DAYBREAK FOODS

(In Business Rescue)

FIRST MEETING OF EMPLOYEES PRESENTATION

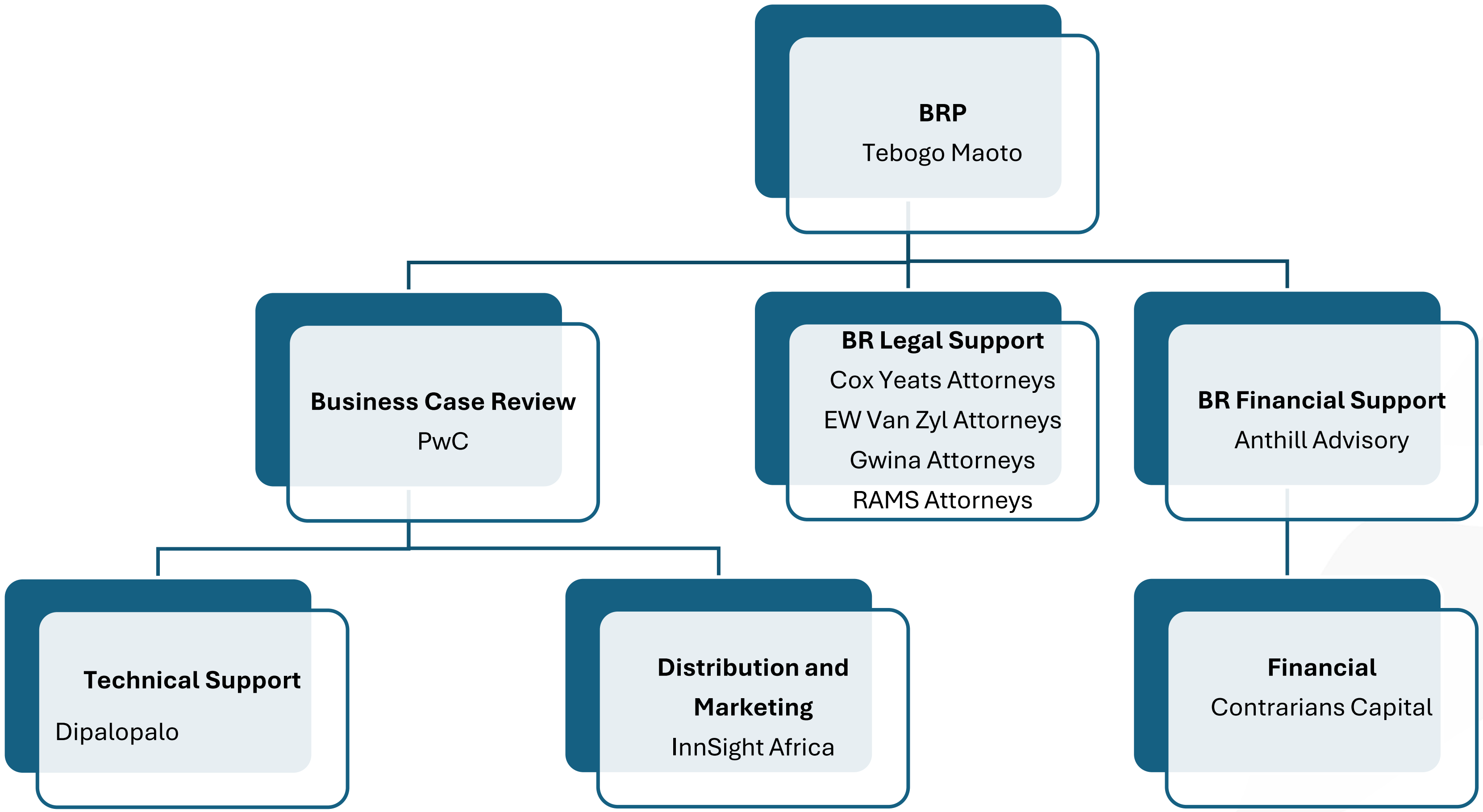
24 June 2025

Presented by the Business Rescue Practitioner

AGENDA

1. Welcome and Introduction of Business Rescue Team
2. Background and actions to date since commencement of business rescue
3. The aims of business rescue proceedings
4. Reasonable prospect of rescuing the Company
5. Role of BRP and Board during Company's business rescue proceedings
6. Rights of employees in terms of Section 144 of the Act
7. Determine whether or not to form a Committee of Employees in terms of Section 148(1)(b)
8. Legal moratorium in terms of Section 133 of the Companies Act
9. Submission of creditor claims
10. Guidelines to creditors for completion of claim documents
11. Recommendation
12. General & Questions

