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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:

DECEMBER 2025

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").

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2. This is the second status report of the Company and 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 remains ongoing and is stable.

4. Shortly after the commencement of business rescue proceedings, the Company entered into a Chick Supply Agreement with Astral in relation to its Hatchery and Breeder operations.

5. The said agreement remains in force and all parties concerned are complying with their respective duties and obligations.

6. Regular meetings are being held between the BRP Team and the Representatives of Astral in order to ensure that the DOC's which are being supplied is of high quality and the appropriate quantity.

7. In addition thereto, the BRP and his Team attends 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.

8. The hatchability rate at the Company's hatchery facility remains in line with the Ross Standard.

9. The average number DOCs being hatched per week during the current reporting period is about 1,000,000 DOCs per week.

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10. The Company furthermore continues to replenish its parent flock at its breeders to ensure a stable and ongoing supply of DOCs.

Labour Relations

11. The current labour position remains stable.

12. The BRP and his Team attended onsite meetings at the Company's breeder facilities at Merino and Diepputten, as well as the hatchery facility at Worthing during the period of 17 and 18 December 2025.

13. The purpose of the consultations were to address the employees on the issues surrounding the payment of salaries and incentives during the festive period.

14. The BRP thanked all employees for their hard work and continued commitment toward rescuing the Company form its current financial distress.

15. The BRP noted that the Company is in the process of implementing the adopted business rescue plan ("the Plan").

16. The BRP stressed that, at present, the Company's only operational divisions is the hatchery and breeder facilities, which are operating at reduced capacities.

17. The income derived from these operations are sufficient to make payment of employees salaries who are working, as well as the stipend payments to employees who are not rendering services, and to cover the necessary operational expenses for the operational divisions.

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18. The BRP emphasised that the Company's core operations are the processing of meat and the sale of same to end-consumers.

19. The income which the Company currently derives from its operational divisions is but a fraction of the income that the Company produced when it was fully operational.

20. As such, the Company is not in a position to make payment of 13th cheque and/or bonus to employees.

21. The BRP noted that the Company consider any additional assistance that the Company will be able to provide to the employees during the festive period. The employees will be notified of any additional assistance during the first week of January 2025.

22. Employees were further advised that the formal retrenchment process in terms of Section 189 and 189A of the Labour Relations Act will commence during the first week of January 2026.

23. The Company aims to address the Section 189 notice on 06 January 2026 and have the first round of consultations on 09 January 2026.

Internal and External Investigations

24. As part of the BRP's ongoing investigations into the affairs of the Company, the BRP has commissioned a full forensic audit. The audit is in the process of being conducted and its finding will be incorporated in the next amended business rescue plan to all affected parties once completed.

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25. I the interim, affected parties are advised of the following criminal investigations that are underway:

<table>
<tr><th>Project</th><th>Nature of the Issue</th><th>Progress to Date</th></tr>
<tr><td>Logistics Service Provider</td><td>Fraudulent invoices for non-existent work (±R8m)</td><td rowspan="2">The criminal investigation process is at an advanced stage by the Hawks. The Business Rescue Practitioners receives regular updates on progress being made.</td></tr>
<tr><td>Contract Grower (Ikutana Farm)</td><td>Theft of Daybreak birds to the amount of approximately R2 million</td></tr>
<tr><td>Forensic investigation into Procurement irregularities reported on Sunday Times newspaper</td><td>Duplicate payments as well as Inflated invoices were paid to the amount of approximately R80 million.</td><td>A criminal case has been opened with the Hawks, Internal Audit is in contact with the Investigating Officer and receives regular updates.</td></tr>
<tr><td>Former CEO Salary Inflation</td><td>The CEO’s Salary was inflated by ±R1.3m per annum</td><td>The matter was referred to the Hawks, a criminal investigation is currently underway.</td></tr>
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26. In addition thereto, the following civil and/or criminal matters 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 May 2026	Chavani Forensic Auditors were appointed to conduct forensic investigation into the allegations received. Investigations are currently in progress.
R100m & R174m Cash Injection	Forensic investigation into the utilisation of funds.	28 February 2026	Open Water Forensic Auditors were appointed. An investigation is currently underway in collaboration with the in house internal audit team.
Contract Growers	Investigation of various allegations including theft of birds, feed and other consumables by the contract growers	31 March 2026	
Human Resource Management	Investigation into various irregularities within recruitment and selection as well as industrial relation practices.	31 March 2026	

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Project Name	Nature of Investigation	Target Completion Date	Progress to Date
Siphoning of Funds	Investigation of allegations of fraudulent payments made to certain suppliers.	28 February 2026	

27. 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.

