Transaction Capital

Unaudited interim RESULTS and dividend declaration

For the six months ended 31 March **2022**

10 YEARS AS A LISTED ENTITY

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Commentary

Group highlights

for the six months ended 31 March 2022

Transaction Capital delivered a strong operational performance with earnings growth at rates higher than pre-pandemic levels

Core headline earnings from continuing operations attributable to the group[1,2,3]

R603 million

↑38%

HY2021: R437 million

Core headline earnings per share from continuing operations attributable to the group[1,2]

83.7 cents

↑28%

HY2021: 65.5 cents

The group's long-term track record of earnings growth, which resumed during FY2021 continues into HY2022 at rates higher than prior years.

Core headline return on average equity[4]

14.0%

HY2021

14.0%

Core headline return on average assets[4]

4.5%

HY2021

4.0%

Returns remain robust and are expected to increase as the acquisition of WeBuyCars delivers accretive earnings growth.

Interim dividend per share

33 cents

↑74%

HY2021

19 cents

Interim dividend at 2.5 times dividend cover, in line with dividend policy.

1. *Earnings from continuing operations excludes results from discontinued operations.*
2. *Core headline earnings from continuing operations is a non-IFRS measure which excludes gains/losses, costs and adjustments associated with acquisitions and disposals of investments. It is management's view that the most appropriate metric to measure performance for the six months ended 31 March 2022 is core headline earnings per share from continuing operations. Refer to the 'Basis of preparation' section of this announcement for further detail.*
3. *Transaction Capital's core headline earnings from continuing operations attributable to the group includes R251 million from WeBuyCars, R181 million from SA Taxi, R164 million from Transaction Capital Risk Services, and R7 million from the group executive office.*
4. *Core headline return on average assets and core headline return on average equity are based on earnings from continuing operations.*

Divisional highlights

Performance demonstrates resilience and relevance of our business models

Mobility platform

Through its divisions, WeBuyCars and SA Taxi, Transaction Capital enables the mobility of private and public commuters in South Africa.

[5] WeBuyCars continues to outperform against several key metrics, including total revenue as well as units bought and sold. Its strategy to grow its e-commerce offering, expand geographically and enhance unit economics through higher penetration of finance, insurance and ancillary products (F&I products) continues to drive business growth.

Core headline earnings from continuing operations

R406 million

▲ 58%

HY2021: R257 million

Core headline earnings from continuing operations attributable to the group

R251 million

▲ 122%

HY2021: R113 million

SA Taxi has steadily come through the impacts of COVID-19, demonstrating the resilience of the business and its industry. Almost all operating metrics have improved when compared to pre-pandemic levels. This, together with our recalibrated cost structure, has enabled SA Taxi to yield greater operating efficiencies.

However, the slow recovery of some sectors, the spates of civil and taxi unrest in 2021 and the recent floods in KwaZulu-Natal have suppressed commuter activity. To counter this impact, as well as rising fuel prices, the industry is expected to increase fares in the near future.

Core headline earnings from continuing operations

R220 million

▼ 4%

HY2021: R228 million

Core headline earnings from continuing operations attributable to the group

R181 million

▼ 4%

HY2021: R188 million

Global digital services

As a trusted partner to a global client base, Transaction Capital Risk Services (TCRS) combines its unique technology, data and analytics to provide a broader range of digitally enabled customer services.

TCRS posted a robust performance, accelerating its historic earnings growth trajectory.

Leveraging its low-cost infrastructure and technology, TCRS now delivers an augmented suite of digital customer services in South Africa, Australia and the United Kingdom, which is starting to deliver high quality earnings.

Earnings growth is further supported by accelerated acquisition of non-performing loan (NPL) portfolios, strong collection revenues, and the recalibration of TCRS's cost structure, driving greater productivity off a lower fixed infrastructure base.

Core headline earnings from continuing operations

R165 million

▲ 26%

HY2021: R131 million

Core headline earnings from continuing operations attributable to the group

R164 million

▲ 25%

HY2021: R131 million

5. *Transaction Capital Motor Holdco (Pty) Ltd (TCMH) acquired a 49.9% non-controlling interest in WeBuyCars (Pty) Ltd and accounted for the investment as an associate with effect from 11 September 2020. On 3 August 2021, TCMH increased its shareholding 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 group which is consolidated as an effective 74.2% subsidiary with effect from 3 August 2021. The headline earnings of R406 million in HY2022 (HY2021: R257 million) reported above relates to the WBC Group and not TCMH.*

Group prospects and performance

Prospects

As the COVID-19 pandemic continues to redefine the global operating context, our business models continue to gain relevance, providing future growth potential. A robust performance in the six months ended 31 March 2022 (HY2022) supports our view that the group can maintain a sustainable growth trajectory of superior high-quality earnings. Based on our current assessment of operating conditions and growth prospects, we expect organic earnings and dividend growth over the medium-term to sustainably exceed pre-pandemic growth rates. A steady recovery from SA Taxi, high earnings growth from TCRS at rates exceeding prior years, and the exceptional growth prospect of WeBuyCars, in which the group now owns 74.2%, will accelerate and support this expectation.

Our divisions have compelling organic growth initiatives in place or under development and continue to demonstrate their resilience and relevance to their stakeholders. In addition, Transaction Capital has opportunities to accelerate earnings growth in the short to medium-term, through international expansion in WeBuyCars and TCRS, where we are able to leverage our home-grown competencies and ZAR-denominated resources to grow organically. This spread of opportunity will enable us to further diversify our revenue and risk profile to yield higher growth.

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 TCRS's funding requirements for the acquisition of 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 HY2022 we have begun the strategic repositioning of our 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. We see these businesses evolving further into a mobility platform. TCRS's strategy is centred on our vision to create a range of digitally driven business services as a trusted partner to a global client base, leveraging off our South African technology platform, analytics competencies and call centre intellectual property (IP).The strategic repositioning of our divisions coincides with Transaction Capital's 10-year anniversary of listing on the JSE. It is 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 remain confident that the group can continue to generate strong commercial returns in the medium term, while creating net positive, long term value for all our stakeholders and broader society.

Performance overview and trading environment

In the first six months of the 2022 financial year, Transaction Capital extended its track record of high-quality organic earnings growth. Core headline earnings from continuing operations attributable to the group increased 38% to R603 million, and core headline earnings per share from continuing operations attributable to the group grew by 28% to 83.7 cents. Basic earnings per share from continuing operations attributable to the group increased 2% to 65.7 cents (HY2021: 64.3 cents) and headline earnings per share from continuing operations attributable to the group increased to 65.7 cents (HY2021: 65.2 cents).

While South Africa has entered a post-lock down period, the economic recovery that the country started to experience in 2021 may be subdued in 2022, driven by frequent power outages, high unemployment, rising fuel prices and energy prices, inflationary pressures and global economic shocks. These factors continue to drive sluggish growth across most sectors, resulting in reduced commuter activity. Although commuter volumes are increasing as activity in South Africa recovers post the pandemic, in the short-term it is not expected to reach pre-pandemic levels. Despite these challenges, SA Taxi's operational, credit and financial performance remains on track. WeBuyCars and TCRS continue to perform above our expectations with earnings growing at rates higher than historic levels

In light of the group's strong financial performance, robust balance sheet and medium-term prospects, the board resolved to declare an interim gross cash dividend to shareholders of 33 cents per share, at a rate of 2.5 times cover based on the earnings for the six months ended 31 March 2022.

Commentary continued

Divisional performance

WeBuyCars

For the six months ended 31 March		2022	2021	Movement
Financial performance				
Core headline earnings[5]	Rm	**406**	257	58%
Core headline earnings attributable to the group[5]	Rm	**251**	113	122%
Operational performance				
Vehicles purchased	Number	**60 046**	43 410	38%
Vehicles sold	Number	**58 520**	41 550	41%
F&I products penetration on units sold	%	**16.6**	12.9	
Total e-commerce sales	%	**29.5**	32.9	
Total e-commerce sales	Number	**17 281**	13 663	26%
Business-to-business	%	**82.4**	95.0	
Business-to-consumer	%	**17.6**	5.0	
Vehicle parking bays	Number	**7 205**	4 738	52%

5. *Transaction Capital Motor Holdco (Pty) Ltd (TCMH) acquired a 49.9% non-controlling interest in WeBuyCars (Pty) Ltd and accounted for the investment as an associate with effect from 11 September 2020. On 3 August 2021, TCMH increased its shareholding 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 group which is consolidated as an effective 74.2% subsidiary with effect from 3 August 2021. The headline earnings of R406 million in HY2022 (HY2021: R257 million) reported above relates to the WBC Group and not TCMH.*

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 is resoundingly positive. In South Africa, a total of around 11 million[6] passenger vehicles are in circulation. This vehicle 'car parc' has grown steadily, increasing the overall market by 3%[6] to 5%[6] per year over the last decade. Structural support for this resilience and future growth includes cash-strapped consumers trading down to more affordable used vehicles, a trend given momentum by the economic implications of COVID-19. In addition, mobility trends show that more people are moving from using public transport and being passengers in personal vehicles to owning their first car, with vehicle ownership an aspiration deeply rooted in South African culture. Trading across the whole parc, including older used vehicles, positions WeBuyCars to benefit from the South African population's shift into private vehicle ownership.

The microchip shortage and supply chain disruptions, which have been exacerbated by the Russia-Ukraine war, continue to affect the global supply of new vehicles, providing an added tailwind for the used vehicle sector. Sales of new passenger and light commercial vehicles in South Africa for the half year ended 31 March 2022, declined by approximately 2%[7] compared to the pre-pandemic levels in 2020. The new vehicle market in South Africa is expected to gradually recover during the year, but at a slower pace, with the number of used vehicles traded continuing to exceed the number of new vehicles traded by more than 2.5[6] times, consistent with prior years. Furthermore, high demand for quality used vehicles, alongside the limited supply of new vehicles is driving a sustained increase in used vehicle prices. As vehicle prices climb, further rand value upside for WeBuyCars will be realised as we maintain margins.

Financial and operational performance

Transaction Capital increased its effective shareholding in WeBuyCars in August 2021 to 74.2%, and as a result, the group will consolidate a greater component of WeBuyCars' earnings in the 2022 financial year (FY2022). Core headline earnings grew 58% to R406 million[5] in HY2022, with the group's attributable portion increasing 122% to R251 million.

In HY2022 WeBuyCars has sustainably achieved its target of 10 000 vehicle sales per month. The increase in the number of vehicles traded has been driven in part by the expansion of WeBuyCars' physical footprint. During HY2022, we launched our largest vehicle supermarket at the Dome in Johannesburg, with a capacity of 1 125 bays, and a smaller dealership in Polokwane with 220 bays. This is in line with our geographic expansion strategy to establish physical dealerships across South Africa, which will vary by size depending on the size and demand of the town, ranging from our large vehicle supermarkets with more than 800 bays in major centres to dealerships holding less than 200 vehicles in small centres. In the next 12 months, we plan to introduce a further three dealerships in various locations across South Africa. This strategy is augmented by our newly designed buying pods, which are conveniently located in high traffic areas such as shopping centres.

The COVID-19 lock down irreversibly accelerated digital adoption and the shift to purchasing goods and services online. WeBuyCars has increased investment into its e-commerce platform as well as brand marketing and online lead generation. Online sales remain at approximately 30% of total monthly sales with business-to-consumer (B2C) e-commerce capabilities, which were introduced in 2021, now accounting for

6. *Internal estimation using eNatis and Lightstone data (double counting eliminated).*
7. *For the period October 2021 to March 2022 vs October 2019 to March 2020, using internal estimation from eNatis data (double counting eliminated).*

approximately 18% of total online sales, up from circa 8% 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 escalates.

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 approximately 17% of all sales now including F&I products, up from 14% at the end of FY2021. Higher take-up of F&I products will enhance unit economics and margins per vehicle sold. This will be further enhanced by improving existing commercial arrangements with providers of F&I products and by adding relevant new products.

Pursuant to its strategic growth initiatives and to broaden its mobility offering to private consumers, WeBuyCars launched its vehicle finance product as principal during HY2022. This offering 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. This unique offering, is the first in a range of innovative mobility products aimed at disrupting the used vehicle ownership model in South Africa and which will continue to drive WeBuyCars high earnings growth trajectory.