1. WELCOME AND INTRODUCTION OF BUSINESS RESCUE TEAM



2. BACKGROUND AND ACTIONS TO DATE SINCE COMMENCEMENT OF BUSINESS RESCUE

a. Broiler Cleaning Services Specialists liquidation application

- Status update

b. Commencement of business rescue proceedings

- Daybreak Foods was placed under voluntary business rescue on 12 June 2025 pursuant to a resolution filed by its Board in terms of Section 129(1) of the Companies Act 71 of 2008 (“the Act”)

c. Appointment of BRP

- Mr Tebogo Maoto was formally appointed as the Senior Business Rescue Practitioner (“BRP”) of Daybreak Foods on 12 June 2025, in terms of Section 129(3)(b) of the Act

d. Reasons for financial distress

- Governance issues & Ethical Practices
- Financial Reporting and Regulatory Compliance
- Load shedding and Increasing Commodity Prices
- Cheap Poultry Imports and Avian Influenza Impact in 2023

2. BACKGROUND AND ACTIONS TO DATE SINCE COMMENCEMENT OF BUSINESS RESCUE (cont'd)

e. Engagement with the Unions and Employees

- Held an engagement with the unions and employees regarding the June salaries.

f. Engagement with stakeholders

- Presented to the TERS on the status of the Company and the current application
- Held a meeting with the shareholders about the status of the company and liquidity support required
- Sent a request for liquidity support to the Land Bank
- Continuous engagement with Eskom regarding the supply of electricity during BR proceedings
- Held various meeting with interested parties on the acquisition and/or transaction with the Company
- Engaged with feed supplier for an on-going support to the breeder farms
- Held a meeting with NSPCA regarding the court judgement and the status of the business
- Engaged with industry stakeholders for a potential secondment of about 1,000 employees.
- We have received request for assets collections. BRP is in a process of appointing an independent consultant to validated the requests.

2. BACKGROUND AND ACTIONS TO DATE SINCE COMMENCEMENT OF BUSINESS RESCUE (cont'd)

g. Due Diligence

- The BRP will engage stakeholders in terms of progress and developments
- A detailed due diligence will take approximately 12 weeks to finalise
- Operational Focus Areas:

- Legal and Contracts Review
- Governance Review
- Financial and Controls Review
- Specific Forensic Audit activities

3. THE AIMS OF BUSINESS RESCUE PROCEEDINGS

- Facilitating the rehabilitation of a company that is in financially distressed by providing for:
    - The temporary supervision of the company and the management of its affairs by BRP
    - A temporary moratorium on the rights of claimants against the company, and
    - The development and implementation, if approved, of a BR plan to rescue the company by restructuring, amongst other things its business, property and debts.

- Restructuring the affairs of a financially distressed company in a way that maximises the likelihood of a company continuing in existence on a solvent basis.
- Result in a better recovery for creditors and shareholders of the company than would ordinarily result from immediate liquidation of the company.

4. REASONABLE PROSPECT OF RESCUING THE COMPANY

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Phase 0	Phase 1	Phase 2
Emergency	**Reactivation Plan**	**Value Creation Plan**
The initial stage of business rescue , where BRPs focus on restoring liquidity, protecting core operations, and securing short-term viability to enable or create a short-term runway for recovery, setting the foundation for the stabilization and growth phases that follow	Focused on reactivating the business and restoring operational and financial stability. It involves planning for what the business needs to look like to reach break-even, begin generating positive cash flow, and ultimately achieve sustainable profitability. This phase bridges the emergency response and long-term growth, laying the foundation for a viable and resilient enterprise	Focused on redesigning the business model to drive resilience, profitability, and scalable growth, marking the transition from recovery to strategic expansion, where the business is repositioned to compete effectively in the market, generate sustainable returns, and unlock long-term value

ACTIVITIES

Phase 0

- The BRP will continue investigating the affairs of the company, including subsequent material issues railed by the shareholder
- Engage shareholder/funders to secure PCF to support immediate liquidity needs
- Identify and reduce critical costs, with a focus on high-impact areas
- Prioritize cost reductions that do not compromise core operations
- Apply for TERS to alleviate payroll pressures
- Initiate sale of non-core assets

Phase 1

- SKU rationalisation - to identify the right SKUs, pricing strategies, and cost-efficient production models.
- Develop a value chain reactivation plan with leaner, more agile operations
- Define a strategic roadmap with recovery and growth options
- Engage Strategic Equity Partners (SEPs) and negotiate Heads of Agreement (HoA).
- Drive strategic repositioning aligned with market opportunities
- Maintain stakeholder engagement and secure ongoing liquidity support

Phase 2

- Reconfigure the operating and revenue model to support resilient, profitable, and scalable growth
- Define what growth means in the current market context and translate it into operational requirements
- **Recapitalisation:** Secure new capital to support expansion and strengthen the financial base
- Finalise the settlement of remaining creditors to clean up legacy obligations
- Formalize partnership to bring in strategic capabilities and capital

