



(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

**STATUS REPORT PUBLISHED TO ALL AFFECTED PARTIES IN TERMS OF SECTION 132(3)
OF THE COMPANIES ACT 71 OF 2008**

**IN THE BUSINESS RESCUE PROCEEDINGS OF:
DAYBREAK FOODS (PTY) LTD (UNDER BUSINESS RESCUE)
("THE COMPANY")
FOR THE MONTH OF:
JULY 2026**

INTRODUCTION

1. In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008 ("Act"), if the business rescue proceedings of the Company are not concluded within 3 months from the date of its commencement, a business rescue practitioner is required to –
 - 1.1. prepare a report on the progress of the Company's business rescue proceedings, and update it at the end of each subsequent month until the end of the said proceedings; and
 - 1.2. deliver the report and update to each affected person, as well as the Companies and Intellectual Property Commission (**CIPC**).
2. This status report must be read in conjunction with all previously published status reports, circulars, correspondences and/or notices.



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Hatchery and Breeder Operations

3. The Company's hatchery and breeder operations remain ongoing and is stable.
4. The BRP and his team continues to attend weekly production meetings with the management team at the Company's hatchery and breeder divisions. This allows for the proper planning of production and demand management.
5. The hatchability rate at the Company's hatchery facility remains in line with the Ross Standard. The Company's DOC sales have declined due to a general lack of demand in past periods.
6. The poultry industry, in general, is now moving into a period of the year where production planning increases in line with the peak demand toward the later part of the year. The Company expects to increase its DOC sales from October 2026
7. In the previously published status report, affected parties were advised that the BRP has entered into various negotiations with potential clients for the supply of fertile eggs and DOCs. The negotiations remain ongoing and are at its final stages.
8. The BRP, in this regard, has engaged in negotiations in relation to the Company's hatchery and breeder divisions. More particularly, and as part of the SEP process in the adopted Plan, the Company aims to enter into either an offtake agreement with a partner. The BRP is entertaining various negotiations with interested parties and expects to conclude an agreement in due course.
9. The Company continues to replenish its parent flock at its breeders on a continuous basis, with regular flock replenishment taking place in line with the current and projected future demand.

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10. In the previously published status report, affected parties were advised, the Company confirmed that it successfully obtained export licenses for its Hatchery and Diepputten Breeder Farm.
11. The Company, however, still awaits formal confirmation that it has been placed on the (Avian Influenza) AI Free List. The Company continues to communicate with the State Vet and expects to receive confirmation during the course of August 2026.

Labour Relations

12. The current labour position remains stable.
13. The formal retrenchment process commenced on 06 January 2026 with the issuing of the Section 189 and 189A retrenchment notices in terms of the Labour Relations Act (**LRA**) being issued to all employees across all divisions of the Company.
14. The Company confirms that the retrenchment process has been finalised. The affected employees at the non-operational divisions, hatchery, breeders and the head office have all received their termination notices.
15. The BRP consulted the Employees Committee, Unions and affected employees throughout the process. Whilst the negotiations were robust and vigorous, the Company is of the view that the process was conducted fairly, in line with the LRA and avoided retrenchments where reasonably possible.
16. The BRP and his team will continue to monitor the labour efficiencies withing the Company and should the need arise, the Company may engage in further labour rationalisation consultations.

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17. The Company aims to finalise the sign-off of its 2025 and 2026 financial statements between August and September 2026. Once this process is finalised, the BRP will launch a new application seeking TERS support. Affected Parties will recall that the initial TERS application was rejected based on the Company's inability to produce financial statements.
18. Now that the retrenchment process has drawn to a close, the Company and the Employees Committee can place focus on attending to critical issues surrounding the operational labour relations of the Company.
19. The BRP and his team will continue to have monthly meetings with the Employees Committee. The next round of consultations will focus on the terms that will be incorporated in repaying employee related claims that stem from the retrenchment process.

