



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  
("TransCap")

## **DISPOSAL OF CONTROLLING INTEREST IN MOBALYZ GROUP HOLDINGS PROPRIETARY LIMITED, CONDITIONAL DISPOSAL OF 100% INTEREST IN RC VALUE ADDED SERVICES HOLDINGS PROPRIETARY LIMITED, SECURING OF R700 MILLION SENIOR FUNDING FOR NUTUN PROPRIETARY LIMITED, PROPOSED RENAMING OF TRANSACTION CAPITAL TO NUTUN LIMITED AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

### **1. INTRODUCTION**

Shareholders are referred to the SENS announcement issued by Transaction Capital on 5 September 2024 in which shareholders were advised that the company had entered into a series of negotiations, which if successfully concluded may have a material effect on the price of the company's securities.

Shareholders are advised that Transaction Capital has entered into a series of agreements, which have facilitated the achievement of the following:

- The Mobalyz group (comprising Mobalyz Group Holdings Proprietary Limited ("MGH"), its 75% held subsidiary, SA Taxi Holdings Proprietary Limited ("SATH") and SATH's subsidiaries, hereinafter referred to as "Mobalyz") ceasing to be part of the group, with Transaction Capital retaining a minority equity interest therein;
- The entrenching of Mobalyz management and augmenting the SATH board ("SATH Board") to guide the process and strategy of optimising outcomes for SATH and its subsidiaries, together with the continued participation of the South African National Taxi Council ("SANTACO"), a 25% shareholder in SATH; and
- The positioning of the Nutun group with a strong financial base (equity and debt) following a balance sheet restructure and increasing available facilities from lenders.

The suite of agreements entered into, include (i) a sale of shares agreement ("Mobalyz SPA") with key individuals within the Mobalyz management team (hereinafter referred to as the "Mobalyz Management Team") and a family trust associated with Mr Martin Oberholster ("Oberholster Family Trust") (together the "Purchasers") in terms of which, effective from 27 September 2024, Transaction Capital disposed of 64.5% ("MGH Sale Shares") in MGH, to the Purchasers, in the proportions set out in the Mobalyz SPA, for a nominal consideration, and in accordance with, and subject to, the provisions of the Mobalyz SPA ("Mobalyz Disposal"); and (ii) a shareholders agreement in respect of MGH.

In addition, negotiations with the group's major banking partners are in advanced stages in terms of which Transaction Capital looks to provide a defined final financial commitment to SATH. Simultaneously, discussions are progressing with its major banking partners for further medium-term support for lending facilities to Nutun Proprietary Limited ("Nutun") ("Commitment Negotiations"). Shareholders will be notified of the outcome of the Commitment Negotiations.

## **2. BACKGROUND AND RATIONALE FOR THE MOBALYZ DISPOSAL**

The past 18 months have been extremely challenging for Mobalyz in the face of the ongoing economic headwinds which have necessitated a significant restructuring of the business's operations and balance sheet. Over this period, the Mobalyz Management Team has demonstrated its unwavering commitment to turning the business around to enable Mobalyz to continue to provide its essential offerings for the benefit of all its stakeholders.

Transaction Capital strongly believes in the Mobalyz Management Team's skills, experience and tenacity to realise the potential of the business and as such the Transaction Capital board ("TC Board") approved the disposal of 26% shareholding interest in MGH (representing an effective 19.5% of Transaction Capital's interest in SATH) to the Mobalyz Management Team. In addition, a further 38.5% shareholding interest in MGH (representing an effective 28.9% of Transaction Capital's interest in SATH) has been sold to the Oberholster Family Trust, of which 26% shareholding interest in MGH is being warehoused until such time as a suitable third-party investor is identified by the SATH Board. Such nominated third-party may not be (i) a member of the Mobalyz Management Team; (ii) any member of Mobalyz; or (iii) any member of the group. While a possible third party has been identified, discussions are in the early stages. These transactions have the effect of reducing Transaction Capital's holding in MGH from 100% to 35.5% and in SATH, on a look through basis, from 75% to 26.6%. Transaction Capital will thereby cease to have a controlling interest in the Mobalyz and it will no longer consolidate it.

Upon implementation of the Mobalyz Disposal, SATH will continue to be held as to 75% by MGH and as to 25% by SANTACO (through Industry SPV (RF) Proprietary Limited), however the shareholders of MGH will be: Transaction Capital (as to 35.5%), the Mobalyz Management Team (as to 26%) and the Oberholster Family Trust (as to 38.5%, of which 26% is held on a warehousing basis). SANTACO is supportive of the Mobalyz Disposal and will continue its partnership with Mobalyz.

The Mobalyz Disposal is not a categorised transaction in terms of the JSE Limited ("JSE") Listings Requirements and no Purchaser is a related party to Transaction Capital in terms of the JSE Listings Requirements.

