



(IN BUSINESS RESCUE)
31 Spanner Road
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Olifantsfontein
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**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:
JUNE 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.

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.
6. 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 in this regard remain ongoing and the BRP is confident that further agreements should be reached shortly.
7. 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. The next flock replenishment is scheduled to take place during the course of August 2026.
8. 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.
9. The Company, however, still awaits formal confirmation that it has been placed on the (Avian Influenza) AI Free List. The Company is in constant communication with the State Vet to ensure that it is placed on the said list. Once the Company has been placed, it may legally export fertile eggs and DOCs to neighbouring and international countries. The Company is engaging with a potential off-taker in this regard, which negotiations are promising.



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Labour Relations

10. The current labour position remains stable.
11. 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.
12. The Company's retrenchment proceedings are drawing to a close. The retrenchment proceedings of the non-operational divisions, as well as the Hatchery and Breeder facilities have been finalised. The Company conducted individual consultations with the affected employees at the Hatchery and Breeder operations during the course of June 2026. The Termination Notices were addressed to the affected employees per hand.
13. A total of 30 employees have been retrenched. The current headcount at the Hatchery and Breeder facilities are 305, excluding the employees at the Head Office.
14. The retrenchment process in relation to the Company's Head Office is in the final stages. The Company, Employees Committee and respective Unions have reached agreement on the new operational structure of the Head Office, including the number of employees that will be affected by the retrenchment proceedings at this division. The Company awaits final confirmation from the Employees Committee in this regard.
15. The Company expects to finalise the retrenchment process at Head Office and deliver the Termination Notices to all affected employees during the later part of July 2026. Once this has been attended, the retrenchment process as a whole will formally conclude.

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Internal and External Investigations

16. As part of the BRP's ongoing investigations into the affairs of the Company, the BRP has commissioned a full forensic audit.
17. 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 24 June 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. Last point of contact with the Investigating Officer was on 12 June 2026.

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#	Project	Nature of the Issue	Progress to Date
3	Former CEO Salary Inflation	Manzini's salary was unlawfully overstated or inflated by R1,841,667 between January 2024 and May 2025	The matter was referred to 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. We have also 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.
5.	Delmas Water Recycling Plant	A payment of approximately R28m was made to a supplier for an excessively expensive water recycling plant.	The matter has been referred to the Hawks in Middleburg for their criminal investigation. We provided supplementary information to the Hawks based in

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#	Project	Nature of the Issue	Progress to Date
		Further, duplicate payments were noted to the amount of approximately R1 million	Middleburg last Wednesday (24 June 2026).
6.	Engineering Supplier	Duplicate payments to the amount of R1m were made.	The matter has been referred to the Hawks for a criminal investigation. We await 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 we have planned to complete it 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 unfortunate event 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. We have planned to interview the suspect on Friday, 3 July 2026.
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.	Investigation complete. Loan proceeds were misused as alleged. Daybreak did not disclose or record the loan, cession, or GNB in FY2024.

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		It was alleged that Daybreak actually did not use the Shoprite loan as planned or agreed upon.	Unfortunately, Mr Manzini 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. We have advised that civil action be taken against Mr Manzini for breaching his fiduciary duties, as required by sections 76 and 77 of the Companies Act, in order to protect

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#	Project	Nature of the Issue	Progress to Date
			Daybreak's interests and restore stakeholder confidence
10.	iPhone 15 Pro and iPad for Mr Manzini (Phone Allowance)	Daybreak purchased a cellphone for R31,659.50 on 22 April 2024 for Manzini. Furthermore, Daybreak also paid a phone allowance of R4,000 per month or R48,000 per annum to Manzini as per his employment contract with Daybreak. We 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 of Manzini during his tenure at Daybreak. Manzini indicated that he obtained a legal opinion which advised him not to assist us with our investigation	Investigation is incomplete