Suspension of CFO

20. The Business Rescue Practitioner placed the Company's Chief Financial Officer (CFO), Mr. Aubrey Dali, on suspension with effect from 06 March 2026.
21. The suspension follows an ongoing investigation over the past several months into allegations of gross misconduct and fraud.
22. Pursuant to the initial investigations, an independent forensic audit firm, Mahvuve, was requested in conducting investigations and prepare a report on the alleged acts of misconduct by the CFO. The report was finalised on 10 April 2026.
23. The report was addressed to the CFO's attorneys and provided them with the opportunity to respond within 7 days. On 20 April 2026, the CFO's attorneys advised that their client would not be responding to the report and advised that he will invoke the provisions of Section 188A of the LRA, once the notice to attend a disciplinary enquiry is served.

24. In terms of Section 188A, an employee who alleges that disciplinary proceedings instituted against him was solely as a result of a protected disclosure (in terms of the Protected Disclosures Act) that was made by the employee, has the right to approach the CCMA to have the disciplinary proceedings chaired by an Arbitrator of the CCMA. The Employee would first be required to proof that he in fact made a protected disclosure which directly led to the disciplinary process.
25. The matter was set-down for hearing by the CCMA on 14 July 2026.
26. On 10 July 2026, the Company's attorneys engaged in an urgent Teams meeting with the BRP and his team. The attorneys advised that representatives from their firm received death threats from an unknown number and demanded that the cease acting on behalf of Daybreak in the disciplinary proceedings of the CFO.
27. The initial attorneys subsequently terminated their mandate. Shortly thereafter, the BRP appointed a new set of Attorneys to handle the CCMA proceedings.
28. On 14 July 2026, the matter was entertained by the CCMA. The commissioner, having regard to the threats made against the Company's erstwhile attorneys, recused himself from the matter.
29. The matter has subsequently been enrolled for hearing on 04 August 2026. Affected parties will be advised of the outcome in the next status report.

Internal and External Investigations

30. As part of the BRP's ongoing investigations into the affairs of the Company, the BRP has commissioned a full forensic audit.

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31. In the previously published status report, reference was made to the Head of Talent Acquisition and Employee Experience (Ms. Bongi Mkwana) as part of the internal investigations conducted by the Company.
32. The Company hereby formally retracts any reference made in relation to Ms. Mkwana in relating to the internal investigations that remain ongoing.
33. In the interim, affected parties are advised of the following update on the internal investigations that are underway:

#	Project	Nature of the Issue	Progress to Date
1	Logistics Service Provider	Fraudulent invoices for non-existent work (±R8m)	The criminal investigation process is in progress by the Hawks. The Investigating officer is currently awaiting banking records of the embezzled funds from First National Bank. Last point of contact with the Investigating Officer was on 23 July 2026.
2	Contract Grower (Ikutana Farm)	Theft of Daybreak birds to approximately R2m	The criminal investigation process is in progress by the Hawks. The investigating officer is undergoing the process of taking statements from witnesses.

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#	Project	Nature of the Issue	Progress to Date
			Last point of contact with the Investigating Officer was on 23 July 2026.
3	Former CEO Salary Inflation	The former CEO's salary was unlawfully overstated or inflated by R1,841,667 between January 2024 and May 2025	The matter was referred to by the Hawks; a criminal investigation is currently underway. Currently awaiting feedback from the Hawks Officer on the progress to date.
4	Forensic investigation into Procurement irregularities reported in Sunday Times newspaper	Duplicate payments as well as Inflated invoices were paid to the amount of approximately R80m.	A criminal case has been opened with the Hawks and is underway. Last point of contact with the investigating officer was on 14 July 2026. The Company engaged with the various firms that investigated to obtain the investigation file, as part of the request by the investigating officer. However, we are currently missing annexures to one report from PIC compiled by Nexus Forensic Services.

