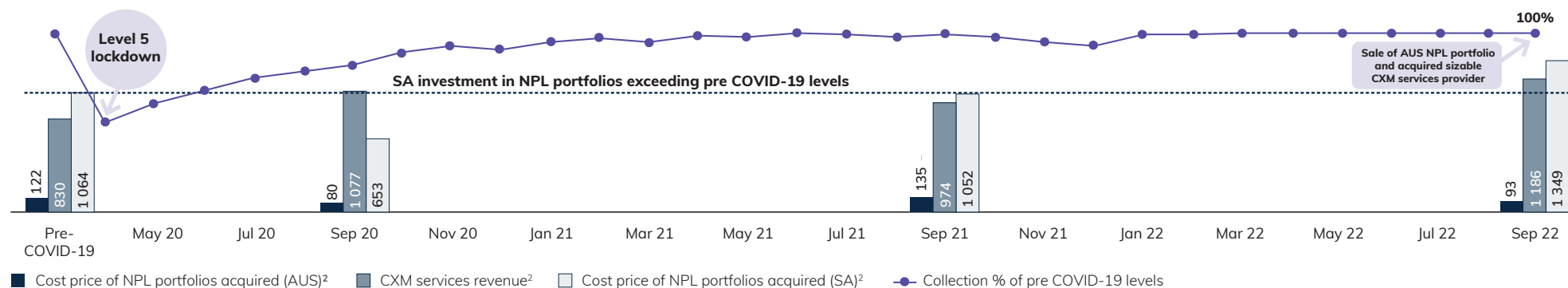
- ▷ Trusted partner to global client base
- ▷ Potential to earn international hard-currency based revenue
- ▷ Across various geographies | SA, Australia, UK and other
- ▷ ZAR based low-cost infrastructure, technology, data and analytics
- ▷ Extensive experience in outcomes-based call centre operations
- ▷ World-class technology-led work-from-home operating model
- ▷ Creating sustainable employment locally
- ▷ Assist clients to mitigate international impact of "great resignation"



Nutun's higher growth underpinned by robust investment in and collections of NPL portfolios¹ augmented by new revenues from our global CXM services.

New CXM services revenue stream

(Collections on NPL portfolios as a % of pre COVID-19 levels)



1. Collections on NPL portfolios owned as a principal in SA

2. Figures for financial period 1 October to 30 September.

Nutun continued

CFO's report

Divisional reviews

Delivering shared value

SC

NC

Societal purpose:

Nutun's societal purpose is to create economic sustainability in the communities we serve through digitally enabled business services which introduce simplicity, ensure stability and enhance effectiveness.

This page is a summary of sustainability indicators that demonstrate enterprise value creation for Nutun and its key stakeholders.

Nutun ESEG highlights

Nutun's **work-from-home capabilities**, have enabled the implementation of a sustainable hybrid work model. This has allowed Nutun to consolidate its three office spaces in Johannesburg into one green building, which reduces its environmental footprint from FY2023.

Nutun was awarded the **Top Employer for 2023** certification.



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.
 - Value recovered for clients through Customer Experience Management (CXM) services in FY2022.
 - R2.8 billion** in South Africa | **R2.6 billion** in Australia.
 - Value recovered for clients through Capital Enabled (CE) services in FY2022.
 - R1.7 billion** in South Africa | **R131 million** in Australia.
- ▷ Selling their NPL portfolios frees up operational capacity and capital within Nutun's client base, enabling these financial institutions to resume lending. Our support for financial institutions:
 - R47.6 billion** original face value
 - R32.5 billion** remaining face value
 - R5.6 billion** capital outlay
 - ~R16 billion** provision release
 - ~R12.6 billion** risk-weighted asset release
 - ~R1.5 billion** regulatory capital release
- ▷ Nutun's NPL portfolio acquisitions made during FY2022 related to **~370 000** consumers, with an average outstanding balance of **R22 325**. According to our estimates, this resulted in an average consumer credit provision and risk-weighted release of **R9 259** and **R7 490**, respectively.

Supporting social inclusion



Nutun rehabilitates debtors ethically and responsibly.

- ▷ We focus on the rehabilitation and education of debtors to enable expedited re-entry into credit markets.
 - ~215 000** rehabilitated debtors in FY2022, to the value of **R455 million**.
 - R156** Nutun's 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 **90%** of CXM mandates in **South Africa** and **100%** of mandates in **Australia**.

