FIRST BUSINESS RESCUE PLAN

Prepared in terms of Section 150 of the Companies Act 71 of 2008 in relation to

DAYBREAK FOODS (PTY) LTD
(Registration number: 2001/015025/07)
(Under Business Rescue)

Prepared by

Senior Business Rescue Practitioner:

MR TEBOGO CHRISTOPHER RAYMOND MAOTO

Published 22 August 2025

CORPORATE INFORMATION AND ADVISOR DETAILS

Company

Daybreak Foods (Pty) Ltd

Business Rescue Practitioner

Tebogo Christopher Raymond Maoto

Preparation of the Independent Liquidation Dividend Estimate

BDO

Consultant and Advisor to the Business Rescue Practitioner

Mpoti April Moalusi

Legal Advisors to the Business Rescue Practitioner

EW Van Zyl Attorneys

Legal Advisors to the Company

RAMS Attorneys

Gwina Attorneys

Cox Yeats Attorneys

Restructuring and Advisors to the Company

Anthill Advisory

PwC South Africa

Contrarians Capital

Mavhuve Business Advisory

DISCLAIMER

To enable the Business Rescue Practitioner ("BRP") to prepare this Business Rescue Plan as accurately as possible, he relied on information obtained from the books and records of the Company and interviews with Directors, Employees and affected persons since the commencement of Business Rescue Proceedings.

Should any of the Company documents and or representations be required for court purposes, the authors thereof would have to confirm the veracity of their contents.

The Practitioner accepts no responsibility relating to any errors in this report, if incorrect information is provided to them and can give no warranty as to the accuracy of the information that has been provided to him.

The projections in this Plan are based on the financial statements and other financial information provided to the BRP during the course of the Company's Business Rescue Proceedings. They are reasonable estimates, based on assumptions which are made in good faith.

The BRP and his professional advisors made the necessary forecasts and estimates with respect to proposals set out herein and the total value of Creditor claims. These forecasts and estimates may change as the proposals are implemented and/or Creditors continue to prove additional claims against the Company. While this Plan estimates the likely outcomes for affected parties, the forecasts are by their very nature uncertain and the ultimate outcomes may differ from the outcomes projected in the Plan.

The BRP reserves the right to amend this Plan on terms and conditions he may deem necessary from time to time, on the conditions set out in this Plan.

SEVERABILITY

Each of the provisions of this Business Rescue Plan shall be considered as separate terms and conditions. If provisions herein contained are by virtue of legislation or otherwise held to be illegal, invalid, prohibited, or unenforceable, then any such provisions shall be unenforceable only to the extent of the illegality, invalidity, prohibition, or unenforceability of such provision and the remaining provisions shall remain in full force and effect as if the illegal, invalid, prohibited or unenforceable provision was not a part of this Plan.

MORATORIUM

A general moratorium on legal proceedings exists against the Company from the Commencement Date, in terms of Section 133 and 150(2)(b) of the Act. The moratorium provides the Company with the required breathing space to implement this Business Rescue Plan. This moratorium will allow the Company sufficient time to restructure its affairs and particularly, its liabilities.

Subject to subsection 136(2A) of the Act, despite any provision of an agreement to the contrary, during Business Rescue Proceedings, the Practitioners may:

(a) entirely, partially, or conditionally suspend, for the duration of the Business Rescue Proceedings, any obligation of the Company that: (i) arises under an agreement to which the Company was a party at the commencement of the Business Rescue Proceedings; and (ii) would otherwise become due during those proceedings; or

(b) apply urgently to a court to cancel entirely, partially, or conditionally, on any terms that are just and reasonable in the circumstances, any obligation of the Company contemplated in paragraph (a) above.

CLAIMS

Any person with a potential claim which does not appear on the Creditors' list and/or any Creditor who/which disputes the Claim amount attributed to that Creditor on the Creditors' list, is invited to apply to the Practitioners for permission to file supplementary Claims which and, if approved, will be a post-Publication claim.

