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")

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

AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

2024 was a watershed year for Transaction Capital as it implemented the following initiatives:

- a R1 billion capital raise at WeBuyCars, followed by the distribution and separate listing of all WeBuyCars shares still held by Transaction Capital shareholders;
- elimination of holding company net debt and contingent liabilities;
- disposal of non-core subsidiaries of Nutun, resulting in the strengthening of its balance sheet and focus on its core businesses; and
- disposal of a controlling interest in Mobalyz to its management consortium.

The conclusion of this strategy will result in the transformation of Transaction Capital from an investment holding company into a global specialist Business Process Outsourcing (BPO) operator. Nutun will become the first South African home-grown BPO to be publicly traded on the Johannesburg Stock Exchange. Nutun's deep experience as an owner-operator in the South African market for over 25 years sets it apart from various multi-national market entrants that operate franchise or branch locations in South Africa. Nutun will also continue to be a large and innovative provider of credit and collection services and an acquirer of Non-Performing Loan (NPL) books in South Africa

While much has been achieved in the first year of this two-year process, the 2024 results are reflective of the fact that the transition is not yet complete. The sale of Nutun Australia for a consideration of R624 million and the sale of Nutun Transact after the year-end for a consideration of R405 million, combined with the accelerated buy-out of the 25% minorities of Synergy CX, all served to simplify the Nutun business and strengthen its balance sheet and liquidity.

Salient features – core continuing operations

- Continuing operations include Nutun and the group head office.
- Core continuing headline earnings for Nutun decreased 85% to R54 million, down from R359 million in FY2023, primarily due to:
    - Nutun South Africa:
        - funding constraints that affected unsecured NPL book acquisitions in the first half of the year
        - a challenging economic environment and its resultant impact on consumer payment behaviour resulting in a 96% increase in amortisation costs from R324 million in FY2023 to R635 million in FY2024
        - an 18% increase in interest costs from R445 million in FY2023 to R526 million in FY2024
    - Nutun International:
        - recalibration of the client base
        - once-off costs associated with the restructure, re-brand and integration of Synergy CX into Nutun
        - increased operating costs in the business not yet matched by revenue growth
    - Both business units were indirectly impacted by the fallout from SA Taxi's challenges.
- Core headline earnings from continuing operations fell to a loss of R92 million, from a profit of R179 million in FY2023, due to factors listed above which affected Nutun as well as legacy costs at the group head office, which have now been eliminated.

Salient features – group (including discontinued operations)

- Core loss from discontinued operations of R1.9 billion, compared to R907 million in FY2023.
- Core loss from total operations increased to R2.0 billion up from R728 million in FY2023.
- Core loss per share from total operations of 253.7 cents compared to 93.4 cents in FY2023.
- Headline loss from total operations increased to R2.4 billion from R1.8 billion in FY2023.
- Headline loss per share from total operations increased to 303.9 cents from 231.9 cents in FY2023.
- Basic loss from total operations reduced to R986 million down from R1.9 billion in FY2023.
- Basic loss per share from total operations reduced to 126.3 cents down from 247.2 cents in FY2023.
- Group revenue increased 7% to R1.5 billion in FY2024 from R1.4 billion in FY2023.

The group's results for the year ended 30 September 2024 are presented to distinguish between the performance of continuing operations and discontinued operations. Comparative periods have been restated in accordance with IFRS 5, which pertains to Non-current Assets Held for Sale and Discontinued Operations. This includes WeBuyCars, Nutun Australia, Nutun Transact and Mobalyz.

The comparative period has been restated as a result of prior period errors and the classification of Nutun Australia, Nutun Transact, WeBuyCars and Mobalyz as discontinued operations in terms of IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations.*

Rm	FY2024	FY2023 (restated)	Change
Nutun Holdings	54	359	(85%)
Head Office	(146)	(180)	19%
Core (loss)/earnings from continuing operations	**(92)**	**179**	**>(100%)**
Core continuing (loss)/earnings per share (cents)	**(11.8)**	**23.6**	**>(100%)**
Core loss from discontinued operations	**(1888)**	**(907)**	**>(100%)**
Core loss – total operations	**(1980)**	**(728)**	**>(100%)**
Core loss per share (cents) – total operations	**(253.7)**	**(95.8)**	**>(100%)**
Weighted average number of shares (millions)	**780.5**	**759.8**	**3%**

Balance sheet and liquidity

During the financial year and following the year-end, significant progress was made in strengthening the balance sheet and improving liquidity. This includes:

- A capital raise of R1 billion as part of the unbundling and listing of WeBuyCars, which allowed for the elimination of net debt at the holding company level;
- The sale of Nutun Australia and Nutun Transact which raised a combined R1 billion for Nutun; and
- The securing of R700 million in new funding for Nutun.
- We are also in the process of securing commitments from Nutun's main bank funders to renew all funding lines that mature over the next 36 months. The total facilities covered by this commitment amount to R2.45 billion. Refer to separate SENS released 12 December 2024.

