(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:

MARCH 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.

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Hatchery and Breeder Operations

3. The Company's hatchery and breeder operations remain 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. The Company's DOC sales have declined due to a general lack of demand.

6. In order to address this issue, the Company has entered into negotiations with various third parties for the supply of DOCs. These negotiations are at an advanced stage and the BRP will endeavour to enter into additional DOC supply agreements in the ensuing reporting period.

7. The Company continues to replenish its parent flock at its breeders on a continuous basis, with the most recent flock replenishment taking place on 13 March.

8. 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.

9. The said agreement has since terminated through the effluxion of time. The Company continues to supply Astral with DOCs on a month-to-month basis in anticipation of concluding a further agreement.

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Labour Relations

10. The current labour position remains stable.

11. 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.

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

13. The Company's retrenchment proceedings are drawing to a close. The said process at its non-operational divisions have been finalised. A total of 1879 employees have been retrenched in its Abattoirs and Feed Mill operations.

14. The retrenchment process in relation to the Company's operational divisions (Hatchery, Breeders and Head Office) is in the final stages. The Company, Employees Committee and respective Unions have reached agreement on the new operational structure of the Company, including the number of employees that will be affected by the retrenchment proceedings in the operational divisions.

15. The Company is now in the process of applying the agreed selection criteria, which includes LIFO and skills, to the remaining employees in order to determine the specific employees that will be affected by the said process.

16. The Company aims to conclude this process in the second week of May 2026

17. The HR Team is providing all employees with the necessary support and assistance. In this regard:

17.1. Counselling services have been made available to affected employees;

17.2. The Company has issued the UI19 forms, final salary advises, termination notices and certificates of service to the employees retrenched in the non-operational divisions; and

17.3. The HR Team is assisting employees where possible to claim their provident fund benefits. This process is running smoothly and no material issues have been experienced thus far.

18. 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

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

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

#	Project	Nature of the Issue	Progress to Date

DAYBREAK FOODS

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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 17 April 2026.
2	Contract Grower (Ikutana Farm)	Theft of Daybreak birds to approximately R2m	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 16 April2026.
3	Former CEO Salary Inflation	The CEO's Salary was inflated by ±R1.3m per annum	The matter was referred to by the Hawks; a criminal investigation is currently underway. Currently awaiting feedback from the Hawks Officer on the progress to date.
4	Forensic investigation into Procurement irregularities reported in Sunday Times newspaper	Duplicate payments as well as Inflated invoices were paid to the amount of approximately R80m.	A criminal case has been opened with the Hawks and is underway. Last point of contact with the investigating officer was on 13 April 2026. The internal audit team engaged with the various firms that conducted the investigation to obtain the investigation file, as part of the request by the investigating officer.

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5.	Delmas Water Recycling Plant	A payment of approximately R28m was made to a supplier for an excessively expensive water recycling plant. Further, duplicate payments were noted to the amount of approximately R1 million	The matter has been referred to the Hawks for a criminal investigation. We await further feedback from the Hawks in this regard.
6.	Engineering Supplier	Duplicate payments to the amount of R1m were made.	The matter has been referred to the Hawks for a criminal investigation. We await further feedback from the Hawks in this regard.

21. 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. The investigations are at execution stage. Required information from time to time is provided to the Investigators from the Company's internal audit team.
R100m & R174m Cash Injection	Forensic investigation into the utilisation of funds.	1 May 2026	Open Water Forensic Auditors were appointed to conduct these

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Project Name	Nature of Investigation	Target Completion Date	Progress to Date
Contract Growers	Investigation of various allegations including theft of birds, feed and other consumables by the contract growers	1 May 2026	investigations. The investigation process is at a finalisation stage.
Human Resource Management	Investigation into various irregularities within recruitment and selection as well as industrial relation practices.	1 May 2026	
Siphoning of Funds	Investigation of allegations of fraudulent payments made to certain suppliers.	1 May 2026	

22. 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.