Outlook

We expect future earnings from WeBuyCars to continue to grow at similar rates over the medium-term, given its strategic positioning as a provider of mobility service in a favourable market. We are confident this business will accelerate and support a sustainably higher growth trajectory for Transaction Capital.

As majority shareholders, working alongside the founders and management team of WeBuyCars, we will seek to maximise growth potential, through a continued focus on gaining market share through our physical and e-commerce platforms, by driving a differentiated customer experience, enhanced by data and technology advantages. The recent launch of our vehicle finance product will not only drive higher penetration of F&I products, but will also be a catalyst in the development of other mobility solutions for private vehicle owners, enabling even better unit economics.

WeBuyCars' recent organic expansion into Morocco is the first step in our international expansion aspirations. We will continue to explore further expansion opportunities in select markets.

SA Taxi

For the six months ended 31 March		2022	2021	Movement
Financial performance				
Core headline earnings	Rm	**220**	228	(4%)
Core headline earnings attributable to the group	Rm	**181**	188	(4%)
Non-interest revenue	Rm	**370**	366	1%
Net interest income	Rm	**851**	752	13%
Net interest margin	%	**11.6**	11.8	
Core cost-to-income ratio	%	**44.5**	46.1	
Credit performance				
Gross loans and advances	Rm	**15 555**	13 154	18%
Stage 1	%	**53.3**	40.2	
Stage 2	%	**25.5**	40.0	
Stage 3	%	**21.2**	19.8	
Credit loss ratio	%	**5.1**	4.6	
Provision coverage	%	**5.5**	6.0	
Insurance performance				
Gross written premiums	Rm	**567**	497	14%
Claims ratio				
Comprehensive vehicle insurance claims	%	**43.4**	41.3	
Credit life claims	%	**63.7**	84.4	

Operating context and market positioning

SA Taxi's business model enables safer and more reliable mobility access for millions of public commuters, by facilitating minibus taxi ownership through tailored developmental finance, insurance and allied services to taxi operators. Foundational to its business model are proprietary 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 and accessibility. Spending on minibus taxi transport is largely non-discretionary, making the industry defensive in tough economic conditions.

Retail prices for minibus taxis have risen 6.6%[8] since September 2021 to April 2022, with the recommended retail price of a Toyota HiAce diesel vehicle now at R528 800[8]. At 31 March 2022, the 12-month average for petrol and diesel prices were, respectively, 29%[9] and 32%[9] higher than a year ago. The fuel price hike in April 2022, resulted in the highest fuel price to date at R21.60[9] per litre. Petrol prices are expected to remain volatile in the coming months, driven by the Russia-Ukraine war. As detailed earlier in this announcement, although commuter activity is increasing as activity in South Africa recovers post the pandemic, it remains lower than pre-pandemic levels and is not expected to reach pre-pandemic levels in the short-term.

With the industry's profitability under strain, taxi operators are under pressure to afford their finance instalments and insurance premiums. Although minibus taxi fares have increased by approximately 9.3%[10] per year between 2013 and 2020, no fare increases were levied over the COVID-19 period for humanitarian reasons. The industry is assessing the medium-term impacts of these industry challenges and is expected to announce further fare increases imminently. In this context, SA Taxi's fully refurbished Quality Renewed Taxis (QRTs) provide an affordable yet reliable alternative to buying a new vehicle.

Financial and operational performance

SA Taxi has steadily come through the impacts of COVID-19, demonstrating the resilience of the business and its industry. Despite the prevailing pressures on the taxi industry, almost all of SA Taxi's operating metrics have improved when compared to pre-pandemic levels. This together with our acute focus on ensuring an efficient operating structure, has yielded an improved cost-to-income ratio in HY2022. However, the knock-on impact of environmental pressures continues to impact our clients' ability to afford loan repayments, necessitating elevated credit loss and provision coverage ratios. SA Taxi delivered core headline earnings attributable to the group of R181 million in HY2022, 4% below HY2021.

SA Taxi Finance, SA Taxi Auto Repairs and SA Taxi Auto Parts

SA Taxi Finance grew gross loans and advances 18% to R15.6 billion, with loans originated growing by 23% year-on-year. Preserving credit quality in the current environment is a priority, with SA Taxi targeting better quality and experienced minibus taxi operators, resulting in lower loan approvals. This focus, together with our rigorous loan collection strategy, has yielded improved credit quality. Stage 1 loans and advances improved to 53.3% from 40.2%, with stage 3 loans and advances increasing marginally to 21%. The growth in gross loans and advances translated into net interest income growth of 13% to R851 million. A net interest margin of 11.6%, remains within our target range of 11% to 12%.

Demand for new minibus taxis and QRTs is exceeding pre COVID-19 levels and remains far higher than supply. SA Taxi has built out its capacity to refurbish QRTs from 290 per month in 2020 to more than 400 per month currently, whilst increasing access to spare parts by enhancing its import processes. The increased refurbishment capacity in SA Taxi Auto Repairs will support higher QRT vehicle supply, and in turn, grow QRT loans originated. This strategy will partly absorb the disruption to the supply of new minibus taxis due to the flooding of Toyota's facility in KwaZulu-Natal.

QRTs now constitute approximately 42% of total loans originated, which indicates continued strong momentum in the sale and finance of SA Taxi's fully refurbished QRT vehicles. The growth in QRT loan originations is expected to exceed growth in new minibus taxi loan originations in FY2022.

As we expect collections to recover over a longer period than we initially envisaged, the credit loss ratio has remained above our 3% to 4% target range, at 5.1%. SA Taxi has maintained provisions for the impact on collections, with provision coverage of 5.5% protecting the balance sheet.

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

SA Taxi Protect

SA Taxi Protect's competitive advantage is its ability to reduce its cost of claim through efficiencies in SA Taxi Auto Repairs and SA Taxi Auto Parts, which supports competitively priced insurance premiums. Premiums in the comprehensive vehicle insurance product remained stable and increased across special risk products in HY2022.

With most of SA Taxi Finance's clients choosing to insure their vehicles through SA Taxi Protect, gross written premiums showed strong growth of 14% to R567 million. SA Taxi's strategy to broaden its client base via direct marketing and its broker network, targeting open market clients (insurance clients not financed by SA Taxi Finance), continues to yield positive results.

Comprehensive vehicle insurance claims for HY2022 have largely normalized to pre-pandemic levels. As expected COVID-19 is still driving higher credit life claims and higher lapse rates, although the credit life claims ratio in HY2022 was significantly lower than that experienced in FY2021.

8. *Toyota recommended retail price, including VAT, as at April 2022.*
9. *www.energy.gov.za (12-month rolling average fuel price – April 2021 to March 2022).*
10. *NHTS 2020, average monthly costs for travel to work.*

Outlook

Over 20 years, SA Taxi's business model has 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. SA Taxi participates in the entire taxi industry value chain, which underpins its track record of quality earnings. The business' long-term success in creating value from a niche asset demonstrates the potential it has to sustainably expand its addressable market. SA Taxi's future growth will include the design and delivery of a broader range of mobility products to a wider mobility ecosystem.

Our strategic focus in the second half of FY2022 will be on optimising our core business lines. This will enhance SA Taxi's resilience and position it for growth. To broaden our addressable market, we will also continue to look for opportunities to develop new offerings that leverage off SA Taxi's market position as well as the broader mobility ecosystem.

Transaction Capital Risk Services

For the six months ended 31 March		2022	2021	Movement
Financial performance				
Core headline earnings from continuing operations	Rm	**165**	131	26%
Core headline earnings from continuing operations attributable to the group	Rm	**164**	131	25%
Non-interest revenue	Rm	**1 317**	1 158	14%
Core cost-to-income ratio	%	**81.8**	83.5	
Purchased book debts				
Cost price of purchased book debts acquired	Rm	**745**	385	94%
Carrying value of purchased book debts	Rm	**3 954**	2 705	46%
Estimated remaining collections	Rm	**6 876**	5 883	17%

Operating context and market positioning

Over the years, TCRS has built a competitive advantage through a combination of unique technology, data and analytics competencies to provide collection services that facilitate the effective functioning of consumer credit markets. As the requirements of our clients expanded to a greater need to outsource their non-core services, we recognised an opportunity to create a range of digitally driven business services as a trusted partner to a global client base, leveraging off our South African technology platform and call centre IP. These business activities are diversified across geographies, sectors and clients, which lowers concentration risk and underpins positive performance and returns in different market conditions. This market positioning is yielding returns, with TCRS's earnings in the current year growing at a rate higher than historic levels.

Financial and operational performance

TCRS posted a resilient performance with core headline earnings from continuing operations growing by 26% to R165 million, driven by higher levels of investment in the acquisition of NPL portfolios and robust collection revenues allowing the division to exceed its historic earnings growth rate. The implementation of effective work-from-home capabilities and technologies, together with the proactive recalibration of its staff complement and infrastructure in South Africa over the past two years continues to yield higher productivity whilst driving cost efficiencies, with the core cost-to-income ratio improving further to 81.8% in HY2022, compared to 83.5% in HY2021.

Collection services

In its most significant business activity, TCRS acts either as a principal in acquiring and then collecting on NPL portfolios, or as a service provider on an outsourced contingency or fee-for-service (FFS) basis. Collection revenue grew by 15% in HY2022. The acquisition of NPL portfolios, or the collection thereof as an agent, is a significant growth opportunity as more NPL portfolios come to market in South Africa. Of the 26.4 million[11] credit-active South African consumers at December 2021, almost 38%[11] (9.9[11] million) had impaired credit records. Transaction Capital's Consumer Credit Rehabilitation Index, which measures consumers' propensity to repay debt, had deteriorated 0.7% by March 2022 compared to the previous quarter ended 31 December 2021. This provides more scope for TCRS, as consumer facing entities deal with bigger NPL portfolios due to increasing indebtedness of consumers and their impaired ability to service debt.

Acquisition of NPL portfolios as principal

TCRS has over 20 years of experience in acquiring NPL portfolios at attractive risk-adjusted returns. Our ability to adjust pricing methodology to the prevailing environment ensure that we can price NPL portfolios accurately to achieve targeted returns.

In South Africa, the acquisition of NPL portfolios is exceeding pre-pandemic levels, with an investment of R675 million, up 91% from the investment level of R353 million HY2021. We expect growth in the market for NPL portfolios to continue accelerating as the impact of COVID-19 plays out over the medium term.

11. NCR Credit Bureau Monitor Q4- 2021.

In Australia, trading conditions remain subdued, with few NPL portfolios being offered for sale, banks still showing greater leniency on outstanding credit and debt moratoriums continuing. Those NPL portfolios that do come to market attract strong pricing as demand continues to outweigh supply. In HY2022 TCRS invested R70 million in acquiring NPL portfolios in Australia.

At 31 March 2022, TCRS's NPL portfolios were valued at R3 954 million. We expect annuity revenue of R6 876 million from this asset over the medium term, up 17% from R5 883 million a year ago.

Collections on NPL portfolios owned as a principal have recovered fully and grew by 39% to R875 million for the period.

Contingency and fee-for-service revenue

Our business model which comprises both principal and agency collections allows TCRS to derive returns in different market conditions. Currently more opportunities exist for the purchase of NPL portfolios in South Africa, and as a result revenues from contingency and FFS have been declining relative to principal revenues. In Australia, market conditions currently favour agency collections. At 31 March 2022 the contingency and FFS business made up 29% of total collections revenue, down from 42% in HY2021.

Digital customer engagement services

The digital customer engagement services segment is an exciting opportunity for TCRS to leverage our ZAR cost base, local technology platform and IP, as well as our deep experience in managing outcomes-based call centre operations to earn international revenue and create jobs locally. In anticipation of the medium-term effects of the COVID-19 pandemic, TCRS implemented a world-class technology-led work-from-home operating model, which is yielding higher productivity per agent. These capabilities position the business to help clients mitigate the impact of the global shortage of human resources and skills, through a digitally enabled solution. Whilst the unemployment rate in South Africa climbed to 35.3%[12] in the fourth quarter of the 2021 calendar year, in contrast, there is a significant shortage in skilled labour across many developed economies. The 'great resignation' which is an ongoing economic trend beginning in early 2021, and primarily impacting the United States but also the United Kingdom and Europe has resulted in global skills shortages as employees have voluntary resigned from their jobs en masse. In Australia, unemployment has declined to 4.0%[13] in March 2022, its lowest unemployment rate since August 2008.