In terms of Section 145 of the Act, claimants may apply to the court to review the Practitioners' determination that the claimant is, or is not, independent, or review, re-appraise and re-value that claimant's voting interest.

Table of Contents

EXECUTIVE SUMMARY

Introduction

Daybreak Foods (Pty) Ltd ("the Company") formally commenced with Business Rescue Proceedings on 12 June 2025, pursuant to a resolution filed by its board in terms of Section 129 of the Act.

Mr. Tebogo Christopher Raymond Maoto was nominated and appointed by the board to act as the Company's senior business rescue practitioner ("BRP"), with effect from 12 June 2025.

The Company operates within the poultry sector and its business model, prior to the commencement of Business Rescue Proceedings, was built around a fully integrated value chain, encompassing breeding, hatcheries, broiler farming, feed milling and the processing and packaging of both fresh and frozen chicken products.

In 2015, the PIC financed the acquisition of Afgri Group's poultry division by a black empowerment consortium led by Matome Maponya Investments. The acquisition was valued at R1.19bn. The Company was rebranded and became Daybreak Foods.

In 2017, the PIC took full control of the Company by becoming the sole shareholder.

Reasons for Financial Distress

The Company is financially distressed as envisaged in Section 128(1)(f) of the Companies Act.

At the root of the Company's financial distress, lies systematic governance and management failures across all spheres of the Company's leadership and operation.

The Company's operations have been plagued by poor management and a lack of executive control. There has been a systematic breakdown in the management of the Company's affairs, which led to the financial decline that the Company has experienced.

There are various reported incidents of financial irregularities that have been identified and reported on. To mention but an example, the Company received a qualified audit on its most recent financial statements.

Its governance issues range from internal management failures to external compliance issues such as the Company's failure to comply with environmental legislation. This includes, but is not limited, the Company's failure to obtain the required water use licenses at various plants owned by it.

The poor management, lack of operational oversights and lack of governance compliance had a direct and negative impact on the Company's operations.

It has shown steady financial decline over a number of years, reaching a point where it was unable to sustain its operations and make payments of its debts as they became due and payable in the ordinary course.

The detailed reasons for the Company's financial distress are discussed more fully herein below.

Proposal to Rescue the Company.

Despite the plethora of issues faced by the Company, the BRP is of the opinion that there is a reasonable prospect for the Company to be rescued.

By implementing strict corporate governance measures and managerial control, the Company can return to profitability if the proposals to rescue it are successfully implemented.

In order to remedy the governance and mismanagement failure of the past, the BRP is investigating the affairs of the Company on an ongoing basis. The BRP is in receipt of numerous audit reports, commissioned prior to the commencement of Business Rescue Proceedings, which deals with issues ranging from financial to operational irregularities.

The BRP has furthermore commissioned an audit which will focus on a range of alleged irregularities which have taken place over a number of years.

The BRP intends to take the necessary action and hold responsible anyone found wanting and who acted unlawfully.

The Business Rescue Proceedings of the Company have been grouped into three individual phases consisting of the Emergency Phase, Reactivation Phase and the Stabilisation Phase.

The proposals set out in this Plan will focus primarily on achieving the goals set out in the first two phases.

The Company is currently in the Emergency Phase and has managed to achieve the majority of the goals set out, as is more fully discussed in the body of this Plan. In short, the Company has managed to secure funding from the PIC to make payment of its critical operational costs. The Company continues to operate its breeding and hatching facilities.

In the Reactivation Phase, the Company aims to systematically restart certain of its operations, such as one abattoir and the feed mill. The BRP aims to achieve this through an equity partner to assist the Company from a financial and operational perspective, alternatively, attracting the required funding.

During these phases, the Company will implement the required structural changes which will in all likelihood result in retrenchments proceedings across all of the Company's divisions.

The Company will not be in a position to repay creditor claims during the Emergency and Reactivation Phases, having regard to the limited cashflow that will be produced by the systematic restart of some of its operations.