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#	Project	Nature of the Issue	Progress to Date
5.	Delmas Water Recycling Plant	A payment of approximately R28m was made to a supplier for an excessively expensive water recycling plant. Further, duplicate payments were noted to the amount of approximately R1 million	The matter has been referred to the Hawks in Middleburg for their criminal investigation.
6.	Engineering Supplier	Duplicate payments to the amount of R1m were made.	The matter has been referred to the Hawks for a criminal investigation. The Company awaits further feedback from the Hawks in this regard.
7.	Suspected irregularities at Breeders and Hatchery	Investigation into birds' stock management, live bird sales, overtime and other potential irregularities	Investigation is ongoing and is planned to be completed by 31 August 2026
8.	Sherid Storrer	Between March 2026 and June 2026, Daybreak experienced a significant financial setback when Sherid Storrer allegedly submitted six fraudulent proof of payments totaling R232,196 via Capitec and Tyme Bank. This led to a financial loss of R223,083.56 (R232,196.40 less R9,112.84).	Received on 30 June 2026; the investigation is ongoing.

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#	Project	Nature of the Issue	Progress to Date
9.	Shoprite loan agreement of R100 million	On 1 November 2024, Daybreak secured a R100 million loan from Shoprite, aiming to meet customer demand and deliver on purchase orders during a crucial six-week in December 2024. It was alleged that Daybreak actually did not use the Shoprite loan as planned or agreed upon.	Investigation complete. Loan proceeds were misused as alleged. Daybreak did not disclose or record the loan, cession, or GNB in FY2024. Unfortunately, the former CEO has not cooperated with us during our investigation, making it difficult to resolve these issues. The loan ultimately proved to be neither profitable nor sustainable for Shoprite, affecting the company's stability. This violated section 19(2) of the Companies Act, as annual statements were published that did not give an honest picture to shareholders and stakeholders. The Shoprite loan agreement was breached from at least 1 November 2024, when payments were made for obligations unrelated to the loan's purpose, which affected trust between parties.

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#	Project	Nature of the Issue	Progress to Date
			The Company has been legally advised civil action be taken against the former CEO for breaching his fiduciary duties, as required by sections 76 and 77 of the Companies Act, in order to protect Daybreak's interests and restore stakeholder confidence
10.	iPhone 15 Pro and iPad for former CEO (Phone Allowance)	Daybreak purchased a cellphone for R31,659.50 on 22 April 2024 for the former CEO. Furthermore, Daybreak also paid a phone allowance of R4,000 per month or R48,000 per annum to the former CEO as per his employment contract with Daybreak. It was concluded that the purchase of the iPhone and iPad for R31,659.50 is irregular because it violates clause 5.31.2 of the Human Resource Manual dated January 2022. This clause prohibits the purchase of such devices on the Daybreak account. Furthermore, these devices were not disclosed as a fringe benefit in the hands	Investigation is incomplete

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#	Project	Nature of the Issue	Progress to Date
		of the former CEO during his tenure at Daybreak. He indicated that he obtained a legal opinion which advised him not to assist us with our investigation	
11.	BMW X5 (xDrive 30d M Sport)	The former CEO's allocated car allowance was R10,000 per month or R120,000 per annum per his employment contract. The Former CEO approved that Daybreak should purchase him a BMW X5 for R1,721,764.19 between 19 April 2024 and 10 May 2024. An authorising memo supported this approval, addressed to the former CEO, dated 31 January 2024, which increased his car allowance from R10,000 to R30,000 per month. The memo was not approved by the Board, as required by the DOA dated 2 January 2024.	The investigation remains ongoing.
12.	CFO Role from 2022 to date	The former CFOS annual salaries: R2,503,303 from Jan 2022 to Jan 2024; R3,024,584 from 1 April 2024 to 7	The investigation remains ongoing.

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#	Project	Nature of the Issue	Progress to Date
		October 2024 and R3,267,574 from Oct 2024 to date. the suspended CFO's appointment of R3.3m exceeded its budget of R2.9m and there was no approval for the budget shortfall of R400k The erstwhile CFO was paid a termination fee of R1.498 million on 7 May 2024. She disagreed with the former CEO's purchase of a BMW X5 for R1.7 million and other expenses	
13.	CPO Role from 2022 to date	the CPOS annual salary: R1m from April 2021 to Oct 2021; R1.5m from 1 April 2024 to 7 October 2024; and R2.65m from 1 February 2024 to date. This means the annual salary increased by 43.4% (R1.15m) from the first CPO in Oct 2023 to the most recent CPO in Jan 2024. The most recent CPO's appointment of R2.65m exceeded the budget of R2.4m, which was approved by the former CEO with a budget shortfall of R300k.	The investigation remains ongoing.