Outlook

The evolution of TCRS into a global digital services business leverages the competitive advantage that we have built over the last two decades and offers distinct avenues for growth, particularly as South Africa grows as a popular destination for outsourced customer engagement solutions. For the remainder of FY2022 our strategic focus will be to accelerate the acquisition of purchased book debts in South Africa and grow the digital customer engagement services business locally and internationally.

Dividend declaration

In line with the stated dividend policy of 2 to 2.5 times, the board has resolved to declare an interim gross cash dividend of 33 cents per share (HY2021: 19 cents per share) for the six months ended 31 March 2022, to those members on the record date appearing below. The dividend is declared out of income reserves. A dividend withholding tax of 20% will be applicable to the dividend for all shareholders that are not exempt from the dividend withholding tax, resulting in a net dividend of 26.4 cents per share.

The salient features applicable to the dividend are as follows:

Issued shares as at declaration date	721 110 391
Declaration date	Wednesday 18 May 2022
Last day to trade cum dividend	Tuesday 7 June 2022
Ex-dividend	Wednesday 8 June 2022
Record date	Friday 10 June 2022
Payment date	Monday 13 June 2022

Tax reference number: 9466/298/15/6

Share certificates may not be dematerialised or rematerialised between Wednesday 8 June 2022 and Friday 10 June 2022, both dates inclusive.

The cash dividend will be electronically transferred to the bank accounts of all certificated shareholders, where this facility is available, on Monday 13 June 2022. Where electronic fund transfer is not available or desired, cheques dated Monday 13 June 2022 will be posted on that date. Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday 13 June 2022.

Change to company secretary

Ms Sharon Nayger resigned as company secretary of Transaction Capital with effect from 30 November 2021. The board would like to thank Ms Nayger for her valuable contribution to Transaction Capital and wishes her well in her future endeavours. Ms Lisa Lill was appointed as company secretary with effect from 1 December 2021.

Basis of preparation

The unaudited condensed consolidated financial results for the six months ended 31 March 2022 have been prepared under the supervision of Sean Doherty CA(SA), chief financial officer. The financial information on which this announcement is based has not been reviewed and reported on by Transaction Capital's auditors.

The unaudited condensed consolidated financial results the six months ended 31 March 2022 have been prepared in accordance with the JSE Limited Listings Requirements and the JSE Debt Listings Requirements, International Financial Reporting Standards (IFRS) including IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council as well as the requirements of the South African Companies Act 71 of 2008.

The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements for the six months ended 31 March 2022, are in accordance with IFRS and are consistent, in all material respects, with those detailed in Transaction Capital's annual consolidated financial statements for the 2021 financial year.

Any forecast financial information, including the prospects statement, has not been reviewed or reported on by the company's auditors.

12. *Stats SA: Quarterly Labour Force Survey Q4 2021.*
13. *Australian Bureau of Statistics – Labour Force Australia for the period ended March 2022.*

Core results

Core headline earnings from continuing operations is a non-IFRS measure which excludes gains/losses, costs and adjustments associated with acquisitions and disposals of investments. It is management's view that the most appropriate metric to measure performance for the six months ended 31 March 2022 is core headline earnings per share from continuing operations. In terms of the JSE Listings Requirements, these 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 more accurately reflect operational performance. 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 below.

Reconciliation from headline earnings to core headline earnings

		31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	31 March 2020 Unaudited Rm	30 September Audited 2021 Rm
Headline earnings from continuing operations attributable to group		**473**	435	277	999
Adjusted for once-off transaction costs relating to the following:					
Acquisition of additional 24.3% interest in WeBuyCars	3 Aug 2021	**5**	–	–	4
Investment in non-controlling 49.9% interest in WeBuyCars	11 Sep 2020	**–**	2	–	2
Acquisition of Fihrst	1 Dec 2019	**–**	–	4	–
Adjusted for accounting entries relating to written put options over WBC Holdings non-controlling interests:					
Imputed interest charge*	5 Oct 2021	**125**	–	–	–
Core headline earnings from continuing operations attributable to group		**603**	437	281	1,005
Core headline earnings per share from continuing operations		**83.7**	65.5	45.8	147.9

* *Refer to note 2 of the unaudited condensed consolidated financial statements.*

Approval by the board of directors

The information in this announcement has been reviewed and approved by the board of directors, and is signed on its behalf by:

David Hurwitz
Chief executive officer

Sean Doherty
Chief financial officer

Hyde Park
18 May 2022

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Email: nomondex@transactioncapital.co.za
JSE Sponsor and Equity Markets Broker: Investec Bank Limited
JSE Debt Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

Condensed consolidated statement of financial position

at 31 March 2022

	Notes	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Restated* Rm
Assets				
Cash and cash equivalents		**1 613**	1 509	2 236
Tax receivables		**18**	17	30
Trade and other receivables		**1 521**	1 298	1 477
Inventories		**2 942**	1 103	2 477
Assets classified as held for sale		**67**	143	98
Loans and advances		**14 785**	12 510	13 305
Leased assets		**14**	19	17
Purchased book debts		**3 954**	2 705	3 441
Other loans receivable		**78**	52	65
Other investments		**41**	–	–
Equity accounted investments		**370**	2 292	301
Intangible assets		**3 251**	500	3 237
Property and equipment		**1 433**	409	1 075
Goodwill		**4 388**	1 327	4 392
Deferred tax assets		**325**	334	319
Total assets		**34 800**	24 218	32 470
Liabilities				
Bank overdrafts		**450**	184	364
Other short-term borrowings		**32**	45	81
Tax payables		**36**	21	41
Trade and other payables		**1 091**	790	2 498
Provisions		**83**	60	92
Liabilities directly associated with assets held for sale		**12**	14	14
Insurance contract liabilities		**251**	361	271
Benefits ceded on insurance contracts relating to inventories		**47**	38	46
Benefits ceded on insurance contracts relating to loans and advances		**54**	139	52
Benefits accruing to insurance contract holders		**150**	184	173
Interest-bearing liabilities	1	**19 381**	14 783	16 139
Senior debt		**18 556**	14 170	15 349
Subordinated debt		**825**	613	790
Lease liabilities		**425**	410	420
Put option liability	2	**3 836**	–	–
Deferred tax liabilities		**1 443**	553	1 405
Total liabilities		**27 040**	17 221	21 325
Equity				
Ordinary share capital	3	**3 909**	2 277	3 464
Put option reserve		**(3 710)**	–	–
Other reserves		**248**	327	688
Retained earnings		**5 828**	3 832	5 591
Equity attributable to ordinary equity holders of the parent		**6 275**	6 436	9 743
Non-controlling interests		**1 485**	561	1 402
Total equity		**7 760**	6 997	11 145
Total equity and liabilities		**34 800**	24 218	32 470

* *In terms of IFRS 3: Business Combinations, the provisional accounting applied to the acquisition of WBC Holdings (Pty) Ltd was finalised during the current financial year. As a result, the contingent consideration from the business combination increased by R39 million, and goodwill increased by R39 million. Comparative information has been restated accordingly.*

Condensed consolidated income statement

for the half year ended 31 March 2022

	Notes	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
Interest income		**1 454**	1 263	2 663
Interest expense		**(863)**	(593)	(1 232)
Net interest income		**591**	670	1 431
Impairment of loans and advances		**(375)**	(295)	(563)
Risk-adjusted net interest income		**216**	375	868
Non-interest revenue	4	**2 816**	1 528	3 365
Net insurance result	4	**206**	237	392
Insurance revenue		**567**	497	1 015
Insurance service expense		**(360)**	(261)	(620)
Insurance finance (expense)/income		**(1)**	1	(3)
Other non-interest revenue	4	**2 610**	1 291	2 973
Operating costs		**(2 170)**	(1 434)	(3 122)
Non-operating profit		**–**	(1)	1 419
Equity accounted income		**16**	128	213
Profit before tax		**878**	596	2 743
Income tax expense		**(262)**	(127)	(325)
Profit for the period from continuing operations		**616**	469	2 418
Discontinued operations				
Loss for the period from discontinued operations		**(1)**	(8)	(12)
Profit for the period		**615**	461	2 406
Profit for the period from continuing operations attributable to:				
Ordinary equity holders of the parent		**473**	429	2 302
Non-controlling interests		**143**	40	116
Loss for the period from discontinued operations attributable to:				
Ordinary equity holders of the parent		**(1)**	(8)	(12)
Non-controlling interests		**–**	–	–
Earnings per share (cents)				
From continuing operations				
Basic earnings per share	5	**65.7**	64.3	338.7
Diluted basic earnings per share	5	**65.7**	63.4	336.7
From continuing and discontinued operations				
Basic earnings per share	5	**65.5**	63.1	336.9
Diluted basic earnings per share	5	**65.5**	62.3	334.9

Condensed consolidated statement of comprehensive income

for the half year ended 31 March 2022

	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
Profit for the period	**615**	461	2 406
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Movement in cash flow hedging reserve	**7**	50	22
Fair value gain arising during the period	**10**	69	31
Deferred tax	**(3)**	(19)	(9)
Exchange loss on translation of foreign operations	**(39)**	(64)	(89)
Total comprehensive income for the period	**583**	447	2 339
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	**440**	407	2 223
Non-controlling interests	**143**	40	116

Condensed consolidated statement of changes in equity

For the half year ended 31 March 2022

	Number of ordinary shares million	Share capital Rm	Put option reserve* Rm	Other reserves Rm	Retained earnings Rm	Equity attributable to ordinary equity holders of the parent Rm	Non-controlling interests Rm	Total equity Rm
Balance at 30 September 2020 – Audited	661.5	2 015	–	322	3 481	5 818	555	6 373
Total comprehensive income	–	–	–	(14)	421	407	40	447
Profit for the period	–	–	–	–	421	421	40	461
Other comprehensive income	–	–	–	(14)	–	(14)	–	(14)
Transactions with non-controlling interests	–	–	–	–	(66)	(66)	(28)	(94)
Grant of conditional share plans	–	–	–	28	–	28	–	28
Settlement of conditional share plans	–	–	–	(9)	(4)	(13)	–	(13)
Dividends paid	–	–	–	–	–	–	(6)	(6)
Issue of shares	13.0	262	–	–	–	262	–	262
Balance at 31 March 2021 – Unaudited	674.5	2 277	–	327	3 832	6 436	561	6 997
Total comprehensive income	–	–	–	(53)	1 869	1 816	76	1 892
Profit for the period	–	–	–	–	1 869	1 869	76	1 945
Other comprehensive income	–	–	–	(53)	–	(53)	–	(53)
Transactions with non-controlling interests	–	–	–	–	20	20	793	813
Grant of conditional share plans	–	–	–	34	–	34	–	34
Settlement of conditional share plans	–	–	–	(6)	(2)	(8)	–	(8)
Recognition of reserve relating to forward contract to issue shares	–	–	–	386	–	386	–	386
Dividends paid	–	–	–	–	(128)	(128)	(28)	(156)
Issue of shares	33.9	1 187	–	–	–	1 187	–	1 187
Balance at 30 September 2021 – Audited	**708.4**	**3 464**	**–**	**688**	**5 591**	**9 743**	**1 402**	**11 145**
Total comprehensive income	**–**	**–**	**–**	**(32)**	**472**	**440**	**143**	**583**
Profit for the period	**–**	**–**		**–**	**472**	**472**	**143**	**615**
Other comprehensive income	**–**	**–**	**–**	**(32)**	**–**	**(32)**	**–**	**(32)**
Grant of conditional share plans	**–**	**–**	**–**	**33**	**–**	**33**	**–**	**33**
Settlement of conditional share plans	**–**	**–**	**–**	**(55)**	**(27)**	**(82)**	**–**	**(82)**
Derecognition the reserve relating to forward contract to issue shares**	**–**	**–**	**–**	**(386)**	**30**	**(356)**	**–**	**(356)**
Recognition of reserve relating to the put option to acquire non-controlling interests*	**–**	**–**	**(3 710)**	**–**	**–**	**(3 710)**	**–**	**(3 710)**
Dividends paid	**–**	**–**	**–**	**–**	**(238)**	**(238)**	**(60)**	**(298)**
Issue of shares	**12.7**	**445**	**–**	**–**	**–**	**445**	**–**	**445**
Balance at 31 March 2022 – Unaudited	**721.1**	**3 909**	**(3 710)**	**248**	**5 828**	**6 275**	**1 485**	**7 760**

