(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:

FEBRUARY 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 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.

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

Hatchery and Breeder Operations

3. The Company's hatchery and breeder operations remains ongoing and is stable.

4. The BRP and his Team continues to attend 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.

5. The hatchability rate at the Company's hatchery facility remains in line with the Ross Standard. At present, the Company is averaging 650,000 DOC sales per week with an average of four hatches per week.

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

7. The Company continued with its flock replenishment program during the course of February 2026. The Company expects to ramp up production during April when its replenished stock moves from rearing to laying.

8. There is a total of seven sites in rearing and five sites in laying with further flock replenishments expected to take place during mid-March 2026.

9. 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.

10. The said agreement terminated automatically at the end of February 2026. The Agreement was extended until the end of March 2026 in order for the parties to negotiate the terms and conditions for a further agreement to be entered into. These negotiations should be completed during the course of March 2026. Affected parties will be kept abreast of the developments in this regard.

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

11. As of 19 February 2026, the Company has produced a net positive position of R163.2m from the sale of its DOCs.

Labour Relations

12. The current labour position remains stable.

13. The formal retrenchment process commenced on 06 January 2026 with the issuing of the Section 189 and 189A retrenchment notices in terms of the Labour Relations Act (**LRA**) being issued to all employees across all divisions of the Company.

14. The retrenchment consultations continued throughout the course of February 2026, with two formal consultations having been held.

15. The BRP and his Team have prepared the draft Termination Notice and provided same to the Employees Committee and Union Officials for consideration and approval.

16. Once the content of the Termination Notices has been agreed upon, the Company will proceed to issue same in batches, having regard to the number of retrenchments that will take place.

17. In the previously published status reports, affected partied were advised that the Company's TERS application was declined based on the fact that it did not produce audited financial statements for the financial year ending 2025.

18. As a result, the Company was obliged to retrench its employees in the non-operational divisions (which includes the Feed Mill, Broiler Farms and Abattoirs). In addition, the Company will retrench employees at its operational divisions to align with its mission of implementing a fit-for-purpose labour strategy that operates on an efficient and lean basis.

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

19. At present, a total of 1 899 employees will be retrenched, leaving a balance of approximately 421 employees, subject to change as the retrenchment process unfolds.

20. The HR Team will provide all employees with the necessary assistance. In this regard:

    20.1. Counselling services will be made available to affected employees;

    20.2. The Company will prepare the UI19 forms, final salary advises, termination notices and certificates of service to affected employees;

    20.3. A dedicated email address and telephone number will be set up to assist all affected employees with any queries which they may have as part of the retrenchment process; and

    20.4. The HR Team will assist employees where possible to claim their provident fund benefits.

    20.5. Upon the restart of one abattoir, employees who are affected by the retrenchment process will have the first of refusal for re-employment, subject to the LIFO principle.

Internal and External Investigations

21. As part of the BRP's ongoing investigations into the affairs of the Company, the BRP has commissioned a full forensic audit.

22. In the interim, affected parties are advised of the following update on the criminal investigations that are underway:

DAYBREAK FOODS

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

#	Project	Nature of the Issue	Progress to Date
1	Logistics Service Provider	Fraudulent invoices for non-existent work (±R8m)	The criminal investigation process is in progress by the Hawks. The Investigating officer is currently awaiting banking records of the embezzled funds from First National Bank. Last point of contact with the Investigating Officer was on 10 March 2026.
2	Contract Grower (Ikutana Farm)	Theft of Daybreak birds to approximately R2 million	The criminal investigation process is in progress by the Hawks. The investigating officer is undergoing the process of taking statements from witnesses. Last point of contact with the Investigating Officer was on 9 March 2026.
3	Former CEO Salary Inflation	The CEO's Salary was inflated by ±R1.3m per annum	The matter was referred to the Hawks, a criminal investigation is currently underway. Currently awaiting feedback from the Hawks Officer on the progress to date. A meeting id scheduled with the Hawks Officer for 4 March 2026.
4	Forensic investigation into Procurement irregularities reported	Duplicate payments as well as Inflated invoices were paid to the amount	A criminal case has been opened with the Hawks. A criminal investigation process is underway. Last