In the Stabilisation Phase, the Company aims to attract a strategic equity partner that will supply the necessary funding and operational support that would allow the Company to recommence full operations and return it to profitability. It is during this Phase that the payment of creditor claims will take place form the profits which the Company aims to generate through its trading activities.

Conclusion

These proceedings are aimed at achieving the goal set out in Section 7(k) of the Companies Act which provides for the efficient rescue and recovery of financially distressed companies, in a manner that balances the rights and interests of all relevant stakeholders.

The BRP is confident that the Company's troubled past can be cured by implementing the necessary controls to ensure that the Company's is managed efficiently and transparently.

Through close partnership with operating and equity partners, the Company can return to profitability and settle its debt.

The BRP remains committed to protecting the rights off all affected parties during the course of the Business Rescue Proceedings, by achieving the goals set out in the proposals herein below.

1. STRUCTURE OF THIS BUSINESS RESCUE PLAN

1.1. For the purposes of Section 150(2) of the Act, this Business Rescue Plan is divided into several parts:

1.1.1. **Chapter One — Introduction**

This Chapter Sets out the definitions of terms used in this Plan and the manner in which the contents of this Plan must be interpreted.

1.1.2. **Chapter Two – Background, Reasons for Financial Distress and Proposals to Rescue the Company (Section 150(2)(b))**

1.1.2.1. Part One

This part sets out the background to the Company and the circumstances that gave rise to the Company's Financial Distress

1.1.2.2. Part Two

This part describes the Proposals made informally by creditors, as well as the formal proposals to rescue the Company from its financial distress.

1.1.2.3. Part Three

This part sets out the:

- conditions that need to be fulfilled in order for the Business Rescue Plan to be implemented and become effective;
- the assumptions applied in respect of the Proposals;
- when the Business Rescue Proceedings will be considered to be substantially implemented; and
- when the Business Rescue Proceedings will terminate.

1.1.3. **Chapter Three – Administrative Matters and Financial Information**

1.1.3.1. This Chapter sets out administrative and general matters pertaining to the Business Rescue and the Business Rescue Plan and deals, amongst other things, with:

- Basic Company information;
- Material events and dates of the Business Rescue Proceedings of the Company;

- Probable liquidation dividend;
- Statement of the BRP' independence;
- Provisions applicable to the legal moratorium, as set out in Section 133 of the Act;
- Estimated distributions to creditors;
- The order of preference in which the proceeds will be applied to pay Creditors;
- The benefits of adopting this Plan, as opposed to the immediate liquidation of the Company;
- The voting requirements for this Plan to be approved; and
- The way in which potential amendments may be brought to this Plan.

2. NOTIFICATIONS

2.1. Insofar as possible, notice has been given to all known Affected Persons, in terms of the Act and the Regulations thereto, that the Company has been placed under Business Rescue and placed under the control and supervision of the BRP.

2.2. Business rescue notifications are sent from daybreakbr@anthilladvisory.com. All correspondence should be addressed to the said email address.

CHAPTER ONE – DEFINITIONS AND INTRODUCTION

3. DEFINITIONS

3.1. The following terms and / or expressions shall have the meanings assigned to them hereunder:

3.1.1. "**Act**" means the Companies Act 71 of 2008, as amended, including the regulations promulgated there under.

3.1.2. "**Affected Party(ies**)" means an affected party in the Business Rescue Proceedings of the Company, as defined in Section 128(1)(a) of the Act.

3.1.3. "**Astral Foods**" means Astral Foods Ltd, a public company with registration number 1978/003194/06, duly incorporated in accordance with the company laws of the republic of South Africa.

3.1.4. "**BRP**" means Tebogo Christopher Raymond Maoto (ID: 7712215329080), the duly appointed senior business rescue practitioner of the Company.

3.1.5. "**Business Rescue Costs**" means all fees incurred by the BRP, either through the statutory applicable tariffs or the proposed Remuneration Agreement (if adopted by the majority of Creditors) and all disbursements incurred by the BRP and his advisors during the course of the Company's Business Rescue Proceedings.