Bettering the industries we serve



Nutun 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 Nutun Transact is **R161.1 billion**.

Hire inclusively



Employees:¹

1 210

jobs created

301

Number of youth jobs created (<25 years old) in FY2022
(25% of appointments for the year)

Good corporate citizen



R4 million

CSI spend in FY2022

We promote climate resilience



Carbon emissions:
Metric tonnes CO₂e for FY2022

137

Total scope 1 emissions

2.3%

Contribution to group scope 1 emissions

3 020

Total scope 2 emissions

33.6%

Contribution to group scope 2 emissions

1 594

Total scope 3 emissions

0%

Contribution to group scope 3 emissions

1. Employee numbers exclude Synergy.

Nutun continued

CFO's report

Divisional reviews

Strategic growth priorities

IC

MC

Leveraging its low-cost infrastructure and technology, Nutun provides a broader range of digitally enabled business services as a trusted partner to its global client base in SA, Australia and UK.

Continues to pro-actively explore opportunities for growth across the customer lifecycle.

CE services

- ▷ Compelling opportunities to acquire NPL portfolios in medium-term
- ▷ In Australia, sold capital-intensive NPL portfolio to focus on capital-light CXM services
 - Attracts greater margins
 - Acquired sizable Australian CXM services provider
 - Positions platform as one of largest Australian CXM service providers

CXM services

- ▷ Recent acquisition of Synergy, accelerating entry into industry and international markets
- ▷ Deployment of Nutun Global Sales team to explore international opportunities
- ▷ Assist clients to mitigate impact of 'the great resignation' and creating jobs locally
- ▷ Deliver earnings with high cash conversion rates

Strategy link



Organic growth

Key enabler



Risk optimisation and capital mobilisation



See more on Nutun's strategy on **page 35** (Organic growth) and **page 37** (Key enabler: data technology and analytics)



Nutun continued

[CFO's report](#)
[Divisional reviews](#)

Q&A

with the Nutun CEOs,
David McAlpin and John Watling



Over the past few years, our business has experienced significant growth, as well as evolved from being a collector of debt to offer a wide range of digitally outsourced services to consumer facing businesses.

Nutun (previously Transaction Capital Risk Services) performed exceptionally in FY2022, with earnings growth exceeding historic growth rates. Leveraging its South African low-cost infrastructure and technology, Nutun now delivers an augmented suite of digital business services diversified across geographies, sectors and clients, lowering concentration risk and underpinning positive performance in different market conditions.

Joint CEOs, David McAlpin and John Watling discuss Nutun's evolution into a global digital services business, the exciting initiatives underway and growth prospects over the short to medium-term..

David McAlpin

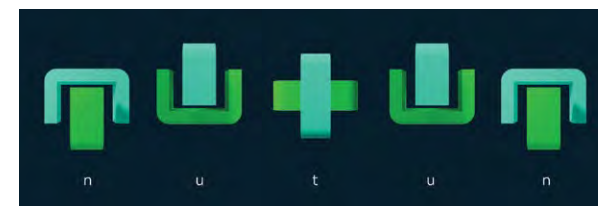
Q: TCRS has rebranded to Nutun in line with the evolution of its business strategy. What was the rationale for the new brand?

A Over the past few years, our business has experienced significant growth, as well as evolved from being a collector of debt to offer a wide range of digitally enabled outsourced services to consumer facing businesses. With more than 20 years of experience in the industry, we recognised an opportunity to leverage our data, technology and analytics to enter a new segment of the market and expand our service offering.

This offering includes capital-enabled services ("CE services"), which mainly encompass the acquisition of non-performing loan ("NPL") portfolios to be collected as a principal (formerly "collection services"). In addition, we have customer experience management services ("CXM services") which include agency collections, fee-for-service as well as other services. We also continue to develop our debtor wellness offering, as well as transactional, people and payroll services segments. Our services are diversified across geographies, sectors, and clients, which lowers concentration risk enabling Nutun to earn returns in different market conditions.

To reflect this evolution, management endeavored to craft a brand that was both progressive, and intriguing, and would enable us to position ourselves as a truly global digital business services organisation with the capabilities to service the growing needs of our audience.

