

30 November 2024

SAPO Joint Business  
Rescue Practitioners

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**Delivered by Email To:**

- All known Affected Persons of the South African Post Office SOC Ltd (in business rescue) (including: all known creditors, employees, trade unions and shareholders)
- Companies and Intellectual Property Commission

**Published:**

- On the website maintained by the Company and accessible to Affected Persons

To All Affected Persons,

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**SOUTH AFRICAN POST OFFICE SOC LIMITED (IN BUSINESS RESCUE) WITH  
REGISTRATION NUMBER 1991/005477/30 – BUSINESS RESCUE STATUS  
REPORT IN TERMS OF SECTIONS 132 OF THE COMPANIES ACT, 71 OF 2008  
READ WITH REGULATION 125 OF THE COMPANIES ACT**

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1. Introduction

1.1 In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008, as amended (“**Act**”), when business rescue proceedings of a company have not concluded within 3 months of the date on which they started, a business rescue practitioner is required to –

- 1.1.1 prepare a report on the progress of the business rescue, and update it at the end of each subsequent month until the end of the business rescue proceedings; and

- 1.1.2 deliver the report and each update to each affected person and to the CIPC.
- 1.2 This requirement is applicable to South African Post Office SOC Limited (in business rescue) (“**Company or Post Office**”).
- 1.3 Accordingly, the joint business rescue practitioners (“**BRPs**”) hereby provides the status report of the Company’s business rescue proceedings.
- 1.4 Since Commencement of the business rescue proceedings, we record the historical sequence of events in **Annexure A** attached below.
- 1.5 We do not intend to repeat the points dealt with in previous status reports and wish to provide you with an update only on noteworthy matters. Therefore, we provide a link below to all prior status reports on the SAPO website for your convenience:

<https://www.postoffice.co.za/BusinessRescue/index.html>

## 2. Business Rescue Plan and Implementation

- 2.1 The section 189A retrenchment process has been finalized on 29 November 2024. The employee retrenchment packages were to be paid over three (3) tranches. The final tranche was paid at the end of November 2024. The BRPs continue to engage proactively with the Employee Committee.
- 2.2 A new Temporary Employee - Employer Relief Scheme (TERS) application was submitted on Wednesday, 20 November 2024. If successful, this would provide much-needed financial relief. We understand that financial aid of between 30% to 70% of certain payroll costs can be provided in terms of the TERS program.
- 2.3 Given the fact that no funding was allocated to the SA Post Office per the Medium-Term budget speech, austerity measures have been put in place by the BRPs:
- 2.3.1 A freeze has been implemented on all capital expenditure such as leasehold improvements and maintenance; building infrastructure upgrades; and IT upgrades. Only critical operational expenses are being incurred.

- 2.3.2 The BRPs are continuing to engage with DCDT in relation to the request for the R3.8 billion as set out in the business rescue plan and with the guidance of the DCDT, will explore other possible alternatives in the interim. In this regard we are engaging with DCDT on the proposed Joint SAPO, DCDT and National Treasury Strategic Partners/Investment Task Team.
- 2.3.3 In light of the uncertainty of the R3.8 billion in funding, the BRPs are aggressively focusing on collecting all outstanding debtors and increasing revenues where possible.
- 2.3.4 An extensive amount of work has gone into preparing a detailed strategy and financial model and which are considered by the BRP's to be important supporting documents to the business rescue plan. The detailed strategy and financial model set out the turnaround plan and deals with the "future proofing" component of the business rescue plan. These documents were presented to the DCDT and National Treasury. The BRPs continue to implement the BR Plan to the extent possible despite the funding constraints. The business rescue plan can only be fully implemented once we receive the funding or part of the funding that was committed by the Government.
- 2.3.5 The R3,8 billion funding (when and if received) will be utilized to pay the top-up dividend of 18 cents to certain payroll creditors and to fund the working capital requirements of the business. The remaining portion (which is the major portion of the R3,8 billion) will be used for various infrastructure upgrades/investment.
- 2.3.6 The BRPs continue to report to the Monitoring Task Team which comprises of the DCDT and National Treasury, to keep the DCDT abreast with new developments as it relates to the implementation of the BR Plan.