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#	Project	Nature of the Issue	Progress to Date
11.	BMW X5 (xDrive 30d M Sport)	Manzini's allocated car allowance was R10,000 per month or R120,000 per annum per his employment contract. Manzini approved that Daybreak should purchase him a BMW X5 for R1,721,764.19 between 19 April 2024 and 10 May 2024. A memo authored by Bongzi Mkhwanazi (Talent and Resourcing Specialist) supported this approval, addressed to Manzini, dated 31 January 2024, which increased his car allowance from R10,000 to R30,000 per month. Mkhwanazi did not provide us with an approval for this allowance, which fell outside of her scope of work at Daybreak at the time. Ms. Vuyo Xam was Daybreak's Head of Rewards at the time, responsible for the focal allowances. This means this memo was not approved by the Board, as required by the DOA dated 2 January 2024. Ms. Mkhwanazi is unable to provide us with an approved memo from the Board, as required by the DOA. We have not yet	Investigation is incomplete

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#	Project	Nature of the Issue	Progress to Date
		secured a meeting with Ms. Xam to discuss her account of this issue.	
12.	CFO Role from 2022 to date	Masisi's annual salary: R2,503,303 from Jan 2022 to Jan 2024; Gabriel's annual salary: R3,024,584 from 1 April 2024 to 7 October 2024; and Dali's annual salary: R3,267,574 from Oct 2024 to date. This means the annual salary increased by R21% (R522k) from Masisi in Jan 2024 to Gabriel in April 2024 and by 8% or R245k from Gabriel to Dali, and by R766k or 31% from Masisi in Jan 2024 to Dali in Oct 2024. Dali's appointment of R3.3m exceeded its budget of R2.9m and there was no approval for the budget shortfall of R400k Gabriel was paid a termination fee of R1.498 million on 7 May 2024. She disagreed with Manzini's purchase of a BMW X5 for R1.7 million and other expenses	Investigation is incomplete
13.	CPO Role from 2022 to date	Cele's annual salary: R1m from April 2021 to Oct 2021; Majola's annual salary: R1.5m from 1 April 2024 to 7 October	Investigation is incomplete

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#	Project	Nature of the Issue	Progress to Date
		2024; and Mosadi's annual salary: R2.65m from 1 February 2024 to date. This means the annual salary increased by 43.4% (R1.15m) from Majola in Oct 2023 to Mosadi in Jan 2024. Mosadi's appointment of R2.65m exceeded its budget of R2.4m, which was approved by Manzini with a budget shortfall of R300k. Majola was paid a termination fee of R1.5 million on 30 October 2023 by Manzini	
14.	CEO Role from 2022 to date	Seshibe's annual salary: R4.6m from Jun 2022 to 30 April 2023; and Manzini's annual salary: R5.6m from 1 January 2024 to May 2025. This salary was unlawfully increased by Manzini and the former Corporate Secretary (Natasha) This means the annual salary increased by 27.7% or R1.3m from Seshibe in April 2023 to Manzini in December 2023. This increase in six months is unjustified, although the approved budget as reflected in ATR or ATA for this position	Investigation is incomplete

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#	Project	Nature of the Issue	Progress to Date
		is missing from his personnel file reviewed	
15.	Absa Credit Card of Manzini	ABSA Credit Card number 4257-0300-5699-2018, assigned Daybreak to Manzini between August 2024 and March 2025, indicated that Manzini used about R221,484.04, which 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	Investigation is incomplete
16.	Aspen Africa in Leadership	We established that Manzini 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	Investigation is incomplete

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#	Project	Nature of the Issue	Progress to Date
		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.	

18. 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	30 June 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: 20 July 2026
R100m & R174m Cash Injection	Forensic investigation into the utilisation of funds.	30 June 2026	PIC appointed Open Water to investigate alleged irregularities at

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Project Name	Nature of Investigation	Target Completion Date	Progress to Date
Contract Growers	Investigation of various allegations including theft of birds, feed and other consumables by the contract growers	30 June 2026	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: 31 July 2026
Human Resource Management	Investigation into various irregularities within recruitment and selection as well as industrial relation practices.	31 June 2026	

19. 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

20. The WUL applications in respect of all the divisions of the Company has commenced and is on track.
21. 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.

