



(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:
AUGUST 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 Hatchery and Breeder divisions continued trading throughout August 2026, with operational activity being directed towards preparing the business for the anticipated increase in production volumes during the latter part of the year.
4. The production planning process has developed further during the month under review, with the Company receiving increased orders which are scheduled to be implemented from October 2026 with the upcoming festive season. The anticipated increase in volumes has required management to align production planning, flock requirements and hatchery capacity with the confirmed and projected demand.
5. The increased order volumes are expected to result in a corresponding increase in DOC production from October 2026. The Company is accordingly preparing the Hatchery and Breeder operations to accommodate the increased volumes and to ensure that production capacity is appropriately matched to customer requirements.
6. The BRP has continued to engage with customers and prospective customers regarding the supply of DOCs and hatching eggs. These engagements, together with the increased orders received, have provided the Company with greater visibility regarding anticipated production requirements for the months ahead.
7. The operational focus during the month has accordingly been directed towards ensuring that the Hatchery and Breeder divisions are sufficiently positioned to accommodate the anticipated increase in demand, while maintaining appropriate production standards and operational efficiency.
8. Further progress has also been made in relation to the Strategic Equity Partner (“SEP”) process for the Hatchery and Breeder divisions. The proposed structure is now being

advanced on the basis that the relevant divisions will be housed in a separate special purpose vehicle (“SPV”). The Company will retain a shareholding interest in the SPV, with an external strategic equity partner to be introduced through the SEP process.

9. An Expression of Interest (“EOI”) will be issued in due course pursuant to a closed tender process. The purpose of the EOI will be to identify suitable parties who may participate in the SPV and acquire a shareholding therein. The process is intended to introduce strategic capital and operational expertise into the Hatchery and Breeder operations whilst preserving an equity interest for the Company.
10. The BRP confirms that the Company has now been placed on the Avian Influenza (“AI”) Free List. The placement on the AI Free List is expected to support the Company’s ability to pursue and develop export opportunities in relation to its Hatchery and Breeder operations.

Labour Relations

11. The labour environment within the Company has remained stable.
12. Following the conclusion of the formal retrenchment processes, the focus during the month has shifted towards maintaining stable labour relations and addressing operational matters arising from the Company’s revised workforce structure.
13. The BRP and management have continued to consult with the Employees Committee regarding the Company’s labour position and matters raised by employees.
14. The consultation process remains ongoing and provides a forum through which employee grievances and other labour-related concerns can be considered and addressed.

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15. The BRP continues to monitor its staffing requirements against the operational needs of its respective divisions, particularly in light of the anticipated increase in production from October 2026.
16. Further progress has also been made in preparing the Company's application for Temporary Employer/Employee Relief Scheme ("TERS") support for the remaining employees.
17. The TERS application is currently in the process of being compiled, with the requisite information and supporting documentation being collated. The application will be submitted shortly once the outstanding requirements have been finalised.
18. The BRP and the team will continue to engage with the Employees Committee on a monthly basis and will address any material developments concerning employee grievances, labour relations and the TERS application in subsequent status reports.

Termination of CFO

19. Disciplinary proceedings were instituted against the Company's Chief Financial Officer, Mr Aubrey Dali and were resolved by way of settlement between the parties.
20. In terms of the settlement and the related confidentiality obligations, the BRP is not in a position to provide any further substantive details regarding the disciplinary proceedings or the terms of the settlement.
21. The settlement brings the disciplinary proceedings instituted against Mr Dali to finality on the terms agreed between the parties.
22. The BRP remains committed to maintaining appropriate standards of corporate governance and accountability and will continue to ensure that its executive and financial management functions are appropriately attended to during the business rescue proceedings.

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23. The BRP and the team continue to oversee the Company's executive management requirements and will attend to any necessary arrangements arising from the conclusion of the disciplinary proceedings.
24. The Company's management and reporting structures continue to be monitored in the context of the ongoing business rescue proceedings and the implementation of the adopted business rescue plan ("the BR Plan").
25. Any developments concerning the Company's executive management structure, including the appointment of a new Chief Financial Officer, will be addressed with affected parties when appropriate.
26. The BRP will continue to monitor the position and report on any material developments concerning the Company's executive management arrangements in subsequent status reports.

Internal and External Investigations

27. The BRP has initiated and continued with various investigations into the affairs of the Company in fulfilment of its obligations under sections 140 and 141 of the Companies Act, 2008. Recently, a member of the BRP's legal team received a serious threat, which resulted in the law firm terminating its engagement with the Company and the BRP. The firm had played a significant role in supporting the BRP's investigations. Notwithstanding this development, the BRP has appointed a new law firm to ensure that the investigations continue without interruption.
28. In light of recent events, the safety and security of all persons involved in the investigations remains a primary consideration. Accordingly, the BRP is unable, at this stage, to disclose detailed information regarding certain ongoing investigations, as such disclosure may

compromise the safety of the investigation team and other persons involved, or potentially afford persons implicated in the investigations an unfair advantage. The investigations are categorised as either internal or external investigations.

