



**Phumelela Gaming and Leisure Limited
(in Business Rescue)**

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Notice to affected persons

31 December 2025

**REPORT IN TERMS OF SECTION 132(3)(a) and (b) OF THE COMPANIES ACT 71 OF 2008 (AS AMENDED)
('the Act')**

**PHUMELELA GAMING AND LEISURE LIMITED (IN BUSINESS RESCUE) (REGISTRATION NUMBER
1997/016610/06) ('the Company')**

Dear Sir/Madam,

1. I refer to my previous status reports issued in respect of the business rescue of the Company.
2. The BRP continues to implement the business rescue plan, by, *inter alia*:
 - 2.1. maintaining financial records, filing all tax returns and attending to audit requests from SARS;
 - 2.2. finalizing and publishing financial statements for the 2025 financial year;
 - 2.3. attending to share transfer requests and maintaining the Company's share register;
 - 2.4. paying distributions from the Plan Fund in terms of the adopted business rescue plan;
 - 2.5. attending to the finalisation of litigation which was ongoing at the commencement of business rescue;
 - 2.6. pursuing the VAT input claims;
 - 2.7. attending to the Department of Labour and UIF audits.
3. Financial Statements
 - 3.1. The financial statements for the year ended 31 July 2025 were published on 5 December 2025 and are available for download from the Company's website.
4. Department of Labour and UIF Audits
 - 4.1. During the month of January and February 2024 the department of labour commenced 6 separate audits of Phumelela's various UIF and other payroll related submissions and claims spanning the period 2010 to 2024.

- 4.2. A meeting was held between the Company and the Department of Labour in January 2025 to try to resolve the matter. All information has been provided to the audit team.
- 4.3. The audit team has not yet issued their findings / report.
- 4.4. In June 2025 the department of labour / UIF initiated a third audit of Phumelela's COVID TERS claims. We are unsure as to why the department of labour / UIF is again auditing the payments made to Phumelela employees and are engaging with the relevant officials in this regard.
- 4.5. The BRP is trying to deregister the entity for payroll and employee taxes.
5. Gauteng Gambling Board Review Application – Fixed Odds Levy
 - 5.1. The Company, prior to commencement of business rescue launched an application in the high court to review and set aside an amendment to legislation made by the Gauteng Gambling Board and Gauteng MEC to the Gambling legislation. This amendment removed the payment of a 3% levy on winning fixed odds bets on horse racing to the Company.
 - 5.2. Prior to this amendment, Phumelela received and was paid this levy. This levy contributed substantially to the Company's revenue.
 - 5.3. The matter was heard on 6 May 2024 and judgement was handed down on 30 May 2024.
 - 5.4. The MEC for Economic Development, Environment, Agriculture and Rural Development (Gauteng) ('the MEC') and the Gauteng Gambling Board have successfully petitioned the Supreme Court of Appeal of South Africa ('SCA') and have been granted leave to appeal the whole of the judgement and all of the orders (except the order granting leave to appeal to 4Racing (Pty) Limited) to intervene) by the Gauteng Local Division of the High Court per Wilson J on 30 May 2024.
 - 5.5. The appellants (The Gauteng Gambling Board and MEC) did not comply with the SCA rules in relation to the appeal. The SCA on 6 June 2025 advised the appellants that their appeal had lapsed.
 - 5.6. On 17 June 2025 the appellants filed the record of appeal and an application for condonation of their non-compliance with the rules of the SCA. The appellants filed their heads of argument on 18 June 2025.
 - 5.7. Phumelela filed its heads of argument and answering affidavit in response to the appellants' condonation application in June 2025.
 - 5.8. The appellants have filed their replying affidavit in respect of the condonation application.
 - 5.9. The Supreme Court of Appeals did not allocate a hearing date for this matter in the first court term of 2026. The parties are still awaiting allocation of a hearing date.
 - 5.10. The court file is available on request and will be provided to affected persons should they submit a request in writing to the business rescue practitioner at johnevans@rsadvisors.co.za.

6. Gauteng Gambling Board Review Application – Breach of race meeting license and fine

- 6.1. The Company, prior to commencement of business rescue launched an application in the high court to review and set aside two decisions of the Gauteng Gambling Board arising from disciplinary proceedings instituted against the Company relating to a charge of breaching its race meeting license. The company is seeking repayment of a R2.5 million fine paid in this regard.
- 6.2. The matter was heard on 29 April 2025. Judgement in Phumelela's favour was handed down in August 2025. The following judgement was made:
 - 6.2.1. The decision of the first respondent (the Gauteng Gambling Board) taken on 29 May 2019 to find the applicant (Phumelela) guilty of contravening of condition 10 of its race meeting license is reviewed and set aside;
 - 6.2.2. The decision of the Gauteng Gambling Board to impose a fine of R5 000 000, half of which was suspended for a period of 5 years on condition that the applicant was not found guilty of the same or similar offence, is reviewed and set aside.
 - 6.2.3. The Gauteng Gambling Board is ordered to refund the fine paid (R2 500 000) by the applicant to the Gauteng Gambling Board together with interest at the prescribed rate calculated from 29 May 2019.
 - 6.2.4. The Gauteng Gambling Board is to pay the applicants costs, including the costs of counsel, to be taxed on scale C.
- 6.3. A copy of the judgement is available on request.
- 6.4. The GGB has repaid the fine of R2 500 000 and has agreed to process payment of the interest that is due in 3 equal installments in December 2025, January 2026 and February 2026. The first installment was paid in December 2025.
- 6.5. The Company has instructed a cost consultant to prepare its bill of costs for taxing.

7. Input VAT Claims

- 7.1. The Company has, in accordance with legal opinion in this regard, claimed input VAT on stakes paid for the period from July 2017 to 30 November 2021, the date the horse racing business was transferred to 4Racing. The total value of the input VAT claimed is R97.5 million.
- 7.2. Phumelela has filed the necessary documents to appeal the decisions of SARS to assess the VAT returns and to decline Phumelela's objections to those assessments.
- 7.3. Phumelela and 4Racing have launched an application for declarator in the High Court of South Africa, Gauteng Local Division. The application was issued on 20 December 2024.
- 7.4. All papers have now been filed and the matter is due to be on 18 May 2026.
- 7.5. The court file is available on request and will be provided to affected persons should they submit a request in writing to the business rescue practitioner at johnevans@rsadvisors.co.za.

8. Distributions to shareholders

- 8.1. The Company has returned capital to shareholders since adoption of the business rescue plan of R3.25 per share.
- 8.2. Payment of the above distributions to shareholders who have not yet and subsequently update their FICA and banking details will be processed monthly.
- 8.3. Further distributions to shareholders will only be considered by the Company after either the Gauteng Gambling Board Review Application or the Input VAT Claims have been fully finalised including all legal processes which may include appeal to the Supreme Court of Appeals and any funds that are or become due to the Company have been received.

Yours faithfully

A handwritten signature in black ink, appearing to be 'JE' followed by a long horizontal stroke.

JOHN EVANS

Duly signed in his capacity as business rescue practitioner of the Company.