## **3. SATH BOARD RESTRUCTURING AS A RESULT OF THE MOBALYZ DISPOSAL**

To facilitate the transition of Mobalyz to a stand-alone business certain governance structures will be established beginning with the reconstitution of the SATH Board as follows (all effective 1 October 2024):

- Mr Jonathan Jawno will step down as chairman and director;
- Mr Martin Oberholster will be appointed to fill the role of independent non-executive chairman; and
- Mr Piers Marsden will be appointed as an independent non-executive director.

The remaining SATH Board members will continue in their roles with Mr Roberto Rossi being the sole representative of Transaction Capital. Messrs Oberholster and Marsden's responsibilities will include, amongst others, overseeing the debt restructure of Mobalyz and engagement with Mobalyz lenders. All appointments are supported by SATH lenders.

Transaction Capital has been steadfast in its commitment to support Mobalyz during this challenging time. This has included the capitalisation of loan funding of R2.2 billion advanced from Transaction Capital to SATH in the three years to 31 March 2023, the payment of a R285 million equity cure to the lenders of the SANTACO equity transaction and the contribution of the GoMo business earlier this year. Following extensive engagement with the senior lenders of SATH regarding a constructive path forward for Mobalyz, the TC Board

has now agreed, subject to the satisfactory conclusion of the Commitment Negotiations, to make a final defined financial commitment to SATH ("TC Commitment").

The TC Commitment is a mechanism to stabilise SATH as the custodian of Mobalyz, and better position the Mobalyz Management Team to deliver a successful turnaround which is key to all stakeholders of the Mobalyz business. Furthermore, this defined financial commitment will secure further funding support for the Nutun group allowing it to bolster its liquidity and move forward as a strong, stand-alone entity.

### **3. CONDITIONAL ROAD COVER DISPOSAL**

Subject to the satisfactory conclusion of the Commitment Negotiations, Transaction Capital:

- entered into an intra-group sale of shares agreement ("Road Cover SPA") with SATH in terms of which, effective from 27 September 2024 (and before the implementation of the Mobalyz Disposal), Transaction Capital disposed of 100% of RC Value Added Services Holdings Proprietary Limited ("RCH") ("RCH Sale Shares") to SATH for a purchase price of R160 million ("Sale Consideration"), which Sale Consideration shall remain outstanding on loan account ("Road Cover Loan"), in accordance with, and subject to, the provisions of the Road Cover SPA and a subordinated loan agreement ("Subordinated Loan Agreement") with SATH. The Road Cover Loan is interest free and subordinated to the current claims of all existing third party lenders in SATH and accordingly has no stated repayment date, subject to the provisions therein ("Road Cover Disposal"); and
- granted a call option, to the Mobalyz Management Team and the Oberholster Family Trust, to acquire their pro rata portion of R23.1 million of the subordinated Road Cover Loan owing by SATH to Transaction Capital, pursuant to the Road Cover SPA, at nominal value. The call option can only be exercised four years after the below-mentioned Effective Date.

#### ***Terms of agreement and rationale***

The effective date of the Road Cover SPA is 27 September 2024 ("Effective Date").

The Road Cover SPA was subject to fulfilment of the suspensive condition that the Subordinated Loan Agreement is executed by the parties thereto and such agreement becoming unconditional in accordance with its terms.

Save for limited warranties, including warranties in relation to title and ownership of the RCH Sale Shares, the shares are acquired by SATH on the basis that the underlying assets of RCH and its subsidiaries are offered on an "as is" basis and SATH has expressly agreed to accept the RCH Sale Shares on that basis.

Whilst the above suspensive condition was duly fulfilled on the Effective Date, the Road Cover Disposal is also subject to a resolutive condition such that if the agreement pertaining to the Commitment Negotiations is not concluded and the agreement pertaining thereto does not get signed or become unconditional by 31 October 2024 or such later date as the parties thereto may agree to in writing, Transaction Capital and SATH wish to be restored to the positions in which they would have been had the sale of the RCH Sale Shares by Transaction Capital to SATH not been implemented, resulting in (i) Transaction Capital never having sold the RCH Sale Shares to SATH; and (ii) SATH never having become indebted to Transaction Capital for the Sale Consideration.

The Road Cover Disposal and TC Commitment referred to above will comprise the final defined financial commitment by Transaction Capital to Mobalyz, which, as noted earlier, seeks to stabilise SATH as the custodian of Mobalyz.

### ***Categorisation***

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

### ***Background to business of RCH***

RCH provides a membership-based service relating to Road Accident Fund claims. Should a member be involved in any accident on the roads of South Africa, the RCH group of companies will administer their claims to the Road Accident Fund on their behalf at no additional fee. Members receive the full amount allocated to them by the Road Accident Fund. The RCH group of companies has a number of small complementary products such as pothole cover which serve to enhance the Road Accident Fund offering.

SATH, prior to the Mobalyz Disposal, was a subsidiary of Transaction Capital. SATH provides finance and ancillary services to the minibus taxi industry in South Africa.

Even though prior to the Road Cover Disposal RCH was a subsidiary of Transaction Capital, the business has been managed by the Mobalyz team since 2021. RCH will now be optimally positioned within Mobalyz .