### 3. Creditor Claims and Payments

3.1 A total of 99,6% of creditor dividends of 12 cents amounting to R1.015 million have been paid on 31 August 2024. The remaining 0,4% of creditors is a combination of disputed claims and unverified landlord queries.

3.2 The top-up dividend of 18 cents in the Rand remains outstanding and payment is conditional upon the receipt of the R3.8 billion funding from the National Treasury.

### 4. Pending Litigation

4.1 An order placing SAPO under provisional liquidation was granted on 9 February 2023. This order was not discharged when SAPO was subsequently placed in business rescue. This created a very unusual situation where the entity was both in business rescue and in provisional liquidation at the same time. As such the BRPs had filed an application to discharge the order. The above matter was heard in court on 20 November 2024 and we are pleased to report that the provisional liquidation order was set aside. This removes the uncertainty that was hovering over the business rescue process.

4.2 SA Post Office is the only entity that has the exclusive license to deliver mail items less than 1kg. We believe that the regulator should impose fines, and ring-fenced monies derived from such funds for the use of SA Post Office. The BRPs have filed their answering affidavit on the matter on or about 11 November 2024. Our involvement in this matter has been placed on hold as part of the austerity measures put in place by the BRP's due to the lack of funding from the National Treasury.

### 5. Closing Remarks

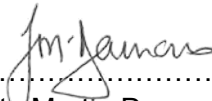
5.1 We appreciate your assistance and co-operation during the business rescue proceedings. The BRPs still believe that the Company can be rescued, within the meaning of section 128(1)(h) of the Companies Act, in a manner that will balance the rights and interests of all Affected Persons - this assessment is based on the assumption that the funding (as committed by government) will

be received. We await further outcomes and decisions that may arise from the Joint SAPO and DCDT Strategic Partners/Investment Task Team that will be constituted. If no funding is provided, the BRPs will evaluate their position and that of the Company and will inform creditors.

5.2 If you have any further queries, please direct them to the business rescue email address at [SAPO.BR@sng.gt.com](mailto:SAPO.BR@sng.gt.com) and/or [sapo@legaeturnarounds.co.za](mailto:sapo@legaeturnarounds.co.za)



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### Annexure A – Events Timeline

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|--|------------------------|
| Court Order granted for the commencement of Business Rescue proceedings on | 10 July 2023           |
| Confirmation from the CIPC to commence BR Proceedings on                   | 12 July 2023           |
| CIPC confirmed BRP appointment on  | 14 July 2023           |
| First meeting of creditors held on   | 24 July 2023           |
| First Status Report issued on  | 27 October 2023        |
| Business Rescue Plan published on  | 23 November 2023       |
| Second Status Report issued on   | 4 December 2023        |
| Section 151 meeting held on  | 7 December 2023        |
| Business Rescue Plan adopted on  | 7 December 2023        |
| Section 189A(3) Labour Relations Act process commenced on                  | 2 January 2024         |
| First Consultation ito S189A(3) of the LRA                                 | 26 January 2024        |
| Second Consultation ito S189A(3) of the LRA                                | 19 February 2024       |
| Third Consultation ito S189A(3) of the LRA                                 | 6 March 2024           |
| Fourth Consultation ito S189A(3) of the LRA                                | 7 March 2024           |
| Conclusion of branch analysis  | 31 January 2024        |
| Branch closure process to commence   | 30 June 2024           |
| Payment to creditors per the approved BR Plan                              | April 2024 – July 2024 |
| Retrenchment process finalised   | March 2024             |
| Service of notice period for retrenched employees ends                     | April 2024             |
| Creation of Strategic Partners/Investment Task Team                        | 14 November 2024       |
| TERS application submitted   | 20 November 2024       |

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|---|------------------|
| Payment of the final tranche of retrenchment packages | 29 November 2024 |
| Setting aside of the provisional liquidation order    | 20 November 2024 |