* *This reserve relates to the equity reserve created on 5 October 2021 on recognition of a financial liability relating to put options for the acquisition of shares held by the non-controlling interests in WBC Holdings (Pty) Ltd. Refer to note 2 for further details relating to the recognition of the put option liability.*

** *A reserve was recognised in relation to the forward contract to issue Transaction Capital Limited shares in settlement of a portion of the purchase price for the acquisition of a controlling interest in the WBC group during the 2021 financial year. The reserve was derecognised when the group issued the shares in settlement of the purchase price in October 2021. The difference between the fair value of the forward contract on initial recognition of the reserve and the value of shares that were issued has been transferred to retained earnings.*

Condensed consolidated statement of cash flows

for the half year ended 31 March 2022

	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Restated* Rm	30 September 2021 Audited Rm
Cash flow from operating activities			
Cash generated by operations	**1 025**	390	892
Interest received	**1 085**	1 026	2 064
Interest paid	**(689)**	(560)	(1 148)
Income taxes paid	**(183)**	(45)	(201)
Dividends paid	**(298)**	(6)	(162)
Cash flow from operating activities before changes in operating assets and working capital	**940**	805	1 445
Increase in operating assets	**(2 228)**	(1 302)	(2 740)
Loans and advances	**(1 485)**	(925)	(1 586)
Leased assets	**3**	3	5
Purchased book debts	**(746)**	(380)	(1 159)
Changes in working capital	**(824)**	(128)	(691)
Increase in inventories	**(465)**	(71)	(721)
Increase in trade and other receivables	**(102)**	(47)	(41)
Increase in other loans receivable	**(15)**	(13)	(37)
(Decrease)/increase in trade and other payables	**(242)**	3	108
Net cash utilised by operating activities	**(2 112)**	(625)	(1 986)
Cash flow from investing activities			
Acquisition of property and equipment	**(432)**	(21)	(83)
Proceeds on disposal of property and equipment	**–**	–	1
Acquisition of intangible assets	**(50)**	(38)	(108)
Investment into equity accounted investment	**(75)**	(28)	(39)
Acquisition of subsidiaries**	**(870)**	–	(23)
Increase in other investments	**(41)**	–	–
Net cash utilised by investing activities	**(1 468)**	(87)	(252)
Cash flow from financing activities			
Proceeds from interest-bearing liabilities	**7 044**	3 362	8 648
Settlement of interest-bearing liabilities	**(4 064)**	(2 802)	(7 185)
Settlement of other short-term borrowings	**(49)**	(57)	(21)
Repayment of lease liabilities	**(57)**	(39)	(61)
Additional interest acquired in subsidiaries	**–**	(82)	(82)
Issue of shares	**–**	248	1 407
Net cash generated by financing activities	**2 874**	630	2 706
Net (decrease)/increase in cash and cash equivalents	**(706)**	(82)	468
Cash and cash equivalents at the beginning of the period	**1 874**	1 422	1 422
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(2)**	(12)	(16)
Cash and cash equivalents at the end of period***	**1 166**	1 328	1 874

* *Restated to present the additional interest acquired in subsidiary as part of financing activities in line with IAS 7 – Statement of cash flows paragraph 42A. Refer to note 6.*

** *Transaction Capital Motor Holdco (Pty) Ltd (TCMH) acquired an additional 25% interest in the WBC group during the 2021 financial year. The cash consideration for the acquisition was settled during the current financial year on 5 October 2021.*

*** *Cash and cash equivalents are presented net of bank overdrafts and include R3 million (31 March 2021: R3 million, 30 September 2021: R2 million) of cash transferred as part of assets held for sale.*

Notes to the condensed consolidated financial statements

For the half year ended 31 March 2022

		31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
1	**Interest-bearing liabilities**			
	Type of loan			
	Securitisation notes, debentures and loans	**5 961**	5 063	5 753
	Loans	**13 420**	9 720	10 386
	Total interest-bearing liabilities	**19 381**	14 783	16 139
	Classes of interest-bearing liabilities			
	Senior debt	**18 556**	14 170	15 349
	Subordinated debt	**825**	613	790
	Total interest-bearing liabilities	**19 381**	14 783	16 139
	Maturity profile			
	Payable within 12 months	**6 393**	5 366	4 828
	Payable thereafter	**12 988**	9 417	11 311
	Total interest-bearing liabilities	**19 381**	14 783	16 139

2 Put option liability

The group, through its subsidiary Transaction Capital Motor Holdco (Pty) Ltd (TCMH), owns an effective 74.2% shareholding in WBC Holdings (Pty) Ltd (WBC Holdings). On 5 October 2021, TCMH concluded a shareholders agreement with the minority shareholders of WBC Holdings which includes put options in favour of the minority shareholders, which if exercised could result in TCMH acquiring, in various increments and at various intervals, additional shares in WBC Holdings up to a maximum of 25.1% (being all the shares in WBC Holdings currently held by the minority shareholders) and which, if implemented in full, will result in WBC Holdings becoming a wholly owned subsidiary of TCMH. The exercise dates for the put options are as follows:

- 7.5% excercisable on 30 September 2023
- 7.5% excercisable on 30 September 2024
- 10.1% excercisable on 30 September 2026

The group recognises the fair value of the non-controlling interests' put option, being the present value of the estimated future purchase price, as a financial liability in the statement of financial position. The unwinding of the present value discount on these liabilities is recorded within interest expenses in the income statement using the effective interest rate method. The financial liability is fair valued at the end of each financial year and any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price are recorded in profit and loss.

	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
The effect of granting these put options on the group's results can be summarised as follows:			
Balance at the beginning of the period	**–**	–	–
Put option liability recognised	**3 710**	–	–
Imputed interest charge recognised in the income statement	**126**	–	–
Balance at the end of the period	**3 836**	–	–
Discount rate	**6.9%**	n/a	n/a

	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
3 Ordinary share capital			
Authorised			
1 000 000 000 ordinary shares			
Issued			
721 110 391 (31 March 2021: 674 531 743, 30 September 2021: 708 431 319) ordinary shares			
Ordinary share capital	**3 909**	2 277	3 464
Ordinary share capital	**3 909**	2 277	3 464

	31 March 2022 Unaudited		31 March 2021 Unaudited		30 September 2021 Audited	
	Number of shares million	Share capital Rm*	Number of shares million	Share capital Rm*	Number of shares million	Share capital Rm*
3.1 Reconciliation of ordinary share capital						
Balance at the beginning of the period	**708.4**	**3 464**	661.5	2 015	661.5	2 015
Shares issued in settlement of the Share Appreciations Rights Plan obligation and Conditional Share Plan (Note 3.1.1)	**2.2**	**92**	0.6	14	0.9	22
Equity raised through the open market	**–**	**–**	12.4	248	12.4	248
Equity raised through accelerated bookbuild	**–**	**–**	–	–	33.1	1 159
Shares issued to subsidiaries (Note 3.1.2)	**10.5**	**353**	–	–	0.5	20
Balance at the end of the period	**721.1**	**3 909**	674.5	2 277	708.4	3 464

* *Net of share issue costs.*

3.1.1 In terms of specific authority received from shareholders on the adoption of the Transaction Capital Share Appreciation Rights Plan and Transaction Capital Conditional Share Plan, a total of 2 152 101 shares were issued to participants/employees as part of respective vestings at an average price of R42.72 per share.

3.1.2 On 5 October 2021 Transaction Capital issued 10 526 971 shares to Transaction Capital Motor Holdco (Pty) Ltd (TCMH) at an average price of R33.83 per share (before share issue costs) in respect of the acquisition of the additional 25% interest in the WBC group. The 10 526 971 shares were in turn transferred to WBC Holdings (Pty) Ltd (WBC Holdings) and certain of the previous shareholders in WBC Holdings as part of the settlement by TCMH of the purchase price. WeBuyCars Holdings distributed the shares paid to it to previous shareholders through a dividend declared which was declared prior to TCMH's acquisition of the investment.

Preference share capital

Authorised

10 000 000 cumulative, non-participating, non-convertible preference shares of no par value

Issued

Nil (31 March 2021: nil, 30 September 2021: nil)

4 Non-interest revenue

Revenue earned from the group's vehicle insurance offering (net insurance result) comprises mainly insurance premiums and commission income earned from insurance contracts, all of which are accounted for in accordance with IFRS 17 – Insurance Contracts, and therefore fall outside the scope of IFRS 15 – Revenue from Contracts with Customers.

The recognition of revenue earned from collecting on purchased credit-impaired loan portfolios as principal (revenue from purchased book debts) is in accordance with the amortised cost model under IFRS 9 – Financial Instruments, and therefore fall outside the scope of IFRS 15.

Other non-interest revenue streams are disaggregated into the following major revenue streams in accordance with IFRS 15:

	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
Non-interest revenue comprises:			
Net insurance result	**206**	237	392
Revenue from purchased book debts	**875**	628	1 383
Other non-interest revenue	**1 735**	663	1 590
Fee-for-service revenue	**363**	446	855
Commission income	**174**	34	101
Fee income	**123**	130	244
Net revenue from sale of goods*	**1 043**	34	338
Other insurance service related income**	**–**	1	1
Other income	**32**	18	51
Total non-interest revenue	**2 816**	1 528	3 365

* *Net revenue from sale of goods is calculated as gross revenue less cost of sales. Gross revenue for the period ended 31 March 2022 amounts to R8 804 million (31 March 2021: R474 million, 30 September 2021: R3 192 million).*

** *Other insurance service related income includes roadside assist and roadcover which is excluded from the net insurance result as they are not considered insurance contracts per IFRS 17.*

	Units	31 March 2022 Unaudited	31 March 2021 Unaudited	30 September 2021 Audited
5 Earnings per share				
5.1 From continuing and discontinued operations				
Basic earnings per share	cents	**65.5**	63.1	336.9
Diluted basic earnings per share	cents	**65.5**	62.3	334.9
Headline earnings per share	cents	**65.5**	64.2	145.5
Diluted headline earnings per share	cents	**65.5**	63.3	144.7
The calculation of earnings per share is based on the following data:				
Earnings				
Earnings for the purposes of basic and diluted earnings per share	Rm	**472**	421	2 290
Being profit for the year attributable to ordinary equity holders of the parent				
Headline earnings adjustments:	Rm	**–**	7	(1 301)
Impairment of goodwill	Rm	**–**	–	4
Fair value gain on previously held interest	Rm	**–**	–	(1 403)
Impairment of property, and equipment	Rm	**–**	–	7
Impairment of intangibles	Rm	**–**	–	67
Impairment of right of use assets	Rm	**–**	1	12
Impairment of investment	Rm	**–**	2	10
Loss from changes in foreign exchange rates from equity accounted investments	Rm	**<1**	4	2
Earnings for the purposes of headline and diluted headline earnings per share	Rm	**472**	428	989
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share				
Number of ordinary shares in issue at the beginning of the period	million	**708.4**	661.5	661.5
Effect of shares issued during the period	million	**11.8**	5.3	18.2
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share	million	**720.2**	666.8	679.7
Effect of dilutive potential ordinary shares:				
Shares deemed to be issued for no consideration in respect of conditional share plan	million	**0.2**	8.8	4.0
Portion of WeBuyCars deferred consideration to be settled in Transaction Capital Limited ordinary shares	million	**–**	0.6	–
Weighted average number of ordinary shares for the purposes of diluted basic and headline earnings per share	million	**720.4**	676.2	683.7

