



MANGO AIRLINES SOC LIMITED (in business rescue)

Registration Number 2006/018129/30

("Mango" or "Company")

31 December 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 second status update report.

2. SALIENT DATES

The following table sets out certain key events that took place 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. MEETING TO CONSIDER THE AMENDED BUSINESS RESCUE PLAN

The Amended BR Plan was adopted (“**Adopted BR Plan**”) by creditors and the shareholder at the meeting to consider the Amended BR Plan that was convened on 2 December 2021. The creditors also voted in favour of the BRP’s fee agreement.

4. FUNDING

As indicated in the Adopted BR Plan, of the R819 million allocated to the Company in terms of the Special Appropriation Act 11 of 2021, R420 million was received by the Company, and that the remaining balance of R399 million would be received soon after the adoption of the Amended BR Plan. To this extent, the BRP addressed a letter to South African Airways SOC Limited (“**SAA**”) on 2 December 2021, requesting that SAA initiate the process to secure the remaining funds from the Department of Public Enterprises (“**DPE**”). Although the BRP was informed by SAA’s Interim Chief Financial Officer that SAA has written to DPE to request the funds, it is anticipated that the balance of the allocated funds will be received in January 2022.

5. UPDATE ON EMPLOYEE MATTERS

- a) With regards to the Voluntary Severance Packages (“**VSP**”) process that was initiated in October 2021, the total number of applications that were accepted increased from 553 (that was reported in the previous report) to 593, thus reducing the staff complement to 105 permanent employees.
- b) With regards to key employees required to carry out critical duties until the Company resumes operations, a total of 41 employees have been retained on limited duration contracts.
- c) Unpaid remuneration to past employees (resigned, retired or passed away, as the case may be) will be paid as soon as applications for tax directives have been concluded with SARS.
- d) As is evident in the Adopted BR Plan, the Company will not resume operations until and unless it secures a new investor that may relaunch the airline at a date that is currently indeterminate. In the circumstances, the Company will have no option but to commence a consultation process in terms of sections 189 of the Labour Relations Act 66 of 1996 (“**the LRA**”) that may affect the remaining permanent employees.

6. INVESTOR PROCESS

The Investor Process commenced on 2 December 2021 following adoption of the Amended BR Plan, with a call for expressions of interest (“**EOI**”) from potential investors interested in acquiring all of the shares currently held by SAA. A number of EOIs were received in response to the invitation, and the BRP and his team are evaluating compliance of the EOIs with the minimum



requirements set out in the bid process letter issued to prospective investors. Bidders that substantially meet the requirements (“**Prequalified Bidders**”) will be invited to commence their due diligence imminently, after which the Prequalified Bidders are expected to submit binding offers in February 2022. Affected parties will be informed of further developments as the process progresses.

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 shareholder of the Company than would otherwise be achieved should the Company be placed in liquidation.

Sipho Sono

Business Rescue Practitioner

Mango Airlines SOC Limited