Our new name, Nutun (pronounced 'Newton') is a modern tribute to one of the greatest mathematicians, physicists, and most influential scientists of all time: Sir Isaac Newton. Our brand is inspired by his data-driven approach to science, as well as his unique view of the world.



Our contemporary Nutun brandmark demonstrates Newton's third law of motion – it shows two objects interacting and applying forces that are equal in magnitude and opposite in direction. The visual palindrome structure of the logo is structured, sophisticated and adaptable and reflects the way in which Nutun approaches business projects and delivers solutions. We believe that our new brand resonates with the enhanced identity of our business, one that is at the leading edge of innovation and technology.

We are very proud of the work that has gone into this new market-positioning, which is already yielding new revenue streams and accelerated earnings growth over the medium-term, as well as positioning Nutun as an employer of choice.

Nutun Q&A with David McAlpin and John Watling continued

CFO's report

Divisional reviews

Q: Nutun has grown its earnings by 28% in the past year. The business has also made significant progress to diversify its earnings base, accelerating its medium-term growth prospects. Do you think Nutun will be able to maintain this growth trajectory in the future?

A Our earnings in the past year have been driven by robust levels of investment in, and collection of, acquired NPL portfolios in South Africa ("CE services"), and new revenues from our global CXM services, contributing 40% to total revenue.

On the CE services front, the consumer environment remains challenging in South Africa, characterised by inflationary pressures, an increasing interest rate environment, and persistently high unemployment driving increased levels of indebtedness. Contrary to this, credit extension continues to grow at record rates. This provides an opportunity for Nutun to acquire significant investments as consumer-facing entities accumulate larger NPL portfolios due to consumers' inability to service their debt.

Nutun's dynamic pricing models enable the business to achieve targeted returns and collection multiples, even during challenging economic times. Nutun continues to invest in digital capabilities, as well as enhance its hybrid work competencies to drive operational efficiencies and enhance earnings potential and performance.

The CXM services offering provides an opportunity to leverage our local expertise to generate international revenue across diversified sectors. We expect growth in revenue in CXM services to exceed CE services, accelerating Nutun's earnings growth in future. We believe that the plans that have been put in place, will enable us to sustain our historical growth trajectory into the future.

Q: Nutun has historically focussed on acquiring and collecting on NPL portfolios. What is the outlook and strategy going forward for capital-enabled ("CE") services?

A The capital-enabled services strategy encompasses all services that are enabled and secured through the deployment of capital, and at the moment, focuses on the acquisition of NPL portfolios to be collected as a principal.

In future, we plan to expand these range of services, providing alternative ways to deploy our capital to generate attractive risk-adjusted returns. We will also continue to acquire NPL portfolios in new asset classes and sectors, as well as secure more bilateral forward flow agreements, which provide a secured contractual pipeline of NPL portfolio acquisitions.

John Watling

Q: As part of the CXM services strategy, Nutun has leveraged its competitive advantages to enter into new geographies and sectors. What are the global trends supporting Nutun's entry into this space and what does success look like in the next 5 years?

A Nutun's expansion into global CXM services is an exciting opportunity to leverage off South Africa's growing popularity as an outsourced customer management services destination, to earn international revenue and create sustainable employment locally. These services are diversified across geographies, sectors, and clients, which lowers concentration risk enabling Nutun to earn returns in different market conditions.

This strategy has been supported by emerging local and global market conditions, in addition to structural elements that have positioned South Africa to become the preferred destination for outsourced CXM services.

The 'great resignation' which is an ongoing global economic trend, precipitated by the COVID-19 pandemic, resulted in global skills shortages as employees voluntarily resigned from their jobs en masse in geographies such as Australia, UK, Europe and the USA. In contrast, there is an abundance of skilled labour in South Africa, possessing strong communication skills in a more empathetic tone when compared to agents in competitor outsource destinations. South Africa is an English-medium country, with a cultural affinity to the markets served, and we have continued to make significant investments into technology infrastructure.

Two years ago, in anticipation of the medium-term effects of the COVID-19 pandemic, Nutun implemented a world-class technology-led operating model, which includes hybrid work, supported by real-time omni-channel, voice analytics and business intelligence systems. These capabilities have positioned the business to deliver on client expectations for high quality 'always-on' customer engagement services.

