



MANGO AIRLINES SOC LIMITED (in business rescue)

Registration Number 2006/018129/30

(“Mango” or “Company”)

26 November 2021

**Status Report in terms of section 132(3) of the Companies Act 71 of 2008, as amended,
 (“Companies Act”), read with Regulation 125**

1. INTRODUCTION

In terms of section 132(3) of the Companies Act a company whose business rescue proceedings (“**Proceedings**”) have not ended within three months after the start of those proceedings, or such longer time as the court, on application by the business rescue practitioner (“**BRP**”), may allow, the BRP must:

- (a) prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
- (b) deliver the report and each update in the prescribed manner to each affected person, and to the court, if the proceedings have been the subject of a court order or the Companies and Intellectual Property Commission (“**CIPC**”), in any other case.

The BRP accordingly submits the first status update report.

2. SALIENT DATES

The following table sets out certain key events that took place, and those still to take place in the near future, during the Proceedings of the Company:

Events	Date
Board resolution commencing the Proceedings filed with CIPC	16 April 2021
Commencement of the Proceedings	28 July 2021
Appointment of the BRP	3 August 2021
First meeting of the creditors of the Company (“ Creditors ”)	18 August 2021
Extension of time to publish the business rescue plan (“ BR Plan ”)	29 October 2021
Meeting to consider the BR Plan	15 November 2021
Publication of the amended BR Plan (“ Amended BR Plan ”)	25 November 2021
Meeting to consider Amended BR Plan	2 December 2021



3. THE PUBLICATION OF THE BUSINESS RESCUE PLAN

The BR Plan of the Company was published on 29 October 2021. The BR Plan provided, *inter alia*, that the Company would:

- enter into short-term arrangements with one of its aircraft lessors to provide for a reduced fleet of between 3 to 4 aircraft, to be brought into service in December 2021;
- operate certain domestic routes and at a later stage also enter the regional market;
- reduce its staff complement to align with the reduced fleet; and
- seek a strategic equity partner (“**Investor**”) that will acquire the shares currently held by the South African Airways SOC Limited (“**SAA**”) and provide financial support to enable the Company to procure a new fleet of approximately 8 aircraft.

4. MEETING TO CONSIDER THE BUSINESS RESCUE PLAN

A meeting to consider the BR Plan was held on 15 November 2021, at which meeting SAA tabled a proposal for the meeting to be adjourned for a maximum of 15 business days to allow the BRP time to amend the BR Plan as proposed by SAA. The overall effect of the amendment was mainly to direct that the funds injected by the current shareholder should not be utilised to fund the resumption of operations, and that operations can only resume once the Company has secured the Investor that will step into the shoes of SAA. Consequently, the Company had to offer voluntary severance packages (“**VSP**”) to all its staff, barring a few critical positions required to keep the airline on care and maintenance.

The Amended BR Plan was published on 25 November 2021 and the meeting to consider the Amended BR Plan will be held on 2 December 2021.

5. POST COMMENCEMENT FINANCE

As previously advised, the Company was in terms of the Special Appropriation Act 11 of 2021 allocated an amount of R819 million. An advance of R100 million was received shortly after the commencement of the Proceedings, and was mainly applied towards payment of salaries for the months of July 2021 to October 2021 (albeit only 50% of the October salaries could be paid).

A further amount of R320 million was received on 26 November 2021, to fund the VSPs and other restructuring costs. The balance of R399 million is expected to be paid soon after the adoption of the Amended BR Plan.



6. VOLUNTARY SEVERANCE PACKAGES

The Company extended an invitation to its employees to apply for VSPs. Following several engagements with employees, through their elected representatives, and in certain cases directly with the employees, the packages were increased to encourage larger numbers to apply. The application window closed on Monday 22 November 2021 and a total of 553 applications were received, which collectively accounts for 86% of the total monthly salary bill of approximately R27 million. In addition, the contracts of employees that were hired on fixed term contracts were terminated, resulting in a further reduction of the salary bill by 3%.

7. PROOF OF CLAIMS

Creditors that have not yet submitted their claims are encouraged to do so as soon as possible.

8. CONCLUSION

The BRP remains of the opinion that there is a reasonable prospect of rescuing the Company, or that the Proceedings would result in a better outcome for Creditors and the shareholders of the Company than would otherwise be achieved should the Company be placed in liquidation.

Sipho Sono

Business Rescue Practitioner

Mango Airlines SOC Limited