### ***Use of proceeds***

Given that the Sale Consideration for the RCH Sale Shares will remain outstanding on loan account, there will be no application of the disposal proceeds on implementation of the Road Cover Disposal. Taking into consideration the current financial position of SATH, Transaction Capital has taken the conservative decision to impair the Road Cover Loan in full. The Road Cover Loan will remain subject to the terms of the Subordinated Loan Agreement.

### ***Financial information***

The value of the net assets of RCH as at 31 March 2024, being the date of the most recent published unaudited half year financial results, amounted to R32 million. The profit after tax of RCH for that period is R6 million.

## **4. NUTUN UPDATE**

Unrelated to the Commitment Negotiations relating to the Nutun funding, Nutun is in the process of raising R1 billion of fresh funding, of which R700 million has already been secured. The balance is expected to be secured by calendar year end. This has boosted its liquidity and will result in the business being well positioned for future book buying.

Nutun has proactively enhanced its business model and financial strength over the past 12 months, including the disposals of Nutun Australia and Nutun Transact. The final component of the business enhancement is a change to the Nutun business, which will now be structured as two separate divisions under the Nutun brand - a South African business focusing on NPL portfolio acquisitions and contingency collections and an international business focusing on Business Process Outsourcing and associated technology services to foreign clients. As from 1 October 2024, the management structures within Nutun will be reshaped, streamlined and augmented to appropriately accommodate this change.

## **5. PROPOSED TRANSACTION CAPITAL RENAMING**

Transaction Capital will continue to hold a minority stake in SATH of 26.6%, via its shareholding in MGH, and will accordingly account for its interest in SATH, via MGH, as an associate (at an impaired value of Rnil).

As the Nutun group becomes the sole operating business within Transaction Capital, the TC Board believes it is appropriate to change the name of Transaction Capital Limited to Nutun Limited and thereby intends to table a special resolution for approval by shareholders at the annual general meeting to be held in early March 2025, in accordance with the Companies Act and JSE Listings Requirements.

## **6. TRANSACTION CAPITAL BOARD RESTRUCTURING**

In accordance with paragraph 3.59 of the JSE Listings Requirements and paragraph 6.39 of the JSE Debt Listings Requirements, shareholders and noteholders are advised of the following restructure of the TC Board and changes in the executive management of Transaction Capital and TransCap, to bring the boards in line with the amended group structure and ensure that the executive leadership structures are optimised.

Messrs Rob Rossi and Michael Mendelowitz will formally resign as executives of Transaction Capital and will be appointed as non-executive directors of the Board effective 1 October 2024 and 1 April 2025, respectively. As founding members of Transaction Capital, Messrs Rossi and Mendelowitz will continue to play an important role in guiding management and the TC Board in driving the group's strategy.

Mr Mark Herskovits will formally resign as executive director of the TC Board and TransCap, and as Chief Financial Officer of the company and TransCap and as Debt Officer of TransCap, effective 31 March 2025. Mr Herskovits was appointed to the TC Board in January 2014 when he took on the role of Chief Financial Officer. Mr Herskovits later took on the role of Group Chief Investment Officer in February 2020 and was instrumental in driving the group's balance sheet strategy. The directors would like to acknowledge the critical role that Mr Herskovits played in navigating the group through its recent balance sheet restructuring. The TC Board extends its sincere gratitude to Mr Herskovits for his dedication, leadership and significant contribution during his tenure and wishes him continued success in his future endeavours.

The TC Board is pleased to inform shareholders and noteholders of the appointment of Mr Rob Huddy as executive director of the TC Board and TransCap, and as Chief Financial Officer of the company and TransCap and as Debt Officer of TransCap, effective 1 April 2025. Mr Huddy's appointment will be made in accordance with Transaction Capital and TransCap nomination policies. Mr Huddy was appointed as CFO of Nutun in November 2023 after having served as the chief financial officer and a board member of the JSE-listed group Tsogo Sun Limited. Mr Huddy oversaw the transition of Tsogo Sun to a publicly listed company in 2011.

On 4 June 2024, Transaction Capital advised shareholders that Mr Christopher Seabrooke would retire as member of the Audit and Risk committees on 31 December 2024, in line with his retirement as an independent non-executive director of the TC Board. Mrs Albertinah Kekana will be appointed to the Audit and Risk Committee effective from 1 January 2025.

## **7. RENEWAL OF CAUTIONARY ANNOUNCEMENT**

Further to the cautionary announcement dated 5 September 2024, shareholders are advised that, as a result of the ongoing Commitment Negotiations, certain negotiations are still underway, which if successfully concluded may have a material effect on the price of the company's securities. Accordingly, shareholders are advised to continue to exercise caution when dealing in the company's securities until a further announcement is made.

Sandton  
27 September 2024

JSE equity sponsor:  
Investec Bank Limited

JSE debt sponsor:  
Merchantec Capital

Legal Advisor to the company:  
ENS

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