Historically, Nutun has focused on collections, that is, servicing clients post a default event. Over the next few years, we plan to deploy resources into geographies of interest, targeting clients across various sectors.

Success over the next few years includes expansion to a few more regions, with plans in place to extend the range of services offered to include inbound and outbound sales and lead generation, client onboarding, retentions and upsell solutions, customer query resolution, as well as other services across the customer lifecycle.

Nutun Q&A with David McAlpin and John Watling continued

CFO's report **Divisional reviews**

Q: Nutun has recently sold its NPL portfolio in Australia and has indicated its intent to transform this business to focus on capital light operations. Please tell us more around these plans.

A Since the start of COVID-19, fewer NPL portfolios have been offered for sale in Australia, due to the leniency of banks and other credit providers to collect on debt, which was supported by government-led moratoria programmes. This has led to low supply and high demand for NPL portfolios, resulting in market conditions in Australia being sub-optimal to meet desired returns.

Earlier this year, we concluded the sale of the NPL portfolio in Australia at book value. The subsequent acquisition of a substantial Australian contingency collections business (Milton Graham) positions our platform as one of the largest CXM providers in Australia. Our strategy with this platform is to focus on capital-light CXM services and contingency collections, which are expected to yield better returns.

We have built significant capabilities in this region, including strong inbound and outbound digital collections capabilities through a near-shoring arrangement in Fiji supported by off shore capabilities in South Africa. Opportunities exist to leverage these resources to expand the CXM services offering.

Q: Over the past two years, Nutun has made significant investments into building a world-class work-from-home call-centre capability. Nutun has also received numerous awards and recognition for excellence in its people practices. What would you highlight as the key successes relating to your people strategy?

A Nutun continues to enhance its work-from-home capabilities, as well as invest in technology such as gamification, voice-to-text and workforce optimisation to drive enhanced performance and agent satisfaction.

In a hybrid world, it has also become increasingly important to focus on promoting employee wellness and continuing to invest in the employee value proposition (EVP). In line with the new brand, we have refreshed and rebranded our values, as well as integrated this into the Nutun Leadership Brand Promise.

Investors in People is an organisation that has established a standard for people management, offering various accreditations. Annually, the Investors in People awards recognise organisations for their outstanding achievements within various areas and categories. In recognition of our investment in our people, Nutun was recently shortlisted in the category of "Best Use of Technology" and "Rewards and Recognition".

Nutun has recently attained the TOP employer status for 2023, which recognises excellence in our people practices. This affirms the impact of initiatives implemented to prioritise, reward and engage our employees.

Q: Nutun has significantly contributed to creating employment in South Africa by building up capacity for CXM services offering. What have been the other ESEG highlights over the past year?

A We are very proud to be creating sustainable youth employment in South Africa. In 2022, Nutun created 827 jobs for South Africans below the age of 35. We also remain committed to the transformation agenda and have maintained a B-BBEE level 1 status. We strive to preserve this through focused initiatives on skills development and maintaining our management control status through the appointment of designated groups at management level, showing a positive trend in reducing the gender and racial disparities in our workforce profile.

The call centre remains our highest contributor to employment growth and the primary entry point for most of our talent through the Debt Recovery Programme (DRP). The DRP is used to build our talent pipeline through recruiting and training agents. In addition, the YES programme is a business-led initiative which seeks to create employment for the youth and has created over 76 000 jobs since 2018. Nutun have been participating in this initiative since 2019.

Last but not least, Nutun's work-from-home capabilities, established over the past two years, have enabled the successful implementation of a sustainable hybrid work model. This has allowed Nutun to consolidate its three office spaces in Johannesburg into one green building, which reduces its environmental footprint from FY2023.