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22. The application process in respect of the Sundra abattoir is the most advanced with all specialist studies having been conducted.
23. The Company has experienced delays in the submission of the WUL applications for the various divisions. This is largely due to delays experienced with the water tests and reports across certain of the Company's divisions. As a result of these delays, the Environmental Practitioner expects the applications to be launched during the course of August 2026.
24. A summary of the current status across all the divisions is set out herein below:

SITE	STATUS
Sundra Abattoir	Specialist studies almost complete (plans & designs outstanding). Public participation process (PPP) ends 15 July 2026 then proceed to phase 1-3.
Delmas Abattoir	WULA process commenced beginning of June 2026. Specialist studies commenced (2/6 completed). PPP concludes mid-August 2026 – aim to finalise specialist studies by then and commence with phase 1-3 application.
Worthing Hatchery	Specialist studies commenced (2/5 completed). PPP concludes beginning of August 2026.

	Specialist studies to be completed by time PPP ends to enable phase 1-3 commencement.
Merinovlakte And Diepputten Breeders	2/6 specialist studies completed. Studies expected to be completed by end of August 2026. PPP concludes beginning of August 2026.

25. The BRP instructed two engineering companies to conduct a full technical assessment on the requirements to restart the Delmas' and Sundra Abattoir.
26. These initial assessments were concluded at the end of May 2026, with The technical advisors having provided the BRP with reports on both the Delmas and Sundra abattoirs.
27. One of the key issues to resolve is to reconnect electricity supply to the Delmas abattoir in order to accurately determine the condition of the equipment within the plant and, in so doing, to accurately assess what equipment must be repaired and or replaced
28. The Company has instructed an electrical services provider to attend to the restoration of electricity at the said abattoir. The works are expected to commence during July 2026.
29. The equipment assessment of the Delmas Abattoir will be completed once electricity supply has been restored.

30. A summary of the current status of the Reactivation of the Delmas Abattoir is set out in the table herein below:

ACTIVITY	STATUS
Technical Assessments	Two technical assessments received with technical diagnostic and project cost estimate – to avoid reliance on a single opinion. Common theme is that the machinery and equipment costing is at a low level of confidence due to lack of power and inability to test machinery. Electricals required to properly assess state of machinery and narrow scoping and costing. Refrigeration plant remediation critical due to ammonia leak.
Outcome of technical assessments informs the following strategy:	Electrical and refrigeration contractors being appointed to remediate electricals and refrigeration. Scoping, quoting and contracting underway: a) Main abattoir electricals b) Refrigeration electricals and refrigeration plant Electricians to be on-site during the course of July. Electrical contractor to provide temporary power to plant to properly assess machinery and equipment functioning, and finalise scoping and costing.

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	Contractors appointed for balance of plant based on the scoping from the machinery and equipment testing (aim to be on site by Sep 2026).
Waste water treatment plant remediation to commence immediately	Final proposal from contractor accepted. Contract being finalised. Aim to have site mobilisation by end of July 2026.

Funding Requirements for Reactivation Option

31. The BRP and his team continues to engage the potential funders to inject the required R350 million in capital which the Company requires to restart either the Delmas or Sundra Abattoir and ramp up to full production at its hatchery and breeder operations.
32. A breakdown of the capital requirements is set out in the adopted Plan and the previously published status report. Affected parties are requested to refer thereto for further information.
33. The BRP is pleased to confirm that agreements have been entered into with two funders for an amount of R150m each. The drawdowns are taking place in line with the terms and conditions of the respective agreements.

CONCLUSION

34. The BRP and his team continue to work tirelessly to implement the proposals set out in the adopted Plan.



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35. The BRP thanks all affected parties for their ongoing commitment in ensuring the successful business rescue proceedings of the Company.
36. The next status report will be published during the course of July 2026.

Tebogo Maoto
Senior Business Rescue Practitioner