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

	on Sunday Times newspaper	of approximately R80 million.	point of contact with the investigating officer was on 18 February 2026. The Officer is undergoing a process of taking statements from the witnesses. We have also engaged with the various firms that conducted the investigation to obtain the investigation file, as part of the request by the investigating officer. Refer below for further investigative work that was performed by the Forensic Accountant (Paragraph 1 below).
5.	Delmas Water Recycling Plant	A payment of approximately R28 Million was made to a supplier for a more expensive water recycling plant than the plant installed. Further, duplicate payments were noted to the amount of approximately R1 mullion	The matter has been referred to the Hawks for a criminal investigation.
6.	Engineering Supplier	Duplicate payments to the amount of R1 million were made.	The matter has been referred to the Hawks for a criminal investigation.

DAYBREAK FOODS

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

23. In addition thereto, the following civil and/or criminal matters are presently underway:

<table>
<tr><th>Project Name</th><th>Nature of Investigation</th><th>Target Completion Date</th><th>Progress to Date</th></tr>
<tr><td>Allegations received by the Shareholder (PIC)</td><td>Investigation of various (35 allegations and 9 questions from National Treasury) allegations relating to governance, human resources management and procurement irregularities</td><td>30 May 2026</td><td>Chavani Forensic Auditors were appointed to conduct forensic investigation into the allegations received. The investigations is at execution stage. Required information from time to time is provided to the Investigators.</td></tr>
<tr><td>R100m & R174m Cash Injection</td><td>Forensic investigation into the utilisation of funds.</td><td>31 March 2026</td><td rowspan="4">Open Water Forensic Auditors were appointed. An investigation is currently underway. Requested information is provided from time to time. A project plan has been developed. A meeting is scheduled for further briefing.</td></tr>
<tr><td>Contract Growers</td><td>Investigation of various allegations including theft of birds, feed and other consumables by the contract growers</td><td>30 April 2026</td></tr>
<tr><td>Human Resource Management</td><td>Investigation into various irregularities within recruitment and selection as well as industrial relation practices.</td><td>31 March 2026</td></tr>
<tr><td>Siphoning of Funds</td><td>Investigation of allegations of fraudulent payments made to certain suppliers.</td><td>31 March 2026</td></tr>
</table>

24. 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.

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

Technical Assessment and Compliance

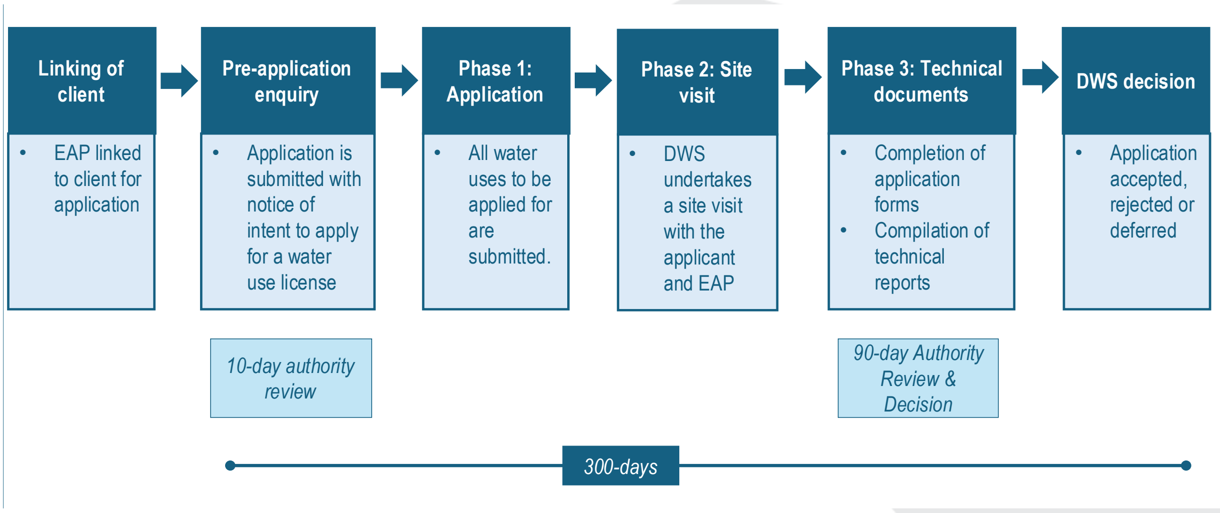
25. The WUL applications in respect of all the divisions of the Company has commenced and is on track.