3.1.6. "**Business Rescue Proceedings**" means proceedings to facilitate the rehabilitation of a Company that is financially distressed by providing for:

3.1.6.1. the temporary supervision of the Company and of the management of its affairs, business and property;

3.1.6.2. a temporary moratorium on the rights of claimants against the Company or in respect of property in its possession; and

3.1.6.3. the development and implementation, if approved, of a Plan to rescue the Company by restructuring its affairs, business, property, debt and other liabilities and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis or, if it is not possible for the Company to so continue in existence, result in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company.

3.1.7. “**Claims**” mean secured, preferred or concurrent claims as envisaged in the Insolvency Act, against the Company, the cause of action in respect of which arose, prior to or on the commencement date.

3.1.8. “**COGS**” means the costs of goods sold, the sum all direct cost associated with producing goods sold by the Company.

3.1.9. “**Commencement Date**” means the date on which the Company’s Business Rescue Proceedings commenced in terms of Section 129 of the Act, being 12 June 2025.

3.1.10. “**The Company**” means Daybreak Foods (Pty) Ltd (Reg No: 2001/015025/07) (in Business Rescue), a private company duly registered and incorporated in accordance with the Company laws of the Republic of South Africa.

3.1.11. "**Concurrent Creditors**" means all persons with unsecured claims against the Company, as envisaged in the Insolvency Act.

3.1.12. “**Creditor**” means all legal entities, including natural persons, having secured, preferred and/or concurrent claims against the Company as envisaged in the Insolvency Act**.**

3.1.13. “**Dividend**” means the proposed dividend payable to Creditors with approved claims if the proposals if the proposals set out herein are successfully implemented.

3.1.14. “**Day-old-chicks (DOCs)**” means chicks that are less than twenty-four (24) hours old, counted from the time of hatching and have not yet been fed, vaccinated, or exposed to any feed or water since hatching.

3.1.15. “**EBITDA**” means earnings before interest, tax, depreciation and amortisation, reflecting the Company’s operating performance by excluding the effects of financing decisions, tax environment and non-cash accounting items.

3.1.16. “**Emergency Phase (Phase Zero)**” means the first phase of the Company’s Business Rescue Proceedings, aimed primarily at obtaining liquidity support to make payment of the Company’s critical operational costs.

3.1.17. “**Employees Committee**” means the committee of employees established in terms of Section 148(1)(b) of the Act.

3.1.18. "**Financially Distressed**” means that it appears to be reasonably unlikely that the Company will be able to pay all its debts as they become due and payable within the immediately ensuing six months, or it appears to be reasonably likely that the Company will become insolvent within the immediately ensuing six months.

3.1.19. “**LRA**” means the Labour Relations Act 66 of 1995.

3.1.20. “**NSCPA**” means the National Council of Societies for the Prevention of Cruelty to Animals.

3.1.21. “**Operating Partner**” means any person or entity appointed by the Company or by Strategic Equity Partners to provide operational management, oversight, or expertise necessary for the implementation and sustainability of the Business Rescue Plan, including but not limited to the management of day-to-day operations, support during the Reactivation and Stabilisation Phases and the facilitation of business restructuring and growth as envisaged in this Plan.

3.1.22. "**PCF**" means all post-commencement finance provided to the Company by a PCF Creditor, as contemplated in section 135 of the Act.

3.1.23. “**PIC**” means the Public Investment Corporation SOC Limited, a statutory body established by the Public Investment Corporation Act 23 of 2004.

3.1.24. “**Plan**” means this business rescue plan, prepared in accordance with Section 150 of the Act.

3.1.25. “**PSMP**” means the Poultry Sector Master Plan, plan developed in a close partnership between Government and a number of stakeholders in the industry, drawn from poultry farmers, processors, exporters, importers and organised labour. It provides a framework for a determined effort to grow the output (and jobs) in the industry through a number of measures that will be implemented over a number of years.

3.1.26. “**Publication Date**” means the date on which this Plan is published to all Affected Parties in terms of Section 150(5) of the Act, being 22 August 2025.