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#	Project	Nature of the Issue	Progress to Date
		The erstwhile CPO was paid a termination fee of R1.5 million on 30 October 2023 by the former CEO.	
14.	CEO Role from 2022 to date	CEO1 annual salary: R4.6m from Jun 2022 to 30 April 2023; and the former CEO's annual salary: R5.6m from 1 January 2024 to May 2025. This salary was unlawfully increased by the former CEO and the former Corporate Secretary (Natasha) This means the annual salary increased by 27.7% or R1.3m from CEO1 in April 2023 to the former CEO in December 2023. This increase in six months is unjustified, although the approved budget as reflected in ATR or ATA for this position is missing from his personnel file reviewed	The investigation remains ongoing.
15.	Absa Credit Card of Manzini	ABSA Credit Card number 4257-0300-5699-2018, assigned Daybreak to the former CEO between August 2024 and March 2025, indicated that the former CEO used about R221,484.04, which	The investigation remains ongoing.

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#	Project	Nature of the Issue	Progress to Date
		belonged to Daybreak, as its financial resources during that period. Finance officials have not yet provided us with documents indicating how these transactions were recorded, disclosed and approved by Daybreak	
16.	Aspen Africa in Leadership	It was established that the former CEO used more than R95,180.53 of Daybreak's funds to attend human development courses in Leadership offered by Aspen Africa. These courses are scheduled to take place from January 2024 to March 2025 in Stellenbosch, Western Cape, and in Italy. This expenditure occurred shortly after he joined the company as CEO in January 2024, when Daybreak was unable to pay its creditors and employees. The payments of R95K exclude expenses incurred in March 2024, which are under our investigation.	The investigation remains ongoing.

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34. In addition thereto, the following external investigations are presently underway:

Project Name	Nature of Investigation	Target Completion Date	Progress to Date
Allegations received by the Shareholder (PIC)	Investigation of various (35 allegations and 9 questions from National Treasury) allegations relating to governance, human resources management and procurement irregularities	31 August 2026	PIC appointed Chavani Forensic to investigate alleged irregularities at Daybreak. The Chavani Forensic Audit team is currently busy with the draft report. We continue to provide the required support to the investigators from time to time. Target Completion Date: extended to August 2026
R100m & R174m Cash Injection	Forensic investigation into the utilisation of funds.	31 August 2026	PIC appointed Open Water to investigate alleged irregularities at Daybreak. We are reviewing their draft report to incorporate our comments. We continue to provide required support to the investigators from time to time. Target Completion Date: extended to August 2026
Contract Growers	Investigation of various allegations including theft of birds, feed and other consumables by the contract growers	31 August 2026	
Human Resource Management	Investigation into various irregularities within recruitment and selection as well as industrial relation practices.	31 August 2026	

35. Due to the sensitive nature of these investigations, the BRP will refrain from providing specific details until such time as the investigations and subsequent prosecutions have been concluded.

Technical Assessment and Compliance

36. The WUL applications in respect of all the divisions of the Company has commenced and is on track.
37. The majority of the testing has been conducted on the various sites. Once all testing has been completed and the various expert reports have been compiled, the Company will proceed with Phase 2 of the application process by formally applying for the various WUL's across the Company's divisions.
38. The application process in respect of the Sundra abattoir is the most advanced with all specialist studies having been conducted.
39. The BRP will provide a comprehensive summary of the status of the WULA compliance and reactivation status in the status report for the month of August 2026.

CONCLUSION

40. The BRP and his team continue to work tirelessly to implement the proposals set out in the adopted Plan.
41. The BRP thanks all affected parties for their ongoing commitment in ensuring the successful business rescue proceedings of the Company.
42. The next status report will be published during the course of August 2026.



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