Nutun is now well-capitalised, with access to the necessary funding and liquidity to increase its activity in acquiring unsecured NPL books and to invest into BPO growth opportunities.

Operating context and performance

Nutun

Nutun underwent a strategic review during the year. This review led to a restructure of its business into two focused and distinct customer-centric divisions: Nutun International and Nutun South Africa.

This new operating structure enables each management team to focus solely on their respective target markets, utilising their core competencies and competitive advantages under the single Nutun brand to deliver superior service to clients.

Nutun South Africa will focus exclusively on collections and recoveries services for clients in South Africa. This will be conducted both as a principal in relation to acquiring unsecured NPL books and as an agent on behalf of its South African clients. The targeted sectors include financial services, specialist lenders and retail.

Nutun International will focus on BPO customer engagement services, including acquisition and retentions; CX, collection and recovery services for clients in the United Kingdom, the United States and Australia. The targeted sectors include utilities, financial services, retail, telecommunications and e-commerce.

Nutun has been further enhanced by the recent appointment of Ruben Moggee, an experienced leader in the BPO industry, to run the Nutun International business. Robert Amoils is responsible for Nutun South Africa. These leadership, structural and operational changes will need time to become embedded in the business and these benefits are therefore not reflected in the FY2024 results.

Nutun's core earnings in FY2024 were impacted by:

- Nutun South Africa: funding constraints and market pricing dynamics that affected book acquisitions in the first half of the financial year, as well as a decline in the financial health of South African consumers; and
- Nutun International: the recalibration of a previously concentrated client-base and increased operating costs that were not yet matched by revenue growth.

Notwithstanding the difficult year experienced, with the strategic shifts described above, management continues to have confidence in the prospects of Nutun as it evolves into a listed global BPO player, while continuing to purchase NPL books in South Africa.

Key Performance Indicators	**FY2024**	**FY2023 (restated)**	**Change**
Rm			
Core earnings from continuing operations attributable to the group	**54**	**359**	**(85%)**
Revenue	**3 051**	**3 139**	**(3%)**
Nutun South Africa	1 968	2 070	(5%)
Nutun International	1 083	1 069	1%
Nutun group core cost-to-income ratio excluding amortisation	**61.3%**	**59.0%**	
Nutun group EBITDA	**1 342**	**1 425**	**(6%)**
Amortisation	**635**	**324**	**96%**
Purchased book debts			
Cost of purchased book debts acquired	475	1 141	(58%)
Carrying value of purchased book debts	4 503	4 664	(4%)
Estimated remaining collections	8 197	8 659	(5%)
Clients			
Nutun South Africa	31	34	(9%)
Nutun International	32	27	19%

Nutun South Africa generated revenue of R2.0 billion, down 5% on FY2023. Revenue from the principal and Right-to-Collect portfolio decreased by 13%. This was, however, partially offset by a 38% increase in the agency business. The slight reduction in clients was the result of a deliberate focus on more strategic, scalable and sizeable mandates.

The primary factor impacting the performance of Nutun South Africa was a material increase in the amortisation charge, rising by R311 million to R635 million for FY2024. This increase was driven by:

- Reduced collections on existing books due to the challenging economic environment and its resultant impact on consumer payment behaviour; and
- Decreased book-buying activity caused by funding uncertainty in the first half of the financial year, along with a pricing disconnect in the market as clients recalibrated their expectations.

As part of the Nutun restructuring, we conducted a robust review of the amortisation model which resulted in refinements to the model and resulted in a prior period adjustment to the carrying value of existing books of R360 million (R263 million after tax), which incrementally impacted annual results in years prior to FY2023, as well as the increased amortisation charge referred to above.

