



31 Spanner Road
Clayville
Olifantsfontein
1666

02 September 2025

COMMITTEE OF EMPLOYEES

Attention: Simon Macheke

Per Email: simon@saewa.co.za

DAYBREAK FOODS // EMPLOYEES COMMITTEE MEETING

1. We refer to the above matter and your letter addressed to our office on 01 September 2025 which deal with queries raised by the employees committee.
2. We reply to your letter *ad seriatum*.

Implementation of Stipend

3. The Company is financially distressed and is simply not in a position to make payment of full salaries to those employees who are not rendering services. The Company's monthly salary bill amounts to R33 million inclusive of third-party payments. The Company is not able to sustain these costs during the emergency phase of the business rescue proceedings, particularly in light of the minimal income currently being generated by its hatchery and breeder operations. Without a significant shift in operational efficiency or revenue streams, the financial strain threatens the long-term viability of the Company.

4. As such, the BRP implemented the stipend provision as they were paid in August 2025. The stipend provision is in line with the conditions to the funding of R150 million which the Company has received.
5. The employees committee will appreciate that the BRP is required to strike a balance between complying with the terms of the funding arrangement, whilst simultaneously providing a degree of financial support to employees who are affected.
6. Prior to implementing the stipend provisions, the BRP and his team engaged in various consultations with the employees committee. In these consultations, the employees committee were advised of the Company's financial and operational positions which gave rise to the implementation of the stipend. The BRP, with respect, submits that a *bone fide* attempt was made to reach consensus with the employees committee, but same could not be reached.

Reactivation of Abattoirs

7. The business rescue plan envisages the restart of one abattoir during the reactivation phase of the Company's business rescue proceedings. The restart is reliant on either funding from a third-party or obtaining an operating partner. A specified timeline will be provided once the plan is adopted, which will allow the Company to attract the required funding or an operating partner.

Retrenchment Timelines

8. As you are aware, the Company is prohibited from instituting retrenchment proceedings unless the business rescue plan has been adopted by the requisite majority of creditors.
9. Upon adoption of the business rescue plan, the Company will engage the employees committee and commence with the formal Section 189 consultation process. We will communicate the retrenchment timelines, once the business rescue plan is adopted.

Payment of Pension Fund Contributions

10. The BRP confirms that the funder has provided consent for the full settlement of all arrear pension fund claims. The payments to the fund administrators will be made before close of business Friday, 05 September 2025. We will provide the employees committee with the schedule of payments, once they have been processed.
11. Employees will be able to liquidate their pension funds, once the arrears have been settled in full.
12. The BRP remains committed to rescuing the Company and, in so doing, ensure the future sustainable employment in line with the operational needs.
13. The BRP will continue to communicate with the employees committee in a transparent and collaborative fashion. We request that the employees remain calm and patient during this difficult period of the Company's business rescue proceedings.



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14. We trust that the aforesaid addresses your queries.

Tebogo Maoto
Senior Business Rescue Practitioner