

31 May 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,

**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**

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.

2. Continued Trading Activities

2.1 The Company continues to operate and trade in the ordinary course of business.

2.2 The BRPs have assumed full management and operational control over the business, conducted various site visits and conducted numerous engagements with key stakeholders, customers and with potential partners.

2.3 The BRPs continue to attend regular progress update meetings with the Department of Communications and Digital Technologies ("**DCDT**") to update them on the progress of the business rescue proceedings. In addition, the BRPs continue to hold regular exco-meetings with management to keep abreast of ongoing matters and to align the business rescue process with the exco team.

2.4 The BRPs continue to implement various initiatives to date and that essential aspects are addressed to ensure that operations continue.

3. Business Rescue Plan and Implementation

3.1 The adopted Business Rescue Plan detailed the need for the retrenchment of employees as a measure of saving on the salary bill, payment of which was not sustainable. The retrenchment process as determined by the Labour Relations Act was facilitated by the CCMA. Facilitations began on 4 January 2024 and were completed on 22 March 2024. The obligatory 60-day process was extended as further negotiations and input between the Employee Committee, the relevant unions and the Post Office were deemed appropriate. It was further

agreed during the facilitation process that retrenchment payments would take place over 8 months in 3 tranches. The first tranche can be expected to be paid by end of June 2024.

3.2 The BRP team completed the issuance of approximately 4700 termination letters for employees who were affected by the retrenchments. All affected employees' notice period ended on 30 April 2024 and were therefore retrenched. The BRPs are however in the process of conducting job interviews to fill necessary and key positions which were affected by the retrenchments.

3.3 The BRPs are actively exploring Partnerships in various areas of the business and will provide further updates in this regard.

3.4 As contemplated in the Plan, the BRPs have embarked on a branch rationalisation process to reduce the number of Post Office branches nationwide. We have identified 657 branches that will be retained as part of our branch network. In this regard we have notified the respective landlords that form part of the 657 branches to be retained. We will commence with the closure of the remaining branches by the end of June 2024.

3.5 Additionally, the process of engaging the top 20 key customers to assist in strengthening the relationship and to ensure a positive and smooth working relationship for the SA Post Office remain ongoing.

3.6 The BRPs have drawn down on the remaining balance of the funding of the R2.4 billion which was allocated to the Post Office in 2023. The BRPs are still uncertain as to the quantum and timing of the additional funding of R3.8 billion requested from National Treasury. There was no mention of funding for the SA Post Office in the Minister of Finance's budget speech presented on 21 February 2024. The BRPs will continue to engage the DCDDT in relation to the request for the R3.8 billion as set out in the business rescue plan and will, with the guidance of the DCDDT explore other alternatives in the interim.

4. Creditor Claims and Payments

4.1 The verification process of the creditors claims remain an ongoing process to reconcile the claims of creditors as reflected in the records of the Company against the claim forms received. The cut-off date for submission of creditors claim forms was 7 February 2024.

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4.2 It is anticipated that all creditors who have had their claims verified by the BRPs and who have shared valid bank account details will receive 12% or 12 cents in the Rand of their original claim as was outlined in the Plan.

4.3 It should be noted that approximately R362 Million of the total creditors pool were paid from the 31st of March 2024 to 31 May 2024. The 12-cent dividend to creditors continue to be made and will be concluded by mid-June 2024.

The top up dividend of 18 cents in the Rand remains subject to the R3.8 billion funding from Treasury.

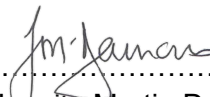
5. Closing Remarks

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.

5.2 If you have any further queries, please direct them to the business rescue email address at SAPO.BR@sng.qt.com and/or sapo@legaeturnarounds.co.za.



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Annexure A – Events Timeline

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 – June 2024
Retrenchment process finalised	March 2024

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Service of notice period for retrenched employees ends	April 2024
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