Nutun International experienced a timing mismatch between the onboarding of new growth and the incurring of infrastructure and operating costs in FY2024. Revenue increased by 1% to R1.1 billion, primarily due to a normalisation and moderation of customer-care related activity from several major clients, most noticeably those located in the United Kingdom energy sector, wherein the revenue base was over-concentrated. Nutun International has now successfully penetrated the US market and continues to diversify by both geography and industry.

Profitability in Nutun International was impacted by an increase in operating costs. Nutun has created additional infrastructure capacity in anticipation of upcoming growth. Nutun is focused on growth in market segments in which the business has entrenched expertise and experience and where it is also well-differentiated. This will secure more client stickiness, diversification and growth potential. This is evidenced by the growth in the client base to 32, from 27 in the prior year, which offset a planned offboarding of non-core, marginal mandates.

Notwithstanding the material drop in book buying activity (down by 58%) in Nutun South Africa and the muted performance from Nutun International, adjusted Earnings before interest, tax, depreciation and amortisation (adjusted EBITDA) dropped by only 6% from FY2023 (R1,342 million versus R1,425 million), evidencing the resilience and versatility of the group's cash-flow generation capacity.

Head Office

The table below reflects select income statement information which has been adjusted for certain non-core items.

Rm	FY2024	FY2023 (restated)	Change
Management fee income	105	142	(26%)
Operating costs	(93)	(243)	(62%)
Net interest expense	(86)	(101)	(15%)
Taxation	(72)	22	>(100%)
Core loss	**(146)**	**(180)**	**19%**

The group head office was loss making for the following reasons:

- A reduction in management fee income as a result of the unbundling of WeBuyCars and a reduction in the fee recovered from Mobalyz;
- Despite a clear reduction in operating costs, certain legacy overheads remained in FY2024 which have now been further rationalised and will be eliminated by H1 2025;
- Net interest incurred prior to the early repayment of debt as part of the WeBuyCars unbundling; and
- A non-cash taxation charge relating to the write-off of deferred tax assets.

None of the above factors will be repeated going forward and head office is expected to break even. The balance sheet is strong with reduced levels of debt and a R100 million net cash position at financial year end. In addition, there are no contingent liabilities or guarantees outstanding and the remaining investment in Mobalyz is carried at zero value.

Finally, the head office will be collapsed into Nutun and will not be reported on separately going forward.

Outlook

The outlook on Nutun's medium- and long-term potential is positive. The strengthening of the balance sheet and the securing of funder support enabled Nutun South Africa to resume book buying activities in the fourth quarter. This growth is anticipated to continue into FY2025 as market dynamics improve and the benefits of liquidity filter through. Nutun International's diversified client base also provides a stable platform for future growth of Nutun's international BPO services. This will be further augmented by the tailwinds supporting the BPO offshoring trend in general, and the rise of South Africa as a leading BPO geography, specifically.

Both businesses remain customer focused with clear target markets and client-bases, streamlined cost architectures, and experienced and recently augmented management teams. These factors will enable them to capitalise on their leading positions in the South African collections and recovery market and the South African BPO offshoring market.

Nutun enters FY2025 with a clear vision to fulfil its potential with a targeted medium-to-long term ROE of between 20% and 25%

Dividend

As communicated in FY2023, cash dividends have been suspended until such time as the group has completed its restructuring, with no cash dividend being declared in the current year.

Group core results

Transaction Capital assesses its performance using core continuing earnings, an alternative non-IFRS profit measure, alongside IFRS profit. This, in terms of the JSE Listings Requirements, constitutes pro forma financial information. The reported amounts and adjustments are extracted without adjustment from Transaction Capital's audited consolidated and company financial statements for the year ended 30 September 2024 or underlying accounting records of the Group

The pro forma financial information, which is the responsibility of the group's directors, is presented in accordance with the JSE Listings Requirements and the SAICA Guide on Pro Forma Financial Information. The pro forma financial information is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present the group's financial position, changes in equity, results of operations or cash flows.

An assurance report (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a prospectus issued by the International Auditing and Assurance Standards Board) has been issued by the group's auditor, PricewaterhouseCoopers Inc. (PwC), in respect of the pro forma financial information included in this announcement and is available on the Company's website at https://www.transactioncapital.co.za/investor-relations-overview/transaction-capital-limited/. The pro forma financial information should be read in conjunction with this assurance report.

Non-IFRS measures are not uniformly defined nor used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

Management considers that core continuing earnings is an appropriate alternative performance measure to enhance the comparability and understanding of the financial performance of Transaction Capital.
Transaction Capital has set out its policy to calculate core continuing earnings below.

