

SWORN STATEMENT

in respect of

DAYBREAK FOODS PROPRIETARY LIMITED
(Registration Number 2001/015025/07)
Incorporated in the Republic of South Africa
(the "**Company**")

AFFIDAVIT

I, the undersigned,

CHARLOTTE NKUNA

Identity Number: 7407310297080

do make oath and state as follows:

1. I am an adult female and director of the Company. I am duly authorised to make this affidavit on behalf of the Company.
2. The facts deposed to herein, unless otherwise stated, are within my own personal knowledge and are to the best of my knowledge both true and correct.
3. I confirm that the board of directors of the Company (the "**Board**") adopted the resolution attached hereto, marked Annexure "A" in terms of Section 129(1) of the Companies Act 71, 2008 (the "**Act**"), in terms whereof, the Board resolved to voluntarily place the Company under business rescue proceedings in terms of Section 129(1) of the Act (the "**Resolution**").

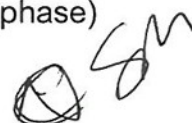


4. The Board has proceeded to do as such on the grounds that:

a. the Company is financially distressed in that its liabilities at present, exceed its assets and as it appears to be reasonably unlikely that the Company will be able to pay all of its debts as they become due and payable within the ensuing

6 (six) months for the following reasons:

- i. in November 2017, a restructure of the Company's balance sheet was effected with the Public Investment Corporation (the "**PIC**") remaining as 100% shareholder of the Company on behalf of its three clients, the Government Employees Pension Fund, Compensation Fund, and Unemployment Insurance Fund, post the restructuring of the company;
- ii. in its recent history due to various factors, the Company has made losses post this restructure which have resulted in the Company being unable to fully meet its financial obligations;
- iii. during the last quarter of 2023, the Company sought external funding through traditional channels to bridge the funding gap as it recovered from the bird flu outbreak and initiated critical replacement and compliance-related capital expenditures. However, the material misstatement identified in the Company's financial records, which required three (3) years Audited Annual Financial Statements (AFS) to be withdrawn and material adjustments in the 2023/2024 financial year, hindered negotiations with commercial banks;
- iv. as a last resort, the Company approached the PIC for shareholder funding, which was approved by the PIC during December 2024 with R176 million immediate and direct working capital facility (first phase)



and R74 million ring fenced capital expenditure facility as second phase. The approval was subject to certain terms and conditions customary for transactions of this nature;

- v. having noted several challenges faced by the Company, including lack of revenue to pay operational expenses which had resulted in industrial action, the PIC approved the conversion of the R74 million capital expenditure facility to a working capital facility to be utilised towards (a) the Company's April 2025 salaries and salary related regulatory expenses/deductions; (b) partial payment of the Company's vital services relating to feedstock, critical Information and Technology (IT) services; (c) security services necessary to protect the Company's assets, and (d) other prioritized creditors;
 - b. management of the Company is currently in discussions with the PIC and its other lender, Landbank, regarding the provision of additional funding to support the Company's longer term turnaround solution as well as impacted stakeholders such as labour unions to participate in the aforesaid longer-term solution;
 - c. I have been advised that Section 129 (7) of the Act imposes an obligation upon the Board to adopt a resolution contemplated in Section 129(1) of the Act referred to in paragraph 3 above when the Board has reasonable grounds to believe that the Company is financially distressed which it is based on what is contained in paragraph 4 (a).
5. The Board has appointed a business rescue practitioner, Tebogo Maoto (the "**BRP**").
- The BRP, after having investigated the Company's affairs, will consult with creditors




and other affected persons, as defined in the Act and will prepare a business rescue plan that will:

- a. maximise the likelihood of the Company continuing in existence or, if it is not possible for the Company to so continue in existence, results in a better return for the Company's creditors than would otherwise result from the immediate liquidation of the Company; and
- b. rescue the Company by restructuring its affairs, business, property, debt and other liabilities.
- c. I confirm that there are no pending legal actions against the Company.


CHARLOTTE NKUNA
DEPONENT

I hereby certify that the Deponent has acknowledged that she knows and understands the contents of this affidavit, which was signed and sworn to before me at Sandton on this the 12th day of June 2025 and that the provisions of the regulations contained in Government Notice R1258 in Government Gazette No 3619, dated 21 July 1972, as amended, have been complied with.


COMMISSIONER OF OATHS

FULL NAMES:

ADDRESS:

DESIGNATION:

Simone Celeste Meades
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Morningside, Sandton, JHB
Commissioner of Oaths Ex Officio
Practising Attorney
Republic of South Africa