Notes to the condensed consolidated financial statements continued

		Units	31 March 2022 Unaudited	31 March 2021 Unaudited	30 September 2021 Audited
5	**Earnings per share continued**				
5.2	**From continuing operations**				
	Basic earnings per share	cents	**65.7**	64.3	338.7
	Diluted basic earnings per share	cents	**65.7**	63.4	336.7
	Headline earnings per share	cents	**65.7**	65.2	147.0
	Diluted headline earnings per share	cents	**65.7**	64.3	146.1
	The calculation earnings per share is based on the following data:				
	Earnings				
	Profit for the period attributable to ordinary equity holders of the parent	Rm	**472**	421	2 290
	Adjustments to exclude the loss for the period from discontinued operations	Rm	**1**	8	12
	Earnings from continuing operations for the purposes of basic and diluted earnings per share excluding discontinued operations	Rm	**473**	429	2 302
	Headline earnings adjustments:	Rm	**–**	6	(1 303)
	Impairment of goodwill	Rm	**–**	–	4
	Fair value gain on previously held interest	Rm	**–**	–	(1 403)
	Impairment of property, and equipment	Rm	**–**	–	7
	Impairment of intangibles	Rm	**–**	–	67
	Impairment of right of use of assets	Rm	**–**	–	10
	Impairment of investment	Rm	**–**	2	10
	Loss from changes in foreign exchange rates from equity accounted investments	Rm	**<1**	4	2
	Earnings from continuing operations for the purposes of headline and diluted headline earnings per share excluding discontinued operations	Rm	**473**	435	999

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

6 Prior period restatement

In terms of IAS 7 – Statement of cash flows paragraph 42A, changes in ownership interests in subsidiaries that do not result in a loss of control should be classified as cash flows from financing activities. Management presented additional interests acquired in subsidiaries in investing activities on the face of the cash flow statement as part of the prior year interim results. The cashflow for the period ended 31 March 2021 has been restated to present additional interests acquired in subsidiaries as part of financing activities. Included below is the impact of the restatement on the cash flow statement.

	31 March 2021		
	As previously presented Rm	Adjustment Rm	Restated Rm
Cash flow from investing activities			
Acquisition of property and equipment	(21)	–	(21)
Acquisition of intangible assets	(38)	–	(38)
Investment into equity accounted investment	(28)	–	(28)
Additional interest acquired in subsidiaries	(82)	82	–
Net cash utilised by investing activities	(169)	82	(87)
Cash flow from financing activities			
Proceeds from interest-bearing liabilities	3 362	–	3 362
Settlement of interest-bearing liabilities	(2 802)	–	(2 802)
Settlement of other short-term borrowings	(57)	–	(57)
Repayment of lease liabilities	(39)	–	(39)
Additional interest acquired in subsidiaries	–	(82)	(82)
Issue of shares	248		248
Net cash generated by financing activities	712	(82)	630

7 Financial risk management

7.1 Credit risk

SA Taxi

Debt rehabilitation program

The devastating impact of the COVID-19 pandemic and associated national lockdowns continue to impact the ability of customers to repay their loan obligations. Collections have been further impacted by the July 2021 civil unrest in KwaZulu-Natal and portions of Gauteng as well as the outbreak of taxi violence during March 2022 in the Western Cape.

COVID-19 relief was previously granted to customers in the form of payment holidays which resulted in the partial capitalisation of arrears for the affected accounts in the month where the respective client qualified for payment relief (capitalisation applied to the instalments that were raised during the relief time and did not include all arrears). The interest rate remained unchanged, and the term extension did not change the present value of the remaining cash flows. Arrears were not modified, and as a result, the accounts rolled forward without modification.

Given the distressed economic environment over the past two years, SA Taxi is in the initial phases of implementing a debt rehabilitation program to support its customers. This includes extending the term of the contracts, amongst other relief measures, and is subject to strict payment performance criteria such that customers must demonstrate an extended period of corrective payment behaviour prior to qualifying for debt rehabilitation. These assessments will continue into the 2022 financial year and have not had a material impact on the financial performance to date.

Impact of natural disasters

Refer to note 10 for a discussion on the impact of the floods in KwaZulu-Natal on the operations of SA Taxi.

Transaction Capital Risk Services

Carrying value of purchased book debts

COVID-19 continues to impact the operations of the business and the debtors from which we collect, albeit less severely than prior years. In South Africa the TCR business model continues to gain relevance as the protracted effects of COVID-19 drive up indebtedness and impair consumers' ability to service their debt, leaving consumer-facing entities with significantly larger NPL portfolios to manage. The Australian economy has been negatively impacted by the outbreak of the Omicron variant that peaked in January 2022. The severe lockdown measures enforced during this period has hindered collections.

TCRS group collections revenue grew 39% for the year, driven by new acquisitions performing above investment case, whilst existing book collection rates continue to recover in line with levels anticipated and provided for in our prior year results. TCRS will continue to amortise the carrying value of its purchased book debts at a more conservative rate than before the pandemic, further strengthening its balance sheet and improving its quality of earnings.

The impact of the adverse collection experience since April 2020 caused by COVID-19, has been considered on our impairment model parameters – (i.e. we did not modify arrears and as a result we allowed accounts to age and roll forward without modification). These impairment model parameters have been applied in determining expected cash shortfalls arising from non-payment in the best estimate provision on the loan book as at 31 March 2022.

Impact of natural disasters

Bush fires and severe flooding experienced in parts of Australia has, and will continue to have, an impact on the associated entity's performance with respect to their ability to collect on outstanding debtors. Government and banking holds placed on collection capabilities continue to strain collections and new book acquisitions are delayed or curtailed.

Refer to note 10 for a discussion on the impact of the floods in KwaZulu-Natal on the operations of TCRS.

Global geopolitical tensions

The impact of the Ukraine/Russia conflict is still being evaluated. To date we note increasing commodity prices, which are driving up inflation rates and decreasing residual household incomes. This could impair our ability to collect on outstanding debtors.

We continue to monitor the impact of geopolitical events on our group results and will raise provisions where necessary.

7 Financial risk management continued

7.1 Credit risk continued

7.1.1 Financial assets subject to risk

	Loans and advances* Rm	Other loans receivable Rm	Trade and other receivables** Rm	Purchased book debts Rm	Total Rm
31 March 2022 – Unaudited					
Neither past due nor impaired	**7 123**	**78**	**870**	**–**	**8 071**
Past due but not impaired	**5 022**	**–**	**53**	**–**	**5 075**
Impaired	**3 277**	**6**	**16**	**–**	**3 299**
Purchased credit-impaired financial assets	**–**	**–**	**–**	**3 954**	**3 954**
Impairment allowance	**(750)**	**(6)**	**(11)**	**–**	**(767)**
Performing loans and advances	**(322)**	**–**	**–**	**–**	**(322)**
Non-performing loans and advances	**(428)**	**–**	**–**	**–**	**(428)**
Non-performing other loans receivable	**–**	**(6)**	**–**	**–**	**(6)**
Non-performing trade and other receivables	**–**	**–**	**(11)**	**–**	**(11)**
Carrying value of financial assets	**14 672**	**78**	**928**	**3 954**	**19 632**

	Loans and advances* Rm	Other loans receivable Rm	Trade and other receivables** Rm	Purchased book debts Rm	Total Rm
31 March 2021 – Unaudited					
Neither past due nor impaired	4 302	52	778	–	5 132
Past due but not impaired	5 988	–	60	–	6 048
Impaired	2 703	–	67	–	2 770
Purchased credit-impaired financial assets	–	–	–	2 705	2 705
Impairment allowance	(579)	–	(23)	–	(602)
Performing loans and advances	(168)	–	–	–	(168)
Non-performing loans and advances	(411)	–	–	–	(411)
Non-performing trade and other receivables	–	–	(23)	–	(23)
Carrying value of financial assets	12 414	52	882	2 705	16 053

* *IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand and ceded insurance contract liabilities.*

** *Dealer incentive commissions, prepayments, VAT receivables, and deposits relating to property purchase transactions are not financial assets and therefore have been excluded from trade and other receivables.*

7 Financial risk management continued

7.1 Credit risk continued

7.1.1 Financial assets subject to risk continued

	Loans and advances* Rm	Other loans receivable Rm	Trade and other receivables** Rm	Purchased book debts Rm	Total Rm
30 September 2021 – Audited					
Neither past due nor impaired	5 517	65	899	–	6 481
Past due but not impaired	5 685	–	37	–	5 722
Impaired	2 717	6	23	–	2 746
Purchased credit-impaired financial assets	–	–	–	3 441	3 441
Impairment allowance	(675)	(6)	(20)	–	(701)
Performing loans and advances	(348)	–	–	–	(348)
Non-performing loans and advances	(327)	–	–	–	(327)
Non-performing other loans receivable	–	(6)	–	–	(6)
Non-performing trade and other receivables	–	–	(20)	–	(20)
Carrying value of financial assets	13 244	65	939	3 441	17 689

* *IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand and ceded insurance contract liabilities.*

** *Dealer incentive commissions, prepayments, VAT receivables, and deposits relating to property purchase transactions are not financial assets and therefore have been excluded from trade and other receivables.*

7 Financial risk management continued

7.1 Credit risk continued

7.1.2 Valuation of collateral

The group typically holds vehicles (minibus taxis) as collateral against secured advances. Any security taken as part of the credit decision is valued according to the applicable credit policies at the time of credit approval and at regular intervals thereafter. The market value of collateral over the secured debt is calculated with reference to the selling prices achieved in the active second hand taxi market minus costs to repair.

The carrying value of each vehicle in possession has been tested for impairment against current valuations. Impairments are as a result of an analysis of market-related valuations prepared for each vehicle.

Due to the specialised nature of the group's businesses, a certain degree of concentration in the collateral underpinning the various portfolios cannot be avoided. At the statement of financial position date, the group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
Related credit risk exposure and enhancements*			
Maximum exposure to credit risk of loans and advances	**15 422**	12 993	13 919
Impairment allowance	**(750)**	(579)	(675)
Maximum exposure to credit losses of loans and advances	**14 672**	12 414	13 244
Ceded insurance contract liabilities	**(54)**	(139)	(52)
Maximum exposure to credit losses of loans and advances (after the effect of ceded insurance contract liabilities)	**14 618**	12 275	13 192
Credit risk exposure mitigated through unguaranteed residual asset values held as collateral			
Total	**20 324**	17 236	18 306
Vehicles	**20 324**	17 236	18 306
Total	**20 324**	17 236	18 306
Fair value of collateral held for impaired financial assets	**3 050**	2 469	2 676
Fair value of collateral held for financial assets past due but not specifically impaired	**6 045**	8 347	7 059
Fair value of collateral held for financial assets neither past due nor impaired	**11 116**	6 324	8 509
Fair value of collateral held for impaired non financial assets	**113**	96	62
Collateral attached comprises vehicles.			

* *Collateral values are shown excluding the impact of ceded insurance contract liabilities, repossessed vehicles on hand, and discontinued operations. The associated collateral value has been provided on a consistent basis.*

7 Financial risk management continued

7.1 Credit risk continued

7.1.3 Loans and advances that are neither past due nor impaired

	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
Carrying amount of loans and advances that are neither past due nor impaired	**7 123**	4 302	5 517
Credit quality			
High	**2 151**	1 646	1 945
Medium	**1 561**	1 141	1 411
Low	**3 411**	1 515	2 161

The credit quality of loans and advances is determined as follows:

SA Taxi, in conjunction with TransUnion, has developed a bespoke application scorecard to assess credit quality when granting loans. The scorecard uses demographic, vehicle, route, and credit bureau information to determine the risk of the deal. A detailed affordability assessment is also performed to mitigate risk.

In addition to the loans and advances disclosed above, other loans receivable have been assessed as having no significant increased credit risk based on the nature of the counterparty and the recent payment history. Similarly, trade and other receivables have been deemed to not have significant increased credit risk as all the debtors are on standard terms with minimal write-offs and limited concentration to individual debtors.