Transaction Capital calculates headline earnings in accordance with the latest SAICA Circular 'Headline Earnings'. Core continuing earnings is calculated by adjusting headline earnings for the following:

- Once-off transaction costs which are directly attributable to corporate activity (which comprises mostly legal and consulting fees).
- Adjustments on put and call options over non-controlling interests, namely imputed interest on the put option liability, re-measurements of the put option liability and fair value adjustments on the call option derivative.
- Once-off or accelerated items, where these are reasonably expected not to re-occur in the ordinary course of business in future reporting periods.
- Adding back specific headline earnings exclusions if the gain / loss is considered part of Transaction Capital's normal operations.

These adjustments are considered annually based on the transforming nature of Transaction Capital. Management is responsible for the calculation of core continuing earnings and determining the inclusions and exclusions in accordance with the policy. The Transaction Capital audit and risk committee reviews the core continuing earnings for transparency and consistency.

Reconciliation of headline losses to core continuing losses

Continuing operations	**FY2024 Rm**	**FY2023 Restated Rm**
Headline (loss)/earnings from continuing operations attributable to group	**(170)**	**1 506**
Adjusted for:		
Once-off costs (Refer to note 1)	**61**	**23**
Adjustments relating to put and call options over WBC Holdings non-controlling interests:		
Imputed interest charge (Refer to Note 2)	54	234
Remeasurement of put option liability (Refer to Note 2)	-	(1 754)
Adjustments relating to written put and call options over Nutun CX non-controlling interests:		
Imputed interest charge (Refer to Note 3)	19	30
Remeasurement of put option liability (Refer to Note 3)	(286)	(39)
Costs adjustments relating to discontinued operations (Refer to Note 4)	**128**	**123**
Impairments of investments (Refer to Note 5)	**102**	**56**
Core continuing (loss)/ earnings attributable to group	**(92)**	**179**
Weighted average number of shares	**780.5**	**759.8**
Core continuing (loss)/earnings per share (cents)	**(11.8)**	**23.5**

Note 1: The once-off costs in the current year were incurred in relation to the restructuring (including retrenchment costs) of the group including the head office.
Note 2: These adjustments are made in terms of the WBC Holdings option agreements. The option agreements were cancelled in March when WBC was unbundled by the group. Please refer to note 25 of Transaction Capital's audited consolidated and company financial statements for the year ended 30 September 2024 for detail relating to WBC unbundling and the impact of the option agreements.
Note 3: These adjustments are made in terms of the Nutun CX option agreements. The option was exercised in July 2024 when the group acquired the remaining 25% shareholding in Nutun CX. Please refer to note 25 of Transaction Capital's audited consolidated and company financial statements for the year ended 30 September 2024 for details relating to the Nutun CX option.
Note 4: These relate to intercompany cost eliminations between continuing and discontinued operations.
Note 5: Impairment of certain financial assets which were held by TC Global Finance based on the price achieved when they were disposed of in FY2023. In FY2024 an asset held for sale in Nutun was impaired.

Reconciliation of Headline Losses to core Discontinued Losses

Discontinued operations	FY2024 Rm	FY2023 Restated Rm
Headline loss	**(2 201)**	**(3 269)**
Adjusted for:		
Once off costs	**93**	**40**
Adjustments relating to put and call options over WBC Holdings over non-controlling interests:		
Remeasurement of call option - derivative asset	348	(117)
Adjustments relating to the re-basing of SA Taxi's business:		
Once-off remeasurement of IFRS 9 and IFRS 17 provisions	**-**	1 266
Once-off remeasurement of stock to net realisable value	-	996
Deferred tax asset write-off		213
Once off transaction costs and restructure costs	-	88
Costs adjustments relating to discontinued operations	**(128)**	**(124)**
Core continuing (loss)/earnings attributable to group	**(1 888)**	**(907)**
Weighted average number of shares (millions)	**780,5**	**759,8**
Core continuing (loss)/earnings per share (cents)	**(241,9)**	**(119,4)**