3.1.27. “**Reactivation Phase (Phase One)**” means the phase in which the Company intends to restart of its operations such as the abattoir(s) and its feed mill with the necessary financial and operational support outlined in the Business Rescue Plan.

3.1.28. "**Secured Creditor**" means creditors having secured claims against the Company as envisaged in the Insolvency Act.

3.1.29. “**SG&A**” means selling, general and administrative expenses incurred by the Company in the ordinary course of its business, including, without limitation, expenses related to sales, marketing, management, administrative support and other overhead costs that are not directly attributable to production or manufacturing.

3.1.30. "**Stabilisation Phase (Phase Two)**" means the stage in which the Company undertakes actions and implements measures outlined in this Business Rescue Plan to secure operational continuity, financial stability and compliance with all relevant statutory requirements, including but not limited to engagement with Strategic Equity Partners, restructuring initiatives and fulfilment of obligations as set out in subsequent sections of this Plan. This phase follows the Reactivation Phase and is integral to the long-term sustainability and growth of the Company as contemplated throughout the Plan.

3.1.31. "**Strategic Equity Partner (SEP)**" means a person or entity that acquires an equity stake in or assets of the Company and, through the provision of capital, expertise, or strategic support, contributes to the implementation of the business rescue plan and the long-term sustainability and growth of the Company.

3.1.32. "**TERS**" means the Temporary Employee Relief Scheme. This scheme provides temporary financial assistance to employers facing financial distress and is aimed at financially assisting employees to prevent the implementation of short-time, temporary lay-offs or retrenchments.

3.1.33. "**VAT**" means the value-added tax levied in terms of the Value-Added Tax Act 89 of 1991, as amended.

3.1.34. "**Voting Interest**" means an interest as recognised, appraised and valued in terms of section 145(4) to (6).

3.2. Any reference to any statute, regulation, or other legislation in this Business Rescue Plan shall be a reference to that statute, regulation or other legislation as at the Publication Date and as amended or substituted from time to time.

3.3. Any reference in the Business Rescue Plan to any other agreement or document shall be construed as a reference to such other agreement or document as same may have been, or may from time to time be, amended, varied, novated, or supplemented.

3.4. If any provision in a definition in this Business Rescue Plan is a substantive provision conferring a right or imposing an obligation on any person or entity then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this Business Rescue Plan.

3.5. Where any term is defined in this Business Rescue Plan within a paragraph, that term shall bear the meaning ascribed to it in that paragraph wherever it is used in this Business Rescue Plan.

3.6. Where any number of days are to be calculated from a particular day, such number shall be calculated as excluding such particular day and commencing on the next day, if the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the next succeeding day which is a Business Day.

3.7. Any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, months, or years.

3.8. Words or terms that are capitalised and not otherwise defined in the narrative of this Business Rescue Plan (excluding capitalised words or terms used for the purpose of tables and / or headings) shall bear the meaning assigned to them in the Act.

3.9. The use of the word "including", "includes" or "include" followed by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the ejusdem generis rule shall not be applied in the interpretation of such general wording or such specific example/s.

3.10. To the extent that any provision of this Business Rescue Plan is ambiguous, it is to be interpreted in a manner that is consistent with the purpose of the provisions of Section 7(k) and Chapter 6 of the Act.

3.11. Unless otherwise stated, all references to sections are references to sections in the Act.

4. PURPOSE OF THIS PLAN

4.1. The main purpose of this Plan to rescue the Company by implementing proposals that maximises the likelihood of the Company continuing in existence on a solvent basis.

4.2. The proposals to rescue the Company are categorised into three separate Phases. The Phase include Phase Zero (Emergency Phase), Phase One (Reactivation Phase) and Phase Two (Stabilisation Phase).

4.3. The Phases are discussed more fully herein below. In summary, the Company has been able to implement the goals set out in Phase Zero by, *inter alia*, securing funding to make payment of the critical operating costs of the Company. In Phase One, the Company proposes to reactivate certain of its operations, such as the Abattoir and the Feed Mill by either attracting additional funding, or through the support of an Operating Partner.