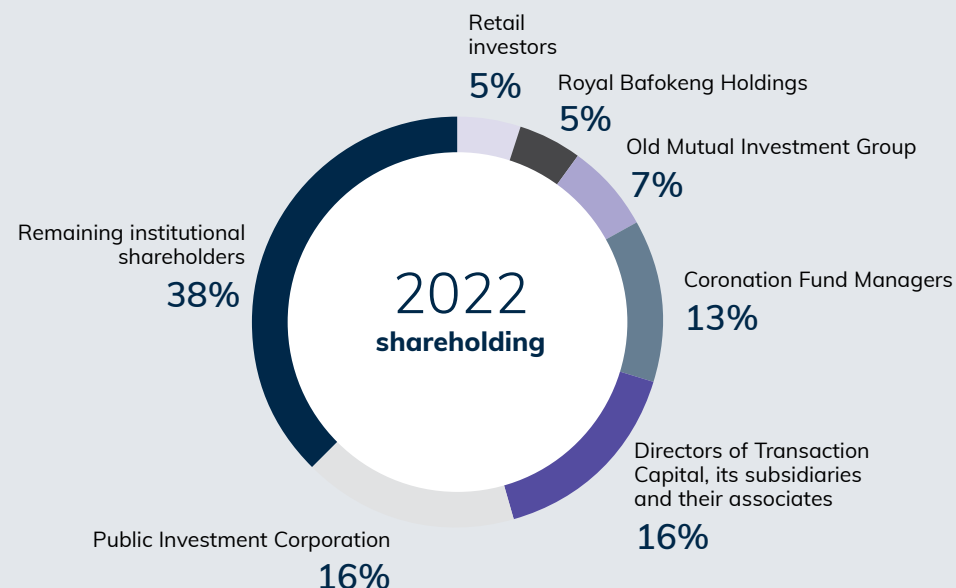


7

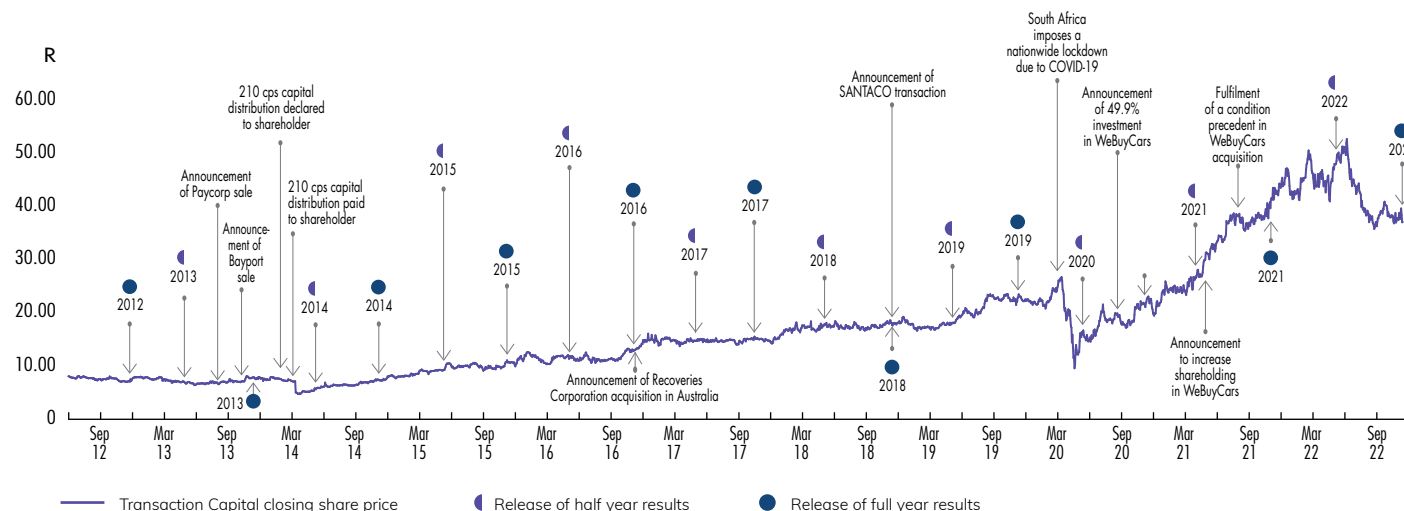
Supplementary information

Shareholder analysis

At 30 September 2022	Number of shareholders	Number of shares (million)	Number of shares (%)
Non-public			
Directors of Transaction Capital, its subsidiaries and their associates	31	121	16
Sub-total	31	121	16
Public			
Public Investment Corporation	1	125	16
Coronation Fund Managers	1	96	13
Old Mutual Investment Group	1	52	7
Royal Bafokeng Holdings	1	38	5
Remaining institutional shareholders	199	285	38
Retail investors	1 141	40	5
Sub-total	1 344	636	84
Total	1 375	757	100



Transaction Capital share price performance since listing (June 2012)