Note 1: The once-off costs in the current year were incurred in relation to the restructuring (including retrenchment costs) and transaction costs.
Note 2: These adjustments are made in terms of the WBC Holdings call option agreements which was cancelled.
Note 3: Relates to the rebasing of forward-looking IFRS 9 provisioning on the existing debtors' book which has aged past 90 days, which is indicative of higher lifetime expected credit losses (ECL). The group has also rebased its IFRS 9 and IFRS 17 forward-looking provisioning due to the recalibrated business model across the portfolio. SA Taxi's strategy is to reduce originations of QRTs and utilise alternative disposal channels, which will result in lower future recovery rates.
Note 4: Relates to the write-off on certain repossessed vehicle stock that will no longer be repaired given the change in the QRT strategy.
Note 5: Relates to the re-assessment of the recoverability of deferred tax assets in accordance with IAS 12, given the change in strategy on origination which impact on future book build, overall expected performance of credit providers as well as the SA Taxi dealership. These factors impact on the recoverability of tax losses, where the timing of earning future taxable income to support the quantum of deferred tax assets is uncertain at this stage and will continue to be closely monitored.

Note 6: Relates to retrenchment costs as a result of the restructure of SA Taxi's business and once of transaction costs linked to the debt restructure.
Note 7: These relate to intercompany cost eliminations between continuing and discontinued operations.

Reconciliation of Headline Losses to core Losses for Nutun Segment

Nutun	**FY2024 Rm**	**FY2023 Restated Rm**
Headline earnings	**219**	**312**
Adjusted for:		
Adjustments relating to written put and call options over Nutun CX non-controlling interests (Refer to Note 1):		
Imputed interest charge	19	30
Remeasurement of put option liability	(286)	(39)
Impairment of investments (Refer Note 2)	**102**	**56**
Core continuing earnings attributable to Nutun	**54**	**359**

Note 1: These adjustments are made in terms of the Nutun CX option agreements. The option was exercised in July 2024 when the group acquired the remaining 25% shareholding in Nutun CX. Please refer to note 25 of Transaction Capital's audited consolidated and company financial statements for the year ended 30 September 2024 for details relating to the Nutun CX option.
Note 2: Impairment of certain financial assets which were held by TC Global Finance based on the price achieved when they were disposed of in FY2023. In FY2024 an asset held for sale in Nutun was impaired.

Reconciliation of Headline Losses to core Losses for Head Office Segment

Head Office	FY2024 Rm	FY2023 Restated* Rm
Headline (loss)/earnings	**(389)**	**1 194**
Adjusted for:		
Once off costs (Refer to Note 1)	**61**	**23**
Adjustments relating to put and call options over WBC Holdings over non-controlling interests: (Refer to Note 2)		
Imputed interest charge	54	234
Remeasurement of put option liability	-	(1 754)
Costs adjustments relating to discontinued operations **(Refer to Note 3)**	128	123
Core continuing loss attributable to Head Office	**(146)**	**(180)**

Note 1: The once-off costs in the current year were incurred in relation to the restructuring (including retrenchment costs) of the group including the head office.
Note 2: These adjustments are made in terms of the WBC Holdings option agreements and the option agreements were cancelled in March when WBC was unbundled by the group. Please refer to note 25 of Transaction Capital's audited consolidated and company financial statements for the year ended 30 September 2024 for detail relating to WBC unbundling and the impact of the option agreements.
Note 3: These relate to intercompany cost eliminations between continuing and discontinued operations.

Other information

Shareholders and noteholders are advised that this announcement represents a summary of the information contained in the audited financial statements for the year ended 30 September 2024 and does not contain full or complete details. The annual financial statements have been audited by the group's auditors PwC, who, with the exception of the going concern assertion for Mobalyz for which a disclaimer was issued, expressed an unmodified opinion thereon. This announcement is extracted from audited results but is itself not audited, other than the group core results as disclosed above. Any investment decisions by investors and/or shareholders should be based on a consideration of the full audited financial statements which are available on https://senspdf.jse.co.za/documents/2024/JSE/ISSE/TCP/FY24.pdf
and on Transaction Capital's website:
https://www.transactioncapital.co.za/investor-relations-overview/transaction-capital-limited/.

This short form announcement, including any forecast financial information, has not been reviewed or reported on by the Transaction Capital's external auditors and is the responsibility of the directors.

Approval by the board of directors

The information in this announcement has been reviewed and approved by the board of directors on 12 December 2024, and is signed on its behalf by:

Jonathan Jawno
Chief executive officer

Mark Herskovits
Chief financial officer

Sandton

Date of release on SENS: 12 December 2024

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Lisa Lill
Sandton

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PwC

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Merchantec Capital

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