

31 May 2026

**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.

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- 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 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 TERS Funding

- 2.1.1 SA Post Office submitted a new Temporary Employer Relief Scheme (TERS) application to the Department of Labour on 20 November 2024, to support with the payment of some of the salary expenses of the business. The application was successful and approved in April 2025, with an amount of R381,297,863.83 recommended for SAPO, to be paid, monthly, with final tranche payment to be received by 30 November 2025. Of the six payment tranches, five tranches have been received. Tranche 6 remains outstanding at the time of drafting this report. As per the February 2026 report, the Department of Labour sent through correspondence confirming that the allocation will be reduced to R309,100,000.00 to account for the exclusion of employer social contributions and normal staff movements during the approved period.
- 2.1.2 The subsidy is required to contribute to the future of the business and improve the cash flow.
- 2.1.3 The delay in payment of TERS has created additional pressures on the already tight cash flow position of the entity.

### 2.2 Partnership Initiatives

- 2.2.1 As part of the partnership programme, initial evaluations have been concluded and the feasible RFI submissions have been categorized into possible partnership programmes.
- 2.2.2 The DCDT and SAPO are collaborating with the DBSA to support the development of funding strategies, including the preparation of a series of RFPs, aimed at enabling SAPO to fast-track its partnership programme, such that the Post Office can strengthen social communication cohesion for all South Africans, especially South Africans living in the rural areas.

## 2.3 Business Rescue Termination Application

- 2.3.1 The undertaking from Government to provide a second funding tranche of R3.8 billion, as anticipated to be disbursed in 2024, to fully implement the Business Rescue Plan has not materialized. The ongoing uncertainty and absence of the funding has necessitated ongoing engagement between the BRPs and the DCDT to consider the way forward for the SOE.
- 2.3.2 In December 2025, the BRPs received correspondence from the Minister of Communications and Digital Technologies confirming that the second tranche of funding will not be made available. In addition, the Minister of Finance, in his Budget Speech on 25 February 2026, did not allocate any funding to SAPO. Considering this, the BRPs to re-assess the Business Rescue Termination Application to evaluate the future viability of SAPO.
- 2.3.3 SAPO remains at risk of liquidation due to SAPO's severely constrained cash position. The BRPs addressed a letter to the Minister and Deputy Minister on 13 March 2026. The letter and attached draft affidavit advised the Ministers of the risk of liquidation and explained the statutory duty imposed on the BRPs as per Chapter 6 of the Companies Act, should they conclude that there is no longer a reasonable prospect of rescuing SAPO. The practical implications of a possible liquidation and the broader consequences that such an outcome may have for SAPO, its stakeholder and the country were further detailed.
- 2.3.4 Subsequently the Minister indicated that the Government is working to avoid a Post Office liquidation. He stated that the Post Office could survive until August 2026 if government interventions succeed. The DCDT was looking to allocate a portion of the R700 million allocated in special appropriations under the 2026 Budget, which is yet to be gazetted, although this falls short of the full R3.8 billion needed. The Minister also reinforced his previously stated view that his department is exploring public-private partnerships in collaboration with the Post Office as a way to strengthen the post office and make it financially stable.
- 2.3.5 In May 2026 SAPO received a virement/special allocation of R350 million as the DCDT's initiative to alleviate cash flow constraints. These funds are to support the ongoing efforts to keep the business operations stable.
- 2.3.6 The DCDT reported that the finalisation of the Board Appointments is imminent as the potential candidates were tabled in Cabinet. Further developments in this regard will be communicated.

2.3.7 The BRPs continue to consult their legal team on the finalisation of the termination application. It is anticipated that the Termination Application will be issued during the month of June 2026. The BRPs together with the SAPO management are actively working on a transitional plan/framework to be implemented post the BRP exit.

### 3. Pending Litigation

3.1 In May 2024, the then Minister of Communications and Digital Technologies, Minister Gungubele extended the exclusivity period for reserved postal services until 30 April 2025.

3.2 Thus, in terms of Section 16(8) of the Postal Services Act, 1998, no person other than the South African Post Office may provide reserved postal services until 30 April 2025.

3.3 Over the past two years, ICASA, as the regulator has maintained that the infringement of its reserved postal services for parcels under 1 kg was unregulated and potentially unlawful. The Post Office supports ICASA in this case, who will ultimately benefit if their arguments to keep Post Office's exclusivity are upheld.

