

17 JULY 2025

EMPLOYEES COMMITTEE

Attention: Mr. Simon Macheke

Per Email: simon@saewa.co.za

**RE: DAYBREAK FOODS // RESPONSE TO EMPLOYEES COMMITTEE LETTER DATED
16 JULY 2025**

1. The above matter and your letter dated 16 July 2025 refers.
2. The BRP is aware of salary queries which employees have addressed. A circular has been published dealing with the manner in which the queries will be attended to.

Employee Salary Issues and Treatment of Claims

3. The committee will recall that a circular was addressed to all employees advising that, due to the ongoing system issues, the salary payments would be processed based on the May payroll data.
4. Employees have further been advised that the employees who rendered services, would receive their full remuneration. Employee who did not render services, on the

other hand, would receive a minimum of 50% of their salaries, This criteria was applied across all employees, irrespective of the positions which they hold.

5. The BR team expected that certain queries may arise from the manual processing, and as such, we advised that all queries would be addressed with employees on an individual basis.
6. The BR team confirms that the queries are being attended to in conjunction with HR.
7. In our letter dated 13 July 2025, we set out the position of the employees claims at length.
8. Employees who are due monies pre-commencement will be treated in accordance with Section 144(2). These employees are considered to be pre-rescue unsecured creditors as the Act stipulates.
9. Claims of employees that have accrued post-commencement rank preferent as set out in Section 135 of the Act.
10. As advised, all employee claims will be broken down into both pre and post rescue claims and will be treated accordingly. Naturally, these claims will include all deductions made for third-party payments that have not been paid over.
11. The BRP acknowledges the right of employees to participate and vote on the adoption/rejection of the business rescue plan.
12. We have dealt with the issue surrounding the voting of employees, in our previous correspondence. For the sake of brevity, we do not repeat same herein.

Business Rescue Fees and Disbursements

13. The BRP notes the allegations that exorbitant fees have been levied. The BRP denies these baseless allegations and submits that the process of making payment of fees and disbursements is done strictly in accordance with the Act. A full record of all invoices, statements and other supporting documents are processed.
14. The BRP submits that the fees charged during the business rescue proceedings of the Company has been reasonable and is an accurate account of the services that have been rendered thus far.

General

15. We note your legal obligation in relation to PRECCA as set out in clause 5 of your letter under reply. We will not prevent or hinder the committee from exercising their rights in this regard.
16. We submit that the BRP and his team have exercised their duties and responsibilities, strictly in accordance with the provisions of the Act. Any suggestion by the committee to the contrary, is denied.
17. The funding provided by the shareholder and funder have been disbursed lawfully and in line with the critical costs that are required during the emergency phase of the business rescue proceedings.

Demands

18. In response to your demands, we submit:

- 18.1. The requisite majority of creditors have approved the extension of the publication of the business rescue plan to 22 August 2025 and, as such the requirements of section 150(5) have accordingly been met.
- 18.2. The BRP denies that any threats were made in the notice dated 13 July 2025. The contents of the notice remain in full force and effect.
- 18.3. The suspension notice issued to Mr. Mahlangu will not be withdrawn. The suspension remains valid, pending the finalisation of the investigations into his conduct.
- 18.4. The BR team is not required to provide the employees committee with statements of account and invoices for rescue fees and disbursements and, accordingly, denies your request.
- 18.5. The BR team is dealing with the issues surrounding the payment of the June salaries, as set out herein above.
- 18.6. We have responded to your letter dated 14 July 2025 and for the sake of brevity, we do not repeat the contents of same herein.
19. We take note of your intention to institute legal proceedings. We submit that there is no merit in your claims and any litigation which the committee may propose to institute, will be opposed.
20. We trust that you find the above in order.



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Company Registration Number: 2001/015025/07