26. The majority of the testing has been conducted on the various sites. Once all testing has been completed and the various expert reports have been compiled, the Company will proceed with Phase 2 of the application process by formally applying for the various WUL's across the Company's divisions.

27. The application process in respect of the Sundra abattoir is the most advanced with all specialist studies having been conducted.

28. The EP expects the applications across the various divisions to be lodged during the course of April 2026.

29. The below timeline indicates the proposed steps to be taken across all the divisions surrounding the WUL applications:



+2712 641 0050
infodb@daybreak.co.za
www.daybreak.co.za

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

30. 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.

31. The suppliers attended to onsite meetings at the Sundra Abattoir to conduct initial onsite assessments during the course of December 2025.

32. 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.

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

34. The three suppliers have since conducted further onsite visits a spart of the preparation of their assessment reports and quotations.

35. The BRP has since received two reports from potential suppliers. The BRP awaits the submission of the final report. Once this report is received, the BRP together with his technical team, will assess the proposals and make determination on the preferred supplier or, alternatively, request quotations from additional suppliers.

36. The BRP has instructed an engineering company to conduct a full technical assessment on the requirements to restart the Delmas' and Sundra Abattoir.

37. These assessments remain ongoing, with the initial assessments have been concluded on both abattoirs. The technical advisor is in the process of preparing a report setting out the repair costs of each abattoir. The report will be based on varying assumptions of capacity. In this regard, the BRP will consider the forecasted demand and repair the identified abattoir in line with these projections.

+2712 641 0050 infodb@daybreak.co.za www.daybreak.co.za

38. The BRP expects this process to be finalised during the course of March 2026 whereafter a decision will be made on the preferred abattoir.

39. In assessing the viability of the restart of one of the abattoirs, the following requirements will be taken into consideration:

    39.1. the condition of each abattoir and the projected capital expenditure required to restart;

    39.2. the regulatory and compliance issues which each abattoir faces;

    39.3. the customer and product requirements upon the restart of an abattoir; and

    39.4. the employment and community considerations of each respective abattoir.

Strategic Equity Partner Process

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

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

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

43. The SEP offers were subsequently received on 16 January 2026, with two asset acquisition offers, one operational partner offer and one party not submitting an offer.

DAYBREAK FOODS

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

44. The two parties with asset acquisition offers were requested to submit proof of funding to support their offers, which were received on 28 January 2026. The proof of funding from both parties have met the required threshold.

45. The outcome of the SEP process will be set out in detail in the further business rescue plan which will be published in due course.

46. 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 received (3 offers from the 4 interested parties)
20 January 2026	BRP requests proof of funding to support the two-asset acquisition offers.
28 January 2026	Proof of funding received (1 does not meet requirements)
02 February 2026	Revised proof of funding received from SEP participant

Funding Requirements for Reactivation Option

47. 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.

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

48. 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.

49. The BRP is pleased to confirm that an agreement was finalised and entered into with one funder for an amount of R150m. The first drawdown in respect of this loan is expected to take place during the course of March 2026.

50. The BRP is in the process of finalising the second loan agreement with the remaining funder and expects this process to be finalised during the course of March 2026.

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

CONCLUSION

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

53. The breeder and hatchery operations remain fully operational.

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

55. The retrenchment process is ongoing and should be concluded during the course of March 2026.

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

57. The next status report will be published during the course of March 2026.

(IN BUSINESS RESCUE)
31 Spanner Road
Clayville
Olifantsfontein
1666

Tebogo Maoto

Senior Business Rescue Practitioner