3.4 However, on 12 December 2025, Minister Solly Malatsi issued a directive, which was gazetted, amending the Postal Services Act to remove the reserved postal services category for parcels under 1 kg. This would effectively eliminate SAPO's exclusivity on small parcels and is expected to negatively affect SAPO's future postal and courier operations.

3.5 The BRPs have already met with the relevant regulator in respect of this matter. The license application has been published for public comment in accordance with the prescribed process, and we now await the final outcome and any conditions that may be imposed.

3.6 The legislated exclusivity falls squarely into the social mandate that the Post Office should continue to have, which is to provide key basic communications services to all households including to the rural areas.

3.7 The legislated exclusivity was modelled into the turnaround strategy document for SAPO (which was developed by the BRPs together with management). The loss of this exclusivity negatively impacts on the projected revenues which were estimated to be generated in the future. This effectively means that the Post Office's break-even profit/loss position will take much longer to achieve in future, and assuming that these revenues can be replaced by other types of revenues.

### 4. Closing Remarks

4.1 We continue to believe that the South African Post Office has an important role to play despite ongoing public criticism. Consideration should be given to the limitations many

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South Africans face in accessing digital and courier services, particularly in rural areas and lower-income communities. The business rescue plan provided for the modernisation of services and upgrades to national infrastructure to improve access and delivery for underserved communities. However, due to the required funding not being forthcoming, efforts to achieve these outcomes have been significantly curtailed.

4.2 We continue to work with the DBSA and the DCDT on possible partnership outcomes aimed at identifying an expedient and sustainable solution to support SAPO's future viability.

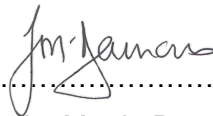
5. We appreciate your assistance and cooperation throughout the business rescue process.

Yours sincerely,



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Anoosh Rooplal

Business Rescue Practitioner



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Juanito Martin Damons

Business Rescue Practitioner

## Annexure A – Events Timeline

<b>Court Order granted for the commencement of Business Rescue proceedings on</b>	<b>10 July 2023</b>
<b>Confirmation from the CIPC to commence BR Proceedings on</b>	<b>12 July 2023</b>
<b>CIPC confirmed BRP appointment on</b>	<b>14 July 2023</b>
<b>First meeting of creditors held on</b>	<b>24 July 2023</b>
<b>First Status Report issued on</b>	<b>27 October 2023</b>
<b>Business Rescue Plan published on</b>	<b>23 November 2023</b>
<b>Second Status Report issued on</b>	<b>4 December 2023</b>
<b>Section 151 meeting held on</b>	<b>7 December 2023</b>
<b>Business Rescue Plan adopted on</b>	<b>7 December 2023</b>
<b>Section 189A(3) Labour Relations Act process commenced on</b>	<b>2 January 2024</b>
<b>First Consultation ito S189A(3) of the LRA</b>	<b>26 January 2024</b>
<b>Second Consultation ito S189A(3) of the LRA</b>	<b>19 February 2024</b>
<b>Third Consultation ito S189A(3) of the LRA</b>	<b>6 March 2024</b>
<b>Fourth Consultation ito S189A(3) of the LRA</b>	<b>7 March 2024</b>
<b>Conclusion of branch analysis</b>	<b>31 January 2024</b>
<b>Branch closure process to commence</b>	<b>30 June 2024</b>

<b>Payment to creditors per the approved BR Plan</b>	<b>April 2024 – July 2024</b>
<b>Retrenchment process finalized</b>	<b>March 2024</b>
<b>Service of notice period for retrenched employees ends</b>	<b>April 2024</b>
<b>SAPO MTEF 2025 funding submission</b>	<b>15 July 2024</b>
<b>Creation of Strategic Partners/Investment Task Team</b>	<b>14 November 2024</b>
<b>TERS application submitted</b>	<b>20 November 2024</b>
<b>Payment of the final tranche of retrenchment packages</b>	<b>29 November 2024</b>
<b>Setting aside of the provisional liquidation order</b>	<b>20 November 2024</b>
<b>TERS application successful</b>	<b>April 2025</b>
<b>SAPO MTEF 2026 funding submission</b>	<b>23 July 2025</b>