Performance on the JSE Limited

1 October 2021 – 30 September 2022

Traded share prices		
Closing	R	36.76
High	R	52.21
Low	R	35.45
Volume weighted average	R	42.61
Volume of shares traded during the year	units	400 365 502
Price-to-earnings ratio based on core continuing earnings for the year	times	21.3
Market capitalisation	Rbn	27.8

Glossary

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)
CA	Chartered Accountant
CAGR	Compound annual growth rate
CE services	Capital-enabled services
CEO	Chief executive officer
CFO	Chief financial officer
CIO	Chief investment officer
Companies Act	Companies Act, 71 of 2008, as amended
Core continuing earnings	Headline earnings adjusted for material items that are not considered to be part of normal operations such as: <ul style="list-style-type: none"> ▷ Once-off transaction costs (mainly legal & consulting costs) ▷ Adjustments on put & call options over non-controlling interests ▷ Specified items if gain / loss is considered part of TC's normal operations, for example "gain on conversion of ownership of salvage operation from a division to a 40% equity stake in an entity that conducts similar salvage operations"
COVID-19	The novel Coronavirus
CPI	Consumer price inflation
cps	Cents per share
CSP	Conditional share plan
CTC	Cost to company
CXM	Customer experience management services
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
EE	Employment equity
EPS	Earnings per share
ERC	Estimated undiscounted remaining gross cash collections from NPL portfolios over the next 120 months

ESE	Economic, social and environmental
ESEG	Economic, social, environmental 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
GEO	Group executive office
GHG	Greenhouse gasses
GoMo	Gomo Vehicle Solutions Holdings (Pty) Ltd
Great resignation	Current global economic trend of voluntary resignations
Group	Transaction Capital
HEPS	Headline earnings per share
HR	Human resources
IFRS	International Financial Reporting Standards
IP	Intellectual property
<IR> Framework	The International Integrated Reporting <IR> Framework
ISSB standards	International Sustainability Standards Board standards
IT	Information and technology
JIBAR	Johannesburg Interbank Average Rate
JSE	JSE Limited (Johannesburg Stock Exchange)
King IV	King IV Report on Corporate Governance™ for South Africa, 2016
KPIs	Key performance indicators
LTI	Long-term incentive
MSCI ESG rating	Rating published by MSCI that aims to measure a company's management of financially relevant ESG risks and opportunities.
MDU	Master Data Universe
NCR	National Credit Regulator
NPL	Non-performing loan
NPL portfolio	Non-performing consumer loan portfolios acquired by Nutun to be collected as principal
Nutun	Nutun Holdings (previously Transaction Capital Risk Services)

OECD	Organisation for Economic Co-operation and Development
OEM	Original equipment manufacturer
Open market	In SA Taxi, insurance clients not financed by SA Taxi Finance
Parc	Vehicle parc, being the total number of registered vehicles in circulation within a defined geographic region
PDL	Purchased debt ledger
POPI Act	Protection of Personal Information Act
Public Investment Corporation	Public Investment Corporation SOC Limited
QRT	Quality Renewed Taxi
ROFE	Return on funds employed
RBH	Royal Bafokeng Holdings
Recoveries Corporation	Recoveries Corporation, an Australian 100% owned subsidiary of Nutun
ROE	Return on average equity
ROIC	Return on invested capital
SA	South Africa
SANTACO	South African National Taxi Council
SARB	South African Reserve Bank
SDGs	United Nations Sustainable Development Goals
SENS	Stock Exchange News Service
STI	Short-term incentive
SMEs	Small and medium-sized enterprises
TCFD	Recommendations of the Task Force on Climate-related Financial Disclosures
tCO₂e	Tonnes of carbon dioxide equivalent
TCMH	TC Motor Holdings
TCRS	Transaction Capital Risk Services (now Nutun)
UK	United Kingdom
Vehicle supermarket	WeBuyCars vehicle warehouse and showroom
VWAP	Volume-weighted average price
W&RSETA	Wholesale & Retail Sector Education and Training Authority
ZAR	South African Rand



Corporate information

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 (chairman)

Kuben Pillay

Diane Radley

Christopher Seabrooke

Sharon Wapnick

Company secretary and registered office

Lisa Lill

The Bank, 12th Floor,

24 Cradock and Tyrwhitt Avenue,

Rosebank,

Gauteng,

2196

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)



Transaction
Capital