7 Financial risk management continued

7.1 Credit risk continued

7.1.4 Financial assets that are past due but not impaired

Financial assets that are past due but not impaired are assets where contractual interest or principal payments are past due, but the group believes that impairment is not appropriate. Recent payment history and the level of collateral available, if any, are key considerations in determining whether an asset is impaired.

Credit impaired financial assets are determined considering both ageing and recency of payments. SA Taxi customers are mostly cash payers given that they earn their fares from commuters in cash. Recency enables us to understand the cash flow that is generated from the underlying asset, which is indicative of a customer's ability to make payment on the underlying loan. The impairment provision calculated on loans and advances disclosed as past due but not impaired are measured applying lifetime expected credit losses. Of the R2.4 billion (31 March 2021: R2.7 billion, 30 September 2021: R3.2 billion) reflected as part of past due but not impaired, a qualifying payment was received on accounts reflecting an exposure balance of R1.85 billion (77%) (31 March 2021: R1.95 million (73%), 30 September 2021: R1.7 billion (53%)) in the most recent month, with the remaining 23% (31 March 2021: 27%, 30 September 2021: 47%) being collected in the two months prior to the most recent month.

Our models continue to reflect customers' financial performance information while on book (including their performance over the period affected by COVID-19) and historical performance remains a strong indicator of future performance with the impact of COVID-19 embedded into the underlying impairment provision in the current financial year.

The ageing of loans and advances and trade and other receivables that are past due but not impaired is as follows:

	Past due up to 1 month Rm	Past due up to 1-2 months Rm	Past due up to 2-3 months Rm	Past due up to 3-4 months Rm	Past due older than 4 months Rm	Total Rm
31 March 2022 – Unaudited						
Loans and advances	**1 327**	**658**	**327**	**263**	**2 447**	**5 022**
Trade and other receivables	**25**	**9**	**7**	**5**	**7**	**53**
Financial assets that are past due but not impaired	**1 352**	**667**	**334**	**268**	**2 454**	**5 075**
31 March 2021 – Unaudited						
Loans and advances*	1 071	905	697	654	2 661	5 988
Trade and other receivables	13	14	11	3	19	60
Financial assets that are past due but not impaired	1 084	919	708	657	2 680	6 048
30 September 2021 – Audited						
Loans and advances*	1 038	425	484	531	3 207	5 685
Trade and other receivables	16	12	4	1	4	37
Financial assets that are past due but not impaired	1 054	437	488	532	3 211	5 722

* *IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand and ceded insurance contract liabilities.*

7 Financial risk management continued

7.1 Credit risk continued

7.1.5 Impairment provision reconciliation

Loans and advances	12 month expected credit losses Rm	Lifetime expected credit losses Rm	Credit impaired financial assets Rm	Total Rm
31 March 2022 – Unaudited				
Balance at the beginning of the year	**5**	**342**	**328**	**675**
Originations	**2**	**1**	**1**	**4**
Existing book movements	**8**	**(19)**	**145**	**134**
Write-offs	**(1)**	**(15)**	**(43)**	**(59)**
Derecognition (settlements in the ordinary course of business)	**–**	**(1)**	**(3)**	**(4)**
Balance at the end of the period*	**14**	**308**	**428**	**750**
31 March 2021 – Unaudited				
Balance at the beginning of the year	33	85	506	624
Originations	23	6	2	31
Existing book movements	(10)	45	(56)	(21)
Write-offs	(1)	(6)	(39)	(46)
Derecognition (settlements in the ordinary course of business)	(5)	(2)	(2)	(9)
Balance at the end of the period*	40	128	411	579
30 September 2021 – Audited				
Balance at the beginning of the year	33	85	506	624
Originations	5	7	20	32
Existing book movements	(24)	274	(58)	192
Write-offs	(2)	(19)	(133)	(154)
Derecognition (settlements in the ordinary course of business)	(7)	(5)	(7)	(19)
Balance at the end of the period*	5	342	328	675

* *IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand and ceded insurance contract liabilities.*

7 Financial risk management continued

7.1 Credit risk continued

7.1.5 Impairment provision reconciliation continued

The maximum exposure to credit risk of loans and advances at the financial period end is analysed further as follows:

Loans and advances	12 month expected credit losses Rm	Lifetime expected credit losses Rm	Credit impaired financial assets Rm	Total Rm
31 March 2022 – Unaudited				
Neither past due nor impaired	**7 123**	**–**	**–**	**7 123**
Past due not impaired	**902**	**4 120**	**–**	**5 022**
Impaired	**–**	**–**	**3 277**	**3 277**
Impairment allowance	**(14)**	**(308)**	**(428)**	**(750)**
Performing loans and advances	**(14)**	**(308)**	**–**	**(322)**
Non-performing loans and advances	**–**	**–**	**(428)**	**(428)**
Carrying value of financial assets*	**8 011**	**3 812**	**2 849**	**14 672**
31 March 2021 – Unaudited				
Neither past due nor impaired	4 282	20	–	4 302
Past due not impaired	868	5 120	–	5 988
Impaired	–	–	2 703	2 703
Impairment allowance	(40)	(128)	(411)	(579)
Performing loans and advances	(40)	(128)	–	(168)
Non-performing loans and advances	–	–	(411)	(411)
Carrying value of financial assets*	5 110	5 012	2 292	12 414
30 September 2021 – Audited				
Neither past due nor impaired	5 517	–	–	5 517
Past due not impaired	679	5 006	–	5 685
Impaired	–	–	2 717	2 717
Impairment allowance	(8)	(339)	(328)	(675)
Performing loans and advances	(8)	(339)	–	(347)
Non-performing loans and advances	–	–	(328)	(328)
Carrying value of financial assets*	6 188	4 667	2 389	13 244

* *IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand and ceded insurance contract liabilities.*

7 Financial risk management continued

7.2 Liquidity risk management

The table below analyses financial liabilities at the statement of financial position date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand Rm	Within 1 year Rm	From 1-5 years Rm	More than 5 years Rm	Total Rm
31 March 2022 – Unaudited liabilities					
Bank overdrafts	**450**	**–**	**–**	**–**	**450**
Other short-term borrowings	**32**	**–**	**–**	**–**	**32**
Trade and other payables*	**285**	**635**	**–**	**–**	**920**
Interest-bearing liabilities	**–**	**8 440**	**12 301**	**2 593**	**23 334**
Lease liabilities	**–**	**140**	**301**	**16**	**457**
Put option liability	**–**	**–**	**4 829**	**–**	**4 829**
Financial liabilities	**767**	**9 215**	**17 431**	**2 609**	**30 022**
Non-financial liabilities	**1 460**	**536**	**–**	**–**	**1 996**
Total liabilities	**2 227**	**9 751**	**17 431**	**2 609**	**32 018**

	On demand Rm	Within 1 year Rm	From 1–5 years Rm	More than 5 years Rm	Total Rm
31 March 2021 – Unaudited liabilities					
Bank overdrafts	184	–	–	–	184
Other short-term borrowings	45	–	–	–	45
Trade and other payables*	185	431	–	–	616
Interest-bearing liabilities	–	6 286	10 388	809	17 483
Lease liabilities	–	92	303	43	438
Financial liabilities	414	6 809	10 691	852	18 766
Non-financial liabilities	361	822	–	–	1 183
Total liabilities	775	7 631	10 691	852	19 949

* *Revenue received in advance, VAT payables and bonus accruals are not financial liabilities and therefore have been excluded from trade and other payables and included in the non-financial liabilities.*

7 Financial risk management continued

7.2 Liquidity risk management continued

	On demand Rm	Within 1 year Rm	From 1-5 years Rm	More than 5 years Rm	Total Rm
30 September 2021 – Audited liabilities					
Bank overdrafts	364	–	–	–	364
Other short-term borrowings	81	–	–	–	81
Trade and other payables (restated)*	381	1 706	181	–	2 268
Interest-bearing liabilities	–	5 780	13 297	193	19 270
Lease liabilities	–	135	315	24	473
Financial liabilities	826	7 621	13 793	217	22 456
Non-financial liabilities	1 421	631	–	–	2 052
Total liabilities	2 247	8 252	13 793	217	24 508

* *Revenue received in advance, VAT payables, and bonus accruals are not financial liabilities and therefore have been excluded from trade and other payables and included in the non-financial liabilities. Trade and other payables have been restated for the finalisation of the provisional accounting for the WBC Holdings acquisition.*

The group has access to financing facilities as described below, of which R5 501 million were unused as at 31 March 2022 (31 March 2021: R5 130 million, 30 September 2021: R4 441 million). The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
Unsecured bank overdraft facility, reviewed annually and payable on demand:			
Amount used	**194**	184	232
Amounts unused	**113**	116	88
Total	**307**	300	320
Secured bank overdraft and other short term facilities:			
Amount used	**288**	45	183
Amounts unused	**152**	458	217
Total	**440**	503	400
Secured bank loan facilities which may be extended by mutual agreement:			
Amount used	**19 381**	14 783	16 139
Amounts unused	**5 236**	4 556	4 136
Total	**24 617**	19 339	20 275

7 Financial risk management continued

7.3 Fair value disclosure

The following represents the fair values of financial instruments not carried at fair value on the statement of financial position, but for which fair value is required to be disclosed. For all other financial instruments, the carrying value is equal to or a reasonable approximation of the fair value.

	31 March 2022 – Unaudited				
	Carrying value Rm	Total fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Assets					
Loans and advances*	**14 672**	**14 674**	–	–	**14 674**
Purchased book debts	**3 954**	**3 954**	–	–	**3 954**
Financial assets at amortised cost	**18 626**	**18 628**	–	–	**18 628**
Liabilities					
Interest-bearing liabilities	**19 381**	**19 447**	–	–	**19 447**
Fixed rate liabilities	**863**	**864**	–	–	**864**
Floating rate liabilities	**18 518**	**18 583**	–	–	**18 583**
Put option liability	**3 836**	**3 836**	–	–	**3 836**
Financial liabilities at amortised cost	**23 217**	**23 283**	–	–	**23 283**

* *IFRS 7 disclosures relate to loans and advances and exclude the impact of repossessed vehicles on hand and ceded insurance contract liabilities.*

** *Comparatives have been restated to exclude financial assets and liabilities for which fair value disclosures are not required as their carrying value is a reasonable approximation of fair value, and to ensure consistent presentation of fair value categories.*

Valuation methods and assumptions:

Loans and advances for premium vehicles entered into at variable interest rates approximate fair value as the estimated future cash flows are already considered in the expected loss model. The fair value of loans and advances for premium vehicles at fixed interest rates, which is a small component of the loan book, is determined by adjusting the discount rate from the effective interest rate of the contract to a current effective lending rate. Loans and advances for entry-level vehicles and the shortfall book are carried at fair value, refer "level disclosure" on note 7.4 for additional information in this regard.

Purchased book debt is held at amortised cost. The balance at period end is calculated based on the expected future cash flows which are adjusted for risk as it takes historical cash flows into account to predict forecasted cash flows. The fair value of purchased book debt is determined by adjusting the discount rate from the credit-adjusted effective interest rate to a current market related discount rate and adjusting the expected cash flows for risk, therefore the carrying value approximates the fair value.

The fair value of interest-bearing liabilities is calculated based on future cash flows, discounted using a forward rate curve plus a valuation margin. The valuation margin is a consensus margin at which deals with similar remaining cash profiles could be secured in the market at the valuation date.

The fair value of the put option liability is based on estimated future cash flows in terms of the specific option agreement, discounted to their present value using a discount rate.

The carrying values of trade and other receivables, cash and cash equivalents, trade and other payables, and bank overdrafts approximate fair value as they are short-term in nature and not subject to material changes in credit risk and fair value.