4.4. This Plan is concerned with the implementation of the proposals to accomplish the goals set out Phases Zero and One.

4.5. A further business rescue plan will be published, which will deal with the proposals that must be implemented to achieve the goals set out in Phase Two of the Company's Business Rescue Proceedings. This Phase, in short, is aimed at securing a strategic equity partner to expand the Company's operations and return it to profitability.

CHAPTER TWO

5. STRUCTURE AND BACKGROUND OF THE COMPANY

History and Background of the Company

5.1. The Company is a South African poultry producer that operates within a highly competitive and strategically important segment of the agricultural sector. It operates across several provinces, including Gauteng, Mpumalanga, Limpopo and Kwazulu-Natal.

5.2. The Company's business model, prior to the Commencement Date, was built around a fully integrated value chain, encompassing breeding, hatcheries, broiler farming, feed milling and the processing and packaging of both fresh and frozen chicken products.

5.3. At its peak, the Company generated gross yearly revenue of R3bn. Its facilities, when fully operational, are capable of processing up to nine million birds in a thirty-four-day cycle. The Company employed over 3,400 people, positioning itself as South Africa's fifth largest poultry producer by volume (with historic volumes of over 50 million chickens per annum). The Company is the only other fully integrated poultry value chain business, apart from Astral Foods and Rainbow Chicken.

5.4. The Company was originally part of Afgri Poultry, a division of Afrgri Group, which is a major agricultural services company in South Africa. In 2015, the PIC financed the acquisition of Afgri Group's poultry division by a black empowerment consortium led by Matome Maponya Investments.

5.5. Following the acquisition, the division was rebranded to the Company. The acquisition, valued at R1.19 billion, was positioned as a strategic investment to promote transformation in the agriculture sector, ensure food security and job creation in rural areas.

5.6. The PIC initially held a 36% stake in the Company. The remaining shareholding in the Company was split between the Government Employees Pension Fund, Compensation Fund and Unemployment Insurance Fund.

5.7. Despite its promising start and strategic importance, by 2017 (just two years post-acquisition), the Company began facing serious financial and governance issues. The PIC eventually took 100% control of The Company in 2017, following approval by the Competition Tribunal.

5.8. The South African poultry market is characterised by intense competition, particularly from imported chicken products that are often priced below local production costs. This has placed pressure on domestic producers, including the Company, which also had to contend with rising feed costs, energy supply instability and biosecurity risks. Internally, The Company suffered from governance failures and operational mismanagement. These issues led to financial distress, supplier disputes and animal welfare violations, culminating in the starvation and culling of hundreds of thousands of chickens.

5.9. A detailed explanation of the reasons for the Company's financial distress, is set out more fully herein below.

5.10. The PIC took action by assuming full control of the company to stabilise operations and ensure that critical expenses, such as salaries and feed, were covered.

5.11. On 12 June 2025, the Company's board formally initiated Business Rescue Proceedings, by passing a voluntary resolution in terms of section 129 of the Act. The original commencement date for the Business Rescue proceedings was set as 22 May 2025. However, due to the existence of a previously lodged liquidation application, which had not been disclosed to the BRP or the Board at the time, the process required legal clarification and resolution. Following the resolution of this issue, the official and legally recognised start date for the Business Rescue was confirmed as 12 June 2025.

5.12. The appointment of a Business Rescue Practitioner on 12 June 2025, marked the beginning of a formal restructuring process aimed at preserving jobs, restoring operational stability and developing a sustainable turnaround strategy. Following the commencement of business rescue, the BRP secured funding provided by the PIC in the amount of R150 million, earmarked specifically to cover critical expenses during the initial stage of the Business Rescue Proceedings.

5.13. **Company Structure**

5.13.1. The Company's value chain is a large vertically integrated structure with the following key value chain nodes:

5.13.1.1. Feed Mill: The feed mill is essential to poultry production, creating specialised feeds - pre-starter, starter, grower, and finisher - matched to bird genetics. Nutritionists optimise feed for health and growth, while quality assurance relies on lab tests and veterinary checks. Main operations include sourcing raw materials, grinding, mixing, pelletizing, and cooling.

