



Transaction Capital Limited
(Incorporated in the Republic of South Africa)
Registration number: 2002/031730/06
JSE share code: TCP
ISIN: ZAE000167391
("Transaction Capital" or "the company" or "the group")



TransCapital Investments Limited
(Incorporated in the Republic of South Africa)
Registration number: 2016/130129/06
Bond company code: TCII
LEI: 378900AA31160C6B8195

DISPOSAL OF NUTUN AUSTRALIA HOLDINGS PTY LTD TO ALLEGRO FUNDS PTY LTD

1. INTRODUCTION

Shareholders are advised that Nutun Investments International ("Nutun Investments International"), a wholly owned subsidiary of Nutun International (Pty) Ltd ("Nutun International"), has entered into a share purchase deed ("the Agreement") to sell its 100% equity interest in Nutun Australia Holdings Pty Ltd ("Nutun Australia Holdings" or "NAH") to Dove Bidco Pty Ltd ("the Purchaser"), a wholly owned subsidiary of Allegro Funds Pty Ltd ("Allegro") for a total sale consideration of A\$58.3 million ("Sale Price") ("Transaction").

2. BACKGROUND INFORMATION

Nutun Australia Holdings is mainly involved in the business of contingency-based and first-party debt collection and rehabilitation services and other Business Process Outsourcing ("BPO") services via its operating subsidiary, Recoveries Corporation Holdings Pty Ltd ("RCH"), and is successfully offering customer solutions from Nutun's South African facilities. Nutun Australia Holdings has a majority economic interest of 60% in RCH and a minority investment in Revive Financial Group Pty Ltd (Australia) ("Revive"). Nutun International in turn is a wholly owned subsidiary of Nutun Holdings (Pty) Ltd ("Nutun"), a leading provider of a wide range of BPO and customer and debtor engagement services across a global client base. Nutun is wholly owned by Transaction Capital.

Allegro is an Australian alternative investments company with approximately A\$4 billion assets under management (<https://www.allegrofund.com.au>). Allegro, through its investment funds, will become the ultimate shareholder and beneficial owner of NAH post conclusion of the Transaction.

3. RATIONALE FOR THE TRANSACTION

Shareholders are referred to the SENS announcement issued by Transaction Capital on 5 December 2023, stating that Nutun was reviewing its operations to reposition or dispose of non-core assets in line with the group's strategy to maximise shareholder value. Accordingly, Nutun has decided to sell its Australian business (which includes all its operations, infrastructure, and associated statutory structures in Australia, New Zealand, and Fiji) while entering into a strategic partnership with NAH and its new shareholder, through the on-going provision of customer and debtor engagement support services and associated technologies to NAH clients from South Africa.

The Transaction will help streamline Nutun's operating structure as the business continues to strengthen its position in the global BPO services market and scale its outsourcing services across industries and geographies.

Transaction Capital will continue to work with Nutun to explore further restructuring to accelerate and optimise Nutun's growth strategy.

4. TERMS OF THE AGREEMENT

The Agreement is unconditional and follows a due diligence process conducted by Allegro.

The effective date of the Agreement is 22 March 2024, being the date on which the last party signed the Agreement, with completion expected 15 business days thereafter ("Completion Date").

The Agreement contains warranties and indemnities in favour of the Purchaser that are standard for a transaction of this nature, which warranties and indemnities are in turn subject to limitation of liability and other terms which are also standard for a transaction of this nature. The transacting parties have secured insurance cover to substantially underpin these warranties and indemnities.

Nutun Investments International will sell its equity interest in NAH to the Purchaser and will accordingly exit Australia from an ownership, statutory, and infrastructural perspective. Nutun will continue to work closely with NAH and the Purchaser, under a long-term strategic partnership, enabling both businesses to continue servicing existing clients, building new client partnerships, sharing knowledge and intellectual property while collaborating on multi-geography solutions for their respective clients. The Nutun affiliates will be restrained from directly offering its customer and debtor engagement services and associated technologies into the Australian and New Zealand markets for up to 5 years from the Completion Date, subject to agreed hurdles being met.

5. USE OF PROCEEDS

The Sale Price is based on an enterprise value of NAH of A\$123.2 million adjusted for cash and debt (and other debt-like items), resulting in an equity value of A\$72.5 million. Nutun Investments International share of the proceeds from the Sale Price, after taking into account the minority shareholding in RCH, will be utilised to strengthen Nutun's balance sheet, thereby providing it with the ability to pursue local and international growth opportunities in both its capital-light and capital-enabled business units.

The Transaction by Nutun Investments International will yield Nutun up to A\$58.3 million in gross sales proceeds, with approximately A\$54.4 million payable upfront, and up to A\$3.9 million becoming payable on the second anniversary of the Completion Date, being on or about 12 April 2026, subject to warranty and indemnity claims, to the extent applicable.

6. FINANCIAL INFORMATION

For the financial year ended 30 September 2023, based on the audited accounts of Transaction Capital, the Net Profit After Tax contribution of Nutun Australia Holdings, which was attributable to the operations of NAH, amounted to R8.2 million. The net asset value applicable to the assets and liabilities sold as part of the Transaction amount to A\$36.7 million.

7. CATEGORISATION OF THE TRANSACTION

The Transaction has been categorised as a category 2 transaction in terms of the JSE Listings Requirements and accordingly will not require Transaction Capital shareholder approval.

Sandton
22 March 2024

JSE equity sponsor:
Investec Bank Limited

JSE debt sponsor:
Rand Merchant Bank (a division of FirstRand Bank Limited)

Investor Relations
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