31 March 2021 – Unaudited**					30 September 2021 – Audited				
Carrying value Rm	Total fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Carrying value Rm	Total fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
12 414	12 414	–	–	12 414	13 244	13 244	–	–	13 244
2 705	2 705	–	–	2 705	3 441	3 441	–	–	3 441
15 119	15 119	–	–	15 119	16 685	16 685	–	–	16 685
14 783	14 914	–	–	14 914	16 139	16 220	–	–	16 220
600	605	–	–	605	904	933	–	–	933
14 183	14 309	–	–	14 309	15 235	15 287	–	–	15 287
–	–	–	–	–	–	–	–	–	–
14 783	14 914	–	–	14 914	16 139	16 220	–	–	16 220

7 Financial risk management continued

7.4 Level disclosure

31 March 2022 – Unaudited	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets at fair value through profit and loss				
Loans and advances: entry-level vehicles	**–**	**–**	**18**	**18**
Loans and advances: shortfall book*	**–**	**–**	**25**	**25**
Other Financial Assets	**–**	**–**	**383**	**383**
Other investments	**–**	**–**	**41**	**41**
Derivatives**	**–**	**10**	**–**	**10**
Financial assets at fair value through other comprehensive income				
Derivatives**	**–**	**33**	**–**	**33**
Total financial assets	**–**	**43**	**467**	**510**
Financial liabilities at fair value through profit and loss				
Derivatives**	**–**	**11**	**–**	**10**
Contingent consideration***	**–**	**–**	**181**	**181**
Financial liabilities at fair value through other comprehensive income				
Derivatives**	**–**	**88**	**–**	**88**
Total financial liabilities	**–**	**99**	**181**	**279**

31 March 2021 – Unaudited	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets at fair value through profit and loss				
Loans and advances: entry-level vehicles	–	–	17	17
Other Financial Assets	–	–	214	214
Derivatives*	–	22	–	22
Financial assets at fair value through other comprehensive income				
Derivatives*	–	86	–	86
Total financial assets	–	108	231	339
Financial liabilities at fair value through profit and loss******				
Derivatives*	–	7	–	7
Financial liabilities at fair value through other comprehensive income				
Derivatives*	–	90	–	90
Total financial liabilities	–	97	–	97

* *The shortfall book is classified as a financial asset at fair value through profit or loss as its value will only be recovered through a sales transaction to collection agents by the group. Collection agents expressed interest and provided valuations to pursue the purchase of the shortfall book, where the sale is expected to take place during the later part of the current financial year.*

** *The group enters into derivative financial instruments with respective counterparties. Interest rate swaps and cross-currency swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, and interest rate curves.*

*** *R171 million of the contingent consideration relates to the investment into the WBC group and R10m relates to the investment in the Prushka group of entities. In terms of IFRS 3: Business Combinations, the provisional accounting applied to the acquisition of WBC Holdings (Pty) Ltd was finalised during the current financial year. As a result, the contingent consideration from the WBC Holdings business combination increased by R39 million, and goodwill increased by R39 million. Comparative information has been restated accordingly.*

**** *Comparatives have been restated for interest bearing loans and deferred consideration inadvertently shown as liabilities at fair value through profit and loss in the prior year.*

7 Financial risk management continued

7.4 Level disclosure continued

30 September 2021 – Audited	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets at fair value through profit and loss				
Loans and advances: entry-level vehicles	–	–	17	17
Loans and advances: shortfall book	–	–	25	25
Other Financial Assets	–	–	296	296
Derivatives*	–	13	–	13
Financial assets at fair value through other comprehensive income				
Derivatives	–	88	–	88
Total financial assets	–	101	338	439
Financial liabilities at fair value through profit and loss				
Derivatives*	–	4	–	4
Contingent consideration** (restated)	–	–	181	181
Financial liabilities at fair value through other comprehensive income				
Derivatives*	–	53	–	53
Total financial liabilities	–	57	181	238

* *The group enters into derivative financial instruments with respective counterparties. Interest rate swaps and cross-currency swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, and interest rate curves.*

** *R171 million of the contingent consideration relates to the investment into the WBC group and R10 million relates to the investment in the Prushka group of entities. In terms of IFRS 3: Business Combinations, the provisional accounting applied to the acquisition of WBC Holdings (Pty) Ltd was finalised during the current financial year. As a result, the contingent consideration from the WBC Holdings business combination increased by R39 million, and goodwill increased by R39 million. Comparative information has been restated accordingly.*

Valuation methods and assumptions:

Loans and advances for entry-level vehicles: The fair value was calculated using an income approach (estimating and discounting future cash flow) as well as the average collateral value. These represent the significant unobservable parameters applied in the fair value model. The expected cash flows were estimated using a lifetime expected loss model, which is consistent with the IFRS 9 provision methodology. The expected cash flows were then discounted at the market related discount rate of 25% to yield a fair value of the total loans and advances for entry level-vehicles. The outbreak of COVID-19 has had no impact on the average collateral values applied.

Loans and advances for the shortfall book: The fair value of the shortfall book is based on the valuation reports received from potential debt collection agents as the value will only be recovered through a sale transaction.

Other financial assets: The valuation of other financial assets are based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These represent the significant unobservable parameters applied in the fair value model. The group estimates the expected cash flows by considering all the contractual terms of the financial instrument. The discount rate applied to the expected future cash flows reflects specific risk premiums relating to the asset. This includes government risk, single project customer, no previous experience with client, and small stock premium for valuations less than R250 million. The discount rate applied to the additional purchase price is based on the current South African prime interest rate.

Other investments: The fair value of other investments is determined using applicable valuation techniques (commonly used by market participants for a similar investment) which use relevant observable inputs to the extent these are available and where unavailable, unobservable inputs are used.

Derivatives: The group enters into derivative financial instruments with respective counterparties. Interest rate swaps and cross-currency swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, and interest rate curves.

Contingent consideration: The group is party to acquisitions of subsidiaries which contain contingent payments arrangements. The valuation of the contingent considerations is based on the estimated future cash flows as determined in terms of the specific purchase agreement. The fair values of the contingent liabilities are remeasured at each reporting date.

7 Financial risk management continued

7.4 Level disclosure continued

Reconciliation of level 3 fair value measurements of financial assets

31 March 2022 – Unaudited	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
Financial assets			
Opening balance	**338**	**–**	**338**
Initial recognition of additional financial assets			
Other investments	**41**	**–**	**41**
Total gains or losses			
In profit or loss	**43**	**–**	**43**
Other movements*	**45**	**–**	**45**
Closing balance of fair value measurement for financial assets	**467**	**–**	**467**
Financial liabilities			
Opening balance	**181**	**–**	**181**
Initial recognition of additional liabilities			
Total gains or losses			
In profit or loss	**–**	**–**	**–**
Closing balance of fair value measurement for financial liabilities	**181**	**–**	**181**

31 March 2021 – Unaudited	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
Opening balance	187	–	187
Total gains or losses			
In profit or loss	(19)	–	(19)
Other movements*	63	–	63
Closing balance of fair value measurement	231	–	231

30 September 2021 – Audited	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
Opening balance	187	–	187
Total gains or losses			
In profit or loss	46	–	46
Other movements*	105	–	105
Closing balance of fair value measurement	338	–	338
Financial liabilities**			
Total gains or losses			
Other movements*	181	–	181
Closing balance of fair value measurement for financial liabilities	181	–	181

* *Other movements include the following:*
– charges on accounts less collections received and write-offs on loans for entry-level vehicles as well as movements in other financial assets;
– the recognition of contingent liabilities resulting from business combinations in terms of IFRS 3: Business Combinations.

** *The financial liabilities as disclosed in the previous financial year have been restated for the effects of the finalisation of the provisional accounting for the WBC Holdings acquisition.*

7 Financial risk management continued

7.4 Level disclosure continued

Sensitivity analysis of valuations using unobservable inputs

As part of the group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The financial instruments that are most impacted by this sensitivity analysis are those with the more illiquid and/or structured portfolios. The stresses are applied independently and do not take account of any cross correlation between separate asset classes that would reduce the overall effect on the valuations. A significant parameter has been deemed to be one which may result in a change in the fair value of the asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis, which includes a reasonable range of possible outcomes.

Movement in fair value given the 10% change in significant assumptions.

	31 March 2022 Unaudited		31 March 2021 Unaudited		30 September 2021 Audited	
Loans and advances: entry-level vehicles	**10% Favourable Rm**	**10% Unfavourable Rm**	**10% Favourable Rm**	**10% Unfavourable Rm**	**10% Favourable Rm**	**10% Unfavourable Rm**
Significant unobservable input and description of assumption						
Average collateral value	**1**	**(1)**	1	(1)	1	<1
Discount rate: the rate used to discount projected future cash flows to present value	**<1**	**(<1)**	<1	(<1)	<1	<1
Total	**1**	**(1)**	1	(1)	1	–

Amounts less than R500 000 are reflected as "<1".

	31 March 2022 Unaudited		31 March 2021 Unaudited		30 September 2021 Audited	
Loans and advances: shortfall book*	**10% Favourable Rm**	**10% Unfavourable Rm**	**10% Favourable Rm**	**10% Unfavourable Rm**	**10% Favourable Rm**	**10% Unfavourable Rm**
Significant unobservable input and description of assumption						
Cent in the Rand	**3**	**(3)**	n/a	n/a	3	(3)
Total	**3**	**(3)**	n/a	n/a	3	(3)

* *The fair value is based on the valuation reports received from potential debt collection agents as the value will only be recovered through a sale transaction.*

Notes to the condensed consolidated financial statements continued

7 Financial risk management continued

7.4 Level disclosure continued

Other Financial Assets	31 March 2022 Unaudited 10% Favourable Rm	31 March 2022 Unaudited 10% Unfavourable Rm	31 March 2021 Unaudited 10% Favourable Rm	31 March 2021 Unaudited 10% Unfavourable Rm	30 September 2021 Audited 10% Favourable Rm	30 September 2021 Audited 10% Unfavourable Rm
Significant unobservable input and description of assumption						
Cash flows: change in the expected revenue	**15**	**(20)**	5	(5)	8	(11)
Cash flows: change in expected costs	**2**	**(2)**	1	(1)	1	(1)
Discount rate: the rate used to discount projected future cash flows to present value	**8**	**(7)**	3	(3)	4	(4)
Total	**25**	**(29)**	9	(9)	13	(16)

Contingent consideration	31 March 2022 Unaudited 10% Favourable Unaudited Rm	31 March 2022 Unaudited 10% Unfavourable Unaudited Rm	31 March 2021 Unaudited 10% Favourable Unaudited Rm	31 March 2021 Unaudited 10% Unfavourable Unaudited Rm	30 September 2021* Audited 10% Favourable Audited Rm	30 September 2021* Audited 10% Unfavourable Audited Rm
Significant unobservable input and description of assumption						
Cash flows: change in the earnings growth on which the contingent consideration is based	**22**	**(22)**	n/a	n/a	22	(22)
Total	**22**	**(22)**	n/a	n/a	22	(22)

* *Restated for the finalisation of the provisional accounting for the WBC Holdings acquisition.*

8 Segment report

The group is organised on the basis of products and services and the segments have been identified on this basis as reported to the chief executive officer (considered the chief operating decision maker). The principal business units in the group are as follows:

SA Taxi

- A vertically integrated taxi platform incorporating a unique blend of vehicle procurement, retail, repossession and refurbishment capabilities with asset-backed developmental finance and insurance competencies for focused vehicle types.
- Revenue is mainly derived from interest earned on financing of vehicles and non-interest revenue streams, including revenue from the sale of vehicles, telematics services, and insurance products.
- The SA Taxi segment includes Value-Added Services (Road Cover). Road Cover generates a stable source of subscription income, whilst providing access to greater market depth. SA Taxi has the potential to unlock further value through synergies with Road Cover to be realised from cost efficiencies and revenue uplift, gaining access to SA Taxi's client base.

Transaction Capital Risk Services

- Transaction Capital Risk Services acts both as an agent on an outsourced contingency or fee-for-service (FFS) basis, and as a principal in acquiring and then collecting on credit-impaired loan portfolios.
- Revenue from credit-impaired loans comprises payments received from debtors.
- Transaction Capital Risk Services (TCRS), through the Transaction Capital Transactional Services (TCTS) platform, also provides payment solutions, collection services, and payroll-related services to large corporate clients and SMEs.