29. As part of the external investigations, the Public Investment Corporation (“PIC”) has appointed two independent forensic investigation firms, namely Chavani Risk and Advisory and Open Waters, to investigate various aspects of the Company’s business and operations. These investigations are regarded as external investigations in that the firms were appointed directly by the PIC and operate independently of the BRP’s internal investigative processes.
30. The external investigations are being conducted concurrently with the BRP’s internal investigations. Where appropriate, the BRP continues to co-operate with and provide information and documentation to the PIC-appointed investigators, while maintaining a distinction between the respective internal and external investigative mandates. This approach is intended to promote a thorough, independent and effective investigation process, as well as appropriate reporting and governance.
31. One of the independent forensic investigation firms has submitted two draft reports to the BRP for consideration and comment. The BRP has provided its initial feedback and the service providers have indicated that they anticipate finalising the reports by 31 October 2026.
32. The BRP is currently managing 17 (seventeen) internal investigations involving matters with significant financial implications for the Company. The matters under investigation include allegations of fraud, corruption, theft and money laundering, which have had a material adverse impact on the Company.
33. Approximately 10 (ten) criminal cases have been opened in respect of individuals implicated in the matters under investigation. These criminal investigations remain ongoing and the

BRP continues to cooperate with the SAPS and the relevant investigating authorities in this regard.

34. In addition, the BRP has taken steps to reopen certain criminal matters that had previously been closed due to insufficient evidence. Following the identification and availability of additional information, these matters are now subject to renewed investigation, with the BRP providing its full cooperation and support. The Assets Forfeiture Unit (“AFU”) of the National Prosecuting Authority (“NPA”) is expected to institute civil proceedings in relation to certain of these matters. The BRP intends to request the AFU to pursue the recovery of approximately R135 million, being alleged proceeds of unlawful activities, including fraud, which were allegedly misappropriated from the Company.
35. The BRP was further informed by a law firm that previously represented Daybreak that a formal complaint was lodged with the Legal Practice Council (“LPC”) against Mr Malahlela and Malahlela and Company Attorneys during or about 2024. The BRP is following up with the LPC regarding the status and outcome of the complaint. The BRP has also noted reports in newspaper articles alleging that the Democratic Alliance (“DA”) lodged a further complaint against Mr Malahlela with the LPC during or about August 2026. The BRP is in the process of obtaining further information regarding this matter.
36. The BRP is currently preparing two affidavits in support of one of the criminal matters referred to above. The affidavits will be finalised and submitted to the relevant authorities once the necessary supporting information and documentation have been compiled.

Technical Assessment and Compliance

37. The BRP and the team continued to progress the technical, regulatory and operational workstreams necessary to support the reactivation of the Company's various divisions, with

particular focus on the Hatchery and Breeder operations and the associated regulatory requirements.

38. The WUL application process continued to progress across the relevant sites. Specialist studies and related technical assessments were advanced during the reporting period, with the public participation notification processes having progressed across the applicable sites. The workstreams in respect of the Sundra Abattoir, Delmas Abattoir, Worthing Hatchery and the Merino and Dieputten Breeder operations are being progressed according to their respective stages of completion.
39. The reactivation of the Breeder and Hatchery operations has continued to be progressed in conjunction with the Company's anticipated increase in production requirements. The Hatchery is currently operating at significant capacity, with hatching frequency expected to increase during October 2026 and DOC volumes anticipated to increase materially. The BRP continues to engage with existing and prospective customers in preparation for these increased volumes and is also exploring opportunities in the export market.
40. The BRP and the team continued to advance the operational requirements associated with the reactivation of the Breeder and Hatchery divisions, including production planning, regulatory compliance and the implementation of the various technical workstreams required to support the Company's operations. These processes remain ongoing and will continue to be progressed in accordance with the Company's reactivation programme and the adopted BR Plan.

CONCLUSION



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41. The month of August 2026 has seen continued progress in the implementation of the adopted BR Plan, particularly in relation to the Company's Hatchery and Breeder operations, labour stability, regulatory compliance and the various SEP and reactivation initiatives.
42. The increased order volumes expected from October 2026, together with the Company's placement on the AI Free List and the continued advancement of the SEP process, represent important developments in the Company's ongoing operational strategy.
43. The BRP and the team will continue to focus on the stabilisation and development of the Company's operations, the implementation of the adopted Plan and the advancement of the various regulatory, investigative and strategic workstreams.
44. The next status report will be published during the course of September 2026.

Tebogo Maoto
Senior Business Rescue Practitioner