Water Use Licences ("WUL") and Sundra Abattoir Wastewater Treatment Plant ("WWTP")

28. In terms of the Reactivation Option set out in the adopted business rescue plan ("the Plan"), the Company aims to restart the Sundra Abattoir and ramp up production at the hatchery and breeder operations.

29. The Plan contains a detailed description on the issues faced in relation to the water use licences ("WUL"). In short, the Company operated without the required water use licences at its divisions, and the wastewater treatment plants ("WWTP") at certain of its divisions were not operational and/or in a state of disrepair.

30. In line with the Reactivation Option, the Company intends to apply for the required water use license at the hatchery and breeder operations, as well as at the Sundra Abattoir.

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31. In addition thereto, the Company will repair the WWTP at the Sundra Abattoir and rehabilitate the three natural ponds that have formed from the water discharge form the WWTP.

32. The WUL application in respect of all the divisions of the Company has commenced and is on track.

33. The Company appointed Ms. Salome Beeslaar to act as Environmental Practitioner ("EP").

34. The BRP team attended to numerous Teams meetings and a site visit with Ms. Beeslaar as part of the WUL application.

35. The current status of the WUL applications will be set out in detail in the status report for the month of January 2026. In the interim, the below timeline indicates the proposed steps to be taken across all the divisions surrounding the WUL applications:

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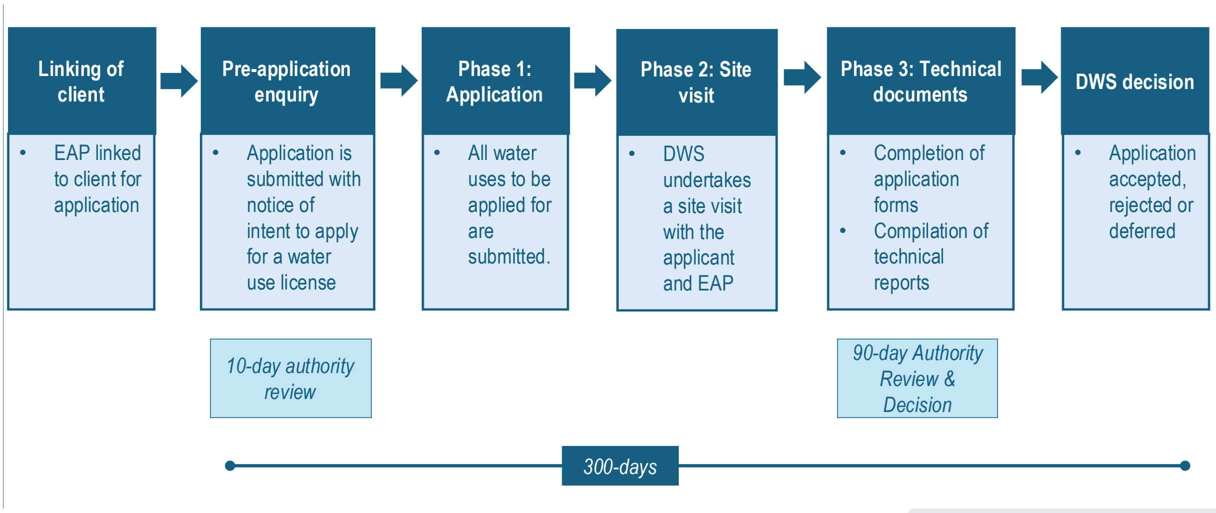

36. The response to the Pre-Directive Notice (addressed to us by the Department) was prepared and submitted to the Department on 14 November 2025.

37. A formal meeting with the Department took place on Monday, 17 November 2025. The team presented a presentation to the Department and provided them with an update on the current status of the WUL application. The meeting was positive and the Department agreed to the action plan which the team presented to the Department.

38. The presentation, together with the action plan, is attached hereto for ease of perusals.

39. As part of the WUL application, a pre-inspection meeting with the Department of Water and Sanitation ("the Department") took place on 21 November 2025 at 09H00. This was an onsite meeting and is the first step in the WUL application process.

40. The next step is the submission of the WUL application form. In short, the application can take up to 300 days to finalise and will cost approximately R1,500,000.00 (excluding costs to the preparation of proposals from suppliers for the WWTP and the rehabilitation of the three ponds).

41. An onsite meeting took place on 24 November 2025 with the EP at the hatchery and breeder facilities. The EP will conduct a site inspection and assessment as part of the process to apply for WUL's at these facilities.

42. Similar to Sundra, these applications may take up to 300 days to finalise. The Company will engage the Department on an ongoing basis and provide them with regular updates.