12 June '25	2.5 Months	31 August '25	6 months	28 February '26	TBC

4.1. REGULATED TIMELINES

Business Rescue Process

1

First Meeting of Creditors and Employees – 10 days
- Investigate the affairs of the Company
- Convene the first meeting of creditors and employees

2

Publication of the Business Rescue Plan – 25 days
- Prepare and Publish the business rescue plan

3

Meeting of Creditors to consider the Business Rescue Plan – 10 days
- Convene a 2nd meeting of creditors
- Call for a vote and approval of the published business rescue plan

4

Implementation of the approved Business Rescue Plan
- Implementation of the approved business rescue plan

4.2. REACTIVATION: PART 1 OF THE BUSINESS RESCUE PLAN

Business Rescue Process

1

First Meeting of Creditors and Employees – 10 days [23rd & 24th June 2025]

- Investigate the affairs of the Company
- Convene the first meeting of creditors and employees

2

Publication of the Business Rescue Plan – 45 days *[~22 August 2025]*

- Prepare Part 1 of the business rescue plan – **REACTIVIVATION PLAN**
- Publish the business rescue plan

3

Meeting of Creditors to consider the Business Rescue Plan – 10 days *[~5 September 2025]*

- Convene a 2nd meeting of creditors
- Call for a vote and approval of the published business rescue plan

4

Implementation of the approved Business Rescue Plan

- Implementation of the approved business rescue plan
- Settlement of pre-commencement creditors (i.e. growers and employees)
- Sale of business or assets, or part thereof
- Invite SEP and enter HoA

4.3. VALUE CREATION: PART 2 OF THE BUSINESS RESCUE PLAN

Business Rescue Process

1

Publication of the Business Rescue Plan – [TBC] days

- Prepare Part 2 of the business rescue plan – **VALUE CREATION PLAN**
- Publish the business rescue plan

2

Meeting of Creditors to consider the Business Rescue Plan – [TBC] days

- Convene a 3rd meeting of creditors
- Call for a vote and approval of the published business rescue plan

3

Implementation of the approved Business Rescue Plan

- Implementation of the approved business rescue plan
- Settlement of remaining pre-commencement creditors
- Restructuring of the balance sheet, Income Statement and cash flow
- Sale of business or assets, if applicable

5. ROLE OF BRP AND BOARD DURING COMPANY'S BUSINESS RESCUE PROCEEDINGS

- **Business Rescue Practitioner**
  - Assumes full management control
  - May delegate any power to the directors or management team
  - Investigate the affairs of the Company
  - Prepare the business rescue plan
- **Board of Directors**
  - Continue to exercise their functions as directors, subject to the authority of the BRP
  - Remain bound by requirement of s75 of the Companies Act
  - Any action taken by the directors without BRP approval will be void
  - Attend to the reasonable request of the BRP
  - Provide information about the Company

6. RIGHTS OF EMPLOYEES IN TERMS OF SECTION 144 OF THE ACT

- **Each Employees has the following rights during the BR proceedings:**
  - Exercise their rights through trade unions
  - Employees not represented by a union, may exercise their rights directly, or by proxy through an employee organisation
  - Right to receive notice of court proceedings, decision and meeting during business rescue
  - Participate in any court proceedings during business rescue
  - Form a committee of employees
  - Be consulted by BRP during drafting of plan and to review same
  - Be present at the second meeting of creditors
  - Vote on the adoption/rejection of a plan to the extent that an employee may be a creditor

7. DETERMINE WHETHER OR NOT TO FORM A COMMITTEE OF EMPLOYEES IN TERMS OF SECTION 148(1)(b)

- Need for Employees Committee due to size
- All previous nominations remains valid and will be considered.
- Any additional nominations can be submitted
- Nominations to be presented to the Employees, who will be responsible for final composition and formation of Employees committee.
- Nomination via email
- Result to be communicated by **Friday – 27 June 2025**

8. LEGAL MORATORIUM IN TERMS OF SECTION 133 OF THE COMPANIES ACT

- Daybreak Foods is provided with a legal moratorium from any legal and/or enforcement action being instituted against it, whilst the Company's Board and the BRP prepare the necessary proposals to rescue the Company from its financial distress.

9. SUBMISSION OF CREDITOR CLAIMS

- No timeline as per the Act
- Claims have been received to date
- Request submission to be done before 30 June 2025
- Claim validation
- Determination of independent creditors
- Determination of voting interest
- Claim forms to be submitted to: DaybreakClaims@anthilladvisory.com

10. GUIDELINES TO CREDITORS FOR COMPLETION OF CLAIM DOCUMENTS

- Claim Form to be circulated with guidelines
- Employees who have submitted claim forms are not required to submit additional claim forms.
- Proof of Claim Form supported by evidence

11. RECOMMENDATION

- Request for extension for the publication of the BR plan to 22 August 2025

12. GENERAL & QUESTIONS

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