Technical Assessment and Compliance

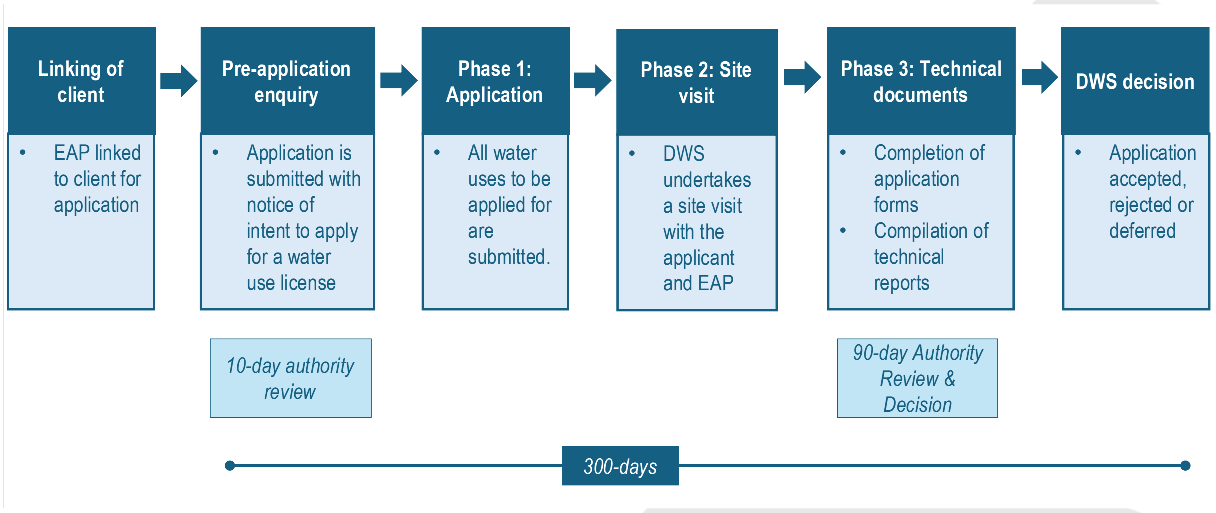
23. The WUL applications in respect of all the divisions of the Company has commenced and is on track.

24. 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.

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

26. The Company has experienced delays in the submission of the WUL applications for the various divisions. This is largely due to delays experienced with the water tests and reports across certain of the Company's divisions. The Environmental Practitioner expects the applications to be launched during the course of June 2026.

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



28. 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.

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

30. 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.

DAYBREAK FOODS

(IN BUSINESS RESCUE)
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31. The quotations were duly paid to the potential suppliers, who have since commenced with onsite inspections and the preparing of the reports and quotations

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

33. The BRP has since received all of the reports from the potential suppliers and has attended to two separate meetings to obtain further clarity on the remediation proposals.

34. The BRP has requested a meeting with the final supplier as part of the process to identify the appropriate supplier.

35. Once the meetings have been concluded, a decision will be made on the preferred supplier.

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 has provided the BRP with a report on the Delmas abattoir. The report on the Sundra abattoir is expected to be received during the course of May 2026.

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

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

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

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

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

39. The BRP will provide affected parties with the outcome of the assessment process and provide the reasoning therefore on the preferred supplier has been identified.

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.

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. The BRP has prepared a report on the outcome of the SEP Process to the Company's shareholders for their consideration. At this stage, the BRP does not deem it prudent to provide a summary of the offers received by the Company due to the sensitive nature of this information.

47. 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

48. 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.

49. 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.

50. 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 took take place during the course of March 2026.

51. The BRP is in the process of finalising the second loan agreement with the remaining funder and expects the agreement to be signed and concluded during the course of April 2026.

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

CONCLUSION

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

54. The breeder and hatchery operations remain fully operational.

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

56. The retrenchment process is ongoing and should be concluded during the course of May 2026.

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

58. The next status report will be published during the course of April 2026.

Tebogo Maoto
Senior Business Rescue Practitioner