43. There are no pending directives or any sanctions that have been issued by the Department in respect of the hatchery and breeder operations. The swift application for WUL's at these premises will mitigate the risk of any potential sanctions or directives, pending the finalisation of the WUL application processes.

44. The project to repair the WWTP at the Sundra Abattoir is underway and is progressing well.

45. There are two primary issues that need to be attended to in this respect. Firstly and in the short to medium term, the Company must resolve the water quality and level issues in respect of the three ponds that have formed. Secondly, the Company must remedy the current WWTP to get it fully operational in line with the requirements of the abattoir operating at full capacity.

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46. In relation to the first issue, the Company has received a proposal from a potential supplier to conduct an assessment on the current state of the ponds and prepare an action plan to rehabilitate same.

47. In relation to the second issue, the Company is in the procurement phase and have had various engagements with potential suppliers.

48. The Company has selected three suppliers to conduct full assessments and prepare reports on the manner in which the WWTP and ponds can be remedied.

49. The suppliers attended to onsite meetings at the Sundra Abattoir to conduct initial onsite assessments.

50. The potential suppliers have provided the Company with quotations to conduct feasibility studies and to prepare a report on the projected costs to remedy the WWTP.

51. The quotations were duly paid to the potential suppliers, who have since commenced with onsite inspections and the preparing of the reports and quotations

52. Due to the festive season holidays, the feasibility studies and reports should be submitted during the course of February 2026.

53. The BRP will elect the preferred supplier once the reports have been prepared and, depending on the funding which the Company may receive as part of the Reactivation Option in the Plan, will commission the start of the project.

54. The Company has received Environmental Authorisation in respect of Section 24G of the Water Use Act, authorising it to operate the Delmas Abattoir' WWTP.

55. This authorisation is pursuant to an application which the Company made during July 2025.

56. This, in effect, enables the Company to legally operate the Delmas Abattoir, subject to all other status and regulations such as the necessary health and safety protocols.

57. The BRP, as part of the Reactivation Option, will consider this positive development to consider the Delmas' Abattoir as a possible candidate for restart.

58. The BRP has instructed an engineering company to conduct a full technical assessment on the requirements to restart the Delmas' Abattoir. The assessments are in the process of being finalised and should be concluded toward the later part of January 2026.

Strategic Equity Partner Process

59. The SEP process is underway and is progressing well.

60. The SEP process is being conducted in conjunction with the Reactivation Option set out in the Company's adopted Plan.

61. The Daybreak Strategic Equity Partner ("SEP") process is being managed by Park Village Auctions. The two-phase process commenced on 18 August 2025, with an advertisement calling for Expressions of Interest ("EOI") from all Interested Parties, with a view to an investment in and/or acquisition of all or part of the company's

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business and assets. The advert required interested parties to sign an NDA, comply with FICA requirements, and pay a R3 million refundable deposit. The EOI phase closed on 30 September 2025 with Park Village receiving four qualifying EOIs. All four Interested Parties were invited to the Due- Diligence ("DD") phase of the SEP process (1 October 2025 – 12 December 2025).

62. In the DD phase, Interested Parties were given access to a Virtual Data Room ("VDR") containing relevant company information and provided with an opportunity to seek further information through a Q&A process. The Parties also conducted site visits to the various Daybreak sites and held information sessions with the BRP to understand the BRP strategy and status of the BR process.

63. The SEP offers were scheduled to be received on the 12th December 2025 but submissions dates were revised due to delays in information provision and requests by potential bidders for clarity on the Sundra reactivation funding terms.

64. The SEP offers are expected to be received on 16 January 2026

65. Below is a summary of the timeline of events:

12 December 2025	Original offer submission date
19 December	Revised submission date submitted to SEP Participants.
16 January 2026	SEP offers expected to be received

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Funding Requirements for Reactivation Option

66. 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.

67. 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.

68. The funders are in the process of finalising the due diligence process. The Company should have clarity on whether its funding application was successful during January 2026.

69. Affected parties will be kept abreast of the developments in this regard.

CONCLUSION

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

71. The December festive period is now fats approaching. The breeder and hatchery operations will, however, remain fully operational.

72. In addition thereto, the SEP process will remain ongoing, as well as the due diligence processes for the required funding for the Reactivation Option.

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73. The BRP thanks all affected parties for their ongoing commitment in ensuring the successful business rescue proceedings of the Company.

74. The next status report will be published during the course of January 2026.

Tebogo Maoto
Senior Business Rescue Practitioner

Company Registration Number: 2001/015025/07