WeBuyCars

- The WeBuyCars segment includes the WBC group and Gomo (Pty) Ltd (Gomo).
- Transaction Capital Motor HoldCo (Pty) Ltd (TCMH) holds a 74.9% controlling interest in the WBC group (WeBuyCars). TCMH previously held a 49.9% non-controlling interest in WeBuyCars (Pty) Ltd, which was accounted for as an associate for the period from 1 October 2020 to 2 August 2021 prior to acquisition of the controlling interest in the prior financial year.
- WeBuyCars is a buyer, distributor and retailer of vehicles, which also offers financial and other allied products.
- Revenue comprises mainly gross margin on vehicle sales (vehicle margin), with additional gross margin earned on add-on products (product margin). The latter includes agency fees earned from finance, insurance related and allied products (F&I products) sold on behalf of major banks providing asset-backed and unsecured vehicle finance, leading insurance providers, as well as vehicle tracking businesses.
- Gomo is a newly established entity that will be entering into instalment sale agreements and rental agreements with individuals looking to finance the purchase of vehicles from WeBuyCars or pay for the right of use of vehicles sourced by Gomo from WeBuyCars.

Group executive office

- The group executive office provides an efficient capital management and treasury function for entities within the group, in addition to administrative and management services.
- Revenue comprises mainly interest income and management fees from subsidiaries, the majority of which is eliminated on group consolidation.
- The numbers presented in the group executive office segment exclude group consolidation entries.

Notes to the condensed consolidated financial statements continued

8 Segment report continued

	SA Taxi			Transaction Capital Risk Services		
	31 Mar 2022 Unaudited Rm	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm	**31 Mar 2022 Unaudited Rm**	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm
Summarised income statement						
Net interest income/(expense)	**851**	752	1 580	**(93)**	(84)	(172)
Impairment of loans and advances	**(375)**	(295)	(563)	**–**	–	–
Non-interest revenue	**370**	366	668	**1 317**	1 158	2 391
Operating costs	**(543)**	(515)	(1 125)	**(1 001)**	(897)	(1 788)
Non-operating profit	**–**	–	–	**–**	(1)	–
Equity accounted income/(loss)	**–**	–	–	**3**	3	5
Profit before tax	**303**	308	560	**226**	179	436
Profit for the period from continuing operations	**220**	228	413	**165**	131	303
(Loss)/profit for the period from discontinued operations	**–**	–	–	**(1)**	(8)	(12)
Profit for the period	**220**	228	413	**164**	123	291

* *Group executive office numbers are presented net of recoveries and inter-group dividends.*
** *Profit before tax from WeBuyCars comprises:*

	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 September 2021 Audited Rm
Share of equity accounted earnings after tax	**–**	128	215
Consolidated operating profit for the WBC group	**406**	–	112
Consolidated operating loss for Gomo	**(7)**	–	–
Operating loss for TCMH (excluding vendor finance and transaction costs)	**(39)**	–	–
Mark-to-market of derivative liability	**–**	(5)	(6)
Fair value gain on previously held interest	**–**	–	1 417
Interest expense on preference share liability (vendor finance) and deferred consideration	**–**	(10)	(18)
Imputed interest charge relating to the put option liability	**(126)**	–	–
Transaction costs relating to the acquisition of the controlling interest in the WBC group	**(5)**	–	(6)
Amortisation of intangible assets acquired in business combination	**(5)**	–	(2)
Profit before tax	**224**	113	1 712

	WeBuyCars**			Group executive office*			Intergroup eliminations			Group		
	31 Mar 2022 Unaudited Rm	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm	**31 Mar 2022 Unaudited Rm**	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm	**31 Mar 2022 Unaudited Rm**	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm	**31 Mar 2022 Unaudited Rm**	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm
	(162)	(15)	(24)	**(5)**	17	47	**–**	–	–	**591**	670	1 431
	–	–	–	**–**	–	–	**–**	–	–	**(375)**	(295)	(563)
	1 134	–	295	**–**	9	22	**(5)**	(5)	(11)	**2 816**	1 528	3 365
	(628)	–	(149)	**(3)**	(27)	(71)	**5**	5	11	**(2 170)**	(1 434)	(3 122)
	–	–	1 417	**–**	–	2	**–**	–	–	**–**	(1)	1 419
	–	128	215	**13**	(3)	(7)	**–**	–	–	**16**	128	213
	344	113	1 754	**5**	(4)	(7)	**–**	–	–	**878**	596	2 743
	224	113	1 712	**7**	(3)	(10)	**–**	–	–	**616**	469	2 418
	–	–	–	**–**	–	–	**–**	–	–	**(1)**	(8)	(12)
	224	113	1 712	**7**	(3)	(10)	**–**	–	–	**615**	461	2 406

8 Segment report continued

	SA Taxi			Transaction Capital Risk Services		
	31 Mar 2022 Unaudited Rm	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm	31 Mar 2022 Unaudited Rm	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm
Summarised statement of financial position						
Assets						
Cash and cash equivalents	**969**	1 119	1 054	**396**	318	176
Trade and other receivables	**1 119**	985	1 035	**235**	307	249
Inventories	**1 695**	1 101	1 577	**1**	2	2
Loans and advances	**14 750**	12 510	13 305	**–**	–	–
Purchased book debts	**–**	–	–	**3 954**	2 705	3 441
Equity accounted investments	**–**	–	–	**81**	88	81
Other assets	**1 079**	1 218	1 122	**1 535**	1 539	1 503
Total assets	**19 612**	16 933	18 093	**6 202**	4 959	5 452
Short-term borrowings	**194**	184	183	**256**	–	131
Trade and other payables	**453**	458	520	**183**	241	304
Insurance contract liabilities	**251**	361	271	**–**	–	–
Interest-bearing liabilities	**15 068**	12 379	13 536	**2 953**	2 417	2 506
Senior debt	**13 436**	11 587	12 284	**2 691**	1 952	2 024
Subordinated debt	**825**	613	790	**–**	–	–
Group loans	**807**	179	462	**262**	465	482
Lease liabilities	**148**	189	171	**188**	217	199
Put option liability	**–**	–	–	**–**	–	–
Other liabilities	**227**	216	221	**571**	474	547
Total liabilities	**16 341**	13 787	14 902	**4 151**	3 349	3 687
Total equity	**3 271**	3 146	3 191	**2 051**	1 610	1 765

* *Restated for the finalisation of the provisional accounting for the WBC Holdings acquisition.*

Geographical information

The group operates in three principal geographical areas: South Africa, Australia and Europe. The group's total revenue by location and non-current assets by location are detailed below:

	Total revenue*			Non-current assets		
	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 Sep 2021 Audited Rm	31 March 2022 Unaudited Rm	31 March 2021 Unaudited Rm	30 Sep 2021 Audited Rm
South Africa	**3 971**	2 480	5 421	**27 294**	19 189	24 861
Australia	**284**	311	607	**1 048**	901	1 053
Europe	**15**	–	–	**364**	201	220
Total	**4 270**	2 791	6 028	**28 706**	20 291	26 134

* *Total revenue is the sum of gross interest income and non-interest revenue.*

WeBuyCars*			Group executive office			Intergroup eliminations			Group*		
31 Mar 2022 Unaudited Rm	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Restated* Rm	31 Mar 2022 Unaudited Rm	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm	31 Mar 2022 Unaudited Rm	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Rm	31 Mar 2022 Unaudited Rm	31 Mar 2021 Unaudited Rm	30 Sep 2021 Audited Restated* Rm
126	–	165	122	72	841	–	–	–	1 613	1 509	2 236
227	–	232	70	18	11	(130)	(12)	(50)	1 521	1 298	1 477
1 246	–	898	–	–	–	–	–	–	2 942	1 103	2 477
35	–	–	–	–	–	–	–	–	14 785	12 510	13 305
–	–	–	–	–	–	–	–	–	3 954	2 705	3 441
–	2 003	–	289	201	220	–	–	–	370	2 292	301
6 923	–	6 538	6 520	4 001	5 505	(6 442)	(3 957)	(5 435)	9 615	2 801	9 233
8 557	2 003	7 833	7 001	4 292	6 577	(6 572)	(3 969)	(5 485)	34 800	24 218	32 470
–	–	–	–	–	50	–	–	–	450	184	364
475	39	2 040	108	62	912	(128)	(10)	(1 278)	1 091	790	2 498
–	–	–	–	–	–	–	–	–	251	361	271
1 309	355	865	1 121	276	273	(1 070)	(644)	(1 041)	19 381	14 783	16 139
1 308	355	768	1 121	276	273	–	–	–	18 556	14 170	15 349
–	–	–	–	–	–	–	–	–	825	613	790
1	–	97	–	–	–	(1 070)	(644)	(1 041)	–	–	–
86	–	44	3	4	6	–	–	–	425	410	420
3 836	–	–	–	–	–	–	–	–	3 836	–	–
806	4	864	8	4	5	(6)	(5)	(4)	1 606	693	1 633
6 512	398	3 813	1 240	346	1 246	(1 204)	(659)	(2 323)	27 040	17 221	21 325
2 045	1 605	4 020	5 761	3 946	5 331	(5 368)	(3 310)	(3 162)	7 760	6 997	11 145

9 Going concern

The condensed consolidated financial statements were prepared on a going concern basis. Based on their assessment, the directors have no reason to believe that the group will not continue as a going concern in the foreseeable future. This assessment included an assessment of the relevance of its business models, the nature of the primary assets and the cash flows generated from these assets as well as the group's balance sheet.

Balance sheet and liquidity

The group has sufficient liquidity and financial flexibility to support underlying business operations as at 31 March 2022.

Refer to the liquidity risk management in note 7.2.

10 Subsequent events

10.1 Transaction Capital Risk Services (Pty) Ltd (TCRS) acquired 65% of the shares and voting interests in Synergy with effect from 1 April 2022. The acquisition comprises two entities: Synergy Call Centre ("SCC") which is domiciled in SA and represents the call centre operations, and Synergy Outsourcing ("SO") which is domiciled in the UK and represents the sales arm of the business. The acquisition will enable the TC group to immediately leverage off the Synergy platform to become a leading player within the UK, US and European BPO markets.

The cash consideration for the 65% shareholding in SCC amounted to R208 million with a contingent payment of up to R117m based on achieving profit targets. The consideration for SO amounted to £2million. The remaining 35% will be owned by the CEO/Founder and CFO, who will both remain with the business for at least three years post acquisition, whereafter their shareholding will be subject to a put and call mechanism. The acquisition consideration pertaining to both the upfront acquisition (of 65%) and subsequent acquisition (of 35%) will be funded by TCRS from available cash reserves.

10.2 KZN floods:

SA Taxi

Following severe flooding and landslides caused by heavy rainfall in KwaZulu-Natal ('KZN') between 11-13 April 2022, Toyota South Africa Motors (TSAM) suspended operations at its manufacturing plant at Prospecton south of Durban.

New vehicle stock shortages have already been experienced across dealerships because of the global semiconductor shortage resulting from a fire at a major semiconductor supplier last year as well as global supply chain disruptions caused by Covid-19 lockdowns. The suspension of production by TSAM, if it continues for an extended period, is likely to exacerbate any vehicle stock shortages in Toyota's dealer network. Toyota will resume production after water has been cleared and the area is deemed safe for employees to return. The extent to which this impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the suspension and the severity of the damage caused by the flooding.

SA Taxi originates both new and quality renewed ('QRT') minibus taxis. The demand for QRT has increased over recent years given operator affordability constraints with both increased new vehicle prices, and more recently higher fuel prices. The business's immediate response to this disruption is to increase its refurbishment capacity to stimulate QRT loan origination, to supplement any potential loss of new minibus taxi loan origination due to the suspended operations experienced by Toyota.

The floods may also result in a heightened level of insurance claims being received from the KZN region, the extent of which remains highly uncertain at this stage, however as at the date of this report no significant increase has been noted.

TCRS:

TCRS, through its disaster recovery plan, was able to ensure that there was minimum disruption to its operations. Employees are working from home, and those who are not able to work from home are doing so in the office. The office has been equipped with large water containers to ensure that there is drinking water in the office.

WBC:

The WeBuyCars KwaZulu-Natal branch did not incur any physical damage to the warehouse or damage to any of our stock units. Operations had limited to no business interruption.

10.3 No other events which would have a material impact on either the financial position or operating results of the group have taken place between 31 March 2022 and the date of release of this report.

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