5.13.1.2. Breeder Farms: Breeder operations are structured to produce premium fertile eggs for both broiler and layer production. Genetic selection and breeding practices are meticulously overseen to ensure optimal characteristics including accelerated growth, superior feed conversion, and enhanced disease resistance. The breeder lifecycle involves thorough house preparation, precise bird placement, targeted nutrition, systematic rearing and laying, and ongoing performance monitoring. Egg collection and transfer to the hatchery adhere to rigorous biosecurity standards, while flock depletion and sanitation protocols are strictly enforced to minimize risk and support seamless operational processes.

5.13.1.3. Hatchery: The hatchery is a vital stage in poultry production, using climate-controlled incubators for optimal hatching. Eggs are fumigated, graded, sorted, and candled before incubation. After hatching, chicks are vaccinated and checked for quality before distribution. Hygiene teams maintain sterile conditions. Success depends on careful environmental control, planning, and strict biosecurity to reduce mortality and improve chick health.

5.13.1.4. Broiler Farms: Broiler operations raise chicks in controlled environments for optimal growth. After thorough cleaning and maintenance, chicks follow a phased feeding program - starter, grower, finisher - and their health is closely monitored. Manure collection is managed by contractors to ensure compliance and efficiency.

5.13.1.5. Abattoirs: The abattoir is a facility designed for the slaughter and processing of broilers. Main stages include stunning, bleeding, scalding, plucking, evisceration, chilling, and packaging. Each procedure follows hygiene and safety protocols to maintain product quality and meet regulatory requirements. Operations include receiving and weighing birds, hanging, hot water immersion for feather removal, organ extraction, washing, chilling, and cutting. Facility performance is evaluated by throughput efficiency, yield optimisation, and compliance with food safety standards.

5.13.1.6. Head Office: Central hub providing strategic, financial, and operational oversight, including logistics, compliance, marketing, HR, and customer engagement.

5.13.1.7. The below table (*Table 1*) provides detail on the company operations at full capacity, irrespective of the current operational status as at Publication Date.

Table 1
The Company's operational information assuming full capacity (irrespective of current operational status)

Value Chain Node	Feed Mill	Breeder Farms	Hatchery	Broiler Farms	Abattoir	Head Office
Current Operational Status	Not operational	• Operating at minimal levels • Site 9: The female flocks are to be depleted, and the males are to be moved to other sites • Feed is provided by Astral Foods with payment supported by DOC sales	• Operating at minimal levels • KZN hatchery is not operational • DOCs are taken by Astral Foods as compensation for the feed provided to the breeders	Not operational. No placement at contract broilers	• Not operational • Current stock is being depleted, storage is being cleared - 318 pallets (33 pallets sellable)	Employees from the head office are working remotely as network and systems services have been deactivated at the head office
Geographic Location	Kinross	• Merinovlakte (500Hectares) • Diepputten (286 Hectares)	Bela Bela	• Gauteng (33) • Mpumalanga (8) Inhouse (10%)/ Contract farms (90%)	• Sundra • Delmas	Olifantsfontein
Employees (June '25)	80 people	• Merino: 136 • Diepputten: 124	• Worthing: 166 • KZN: 5	73 people	• Delmas: 1 003 • Sundra: 924	72 people
Operating Costs (31 Mar '25) R'000	64,084	125,732		74,190	• Sundra: 257,283 • Delmas: 235,584	109,113 Support costs include: Admin, DB Warehouse, DM Warehouse, DB Abattoir, DM Abattoir
Capacity (June '25)	18 000 Tons	• 700 000 birds' capacity • Merino – ca.160 000 birds (M:F = 10.3%) • Diepputten – ca. 140 000 birds (M:F = 4.3%)	1.75 million DOC weekly	1.1 million broiler capacity	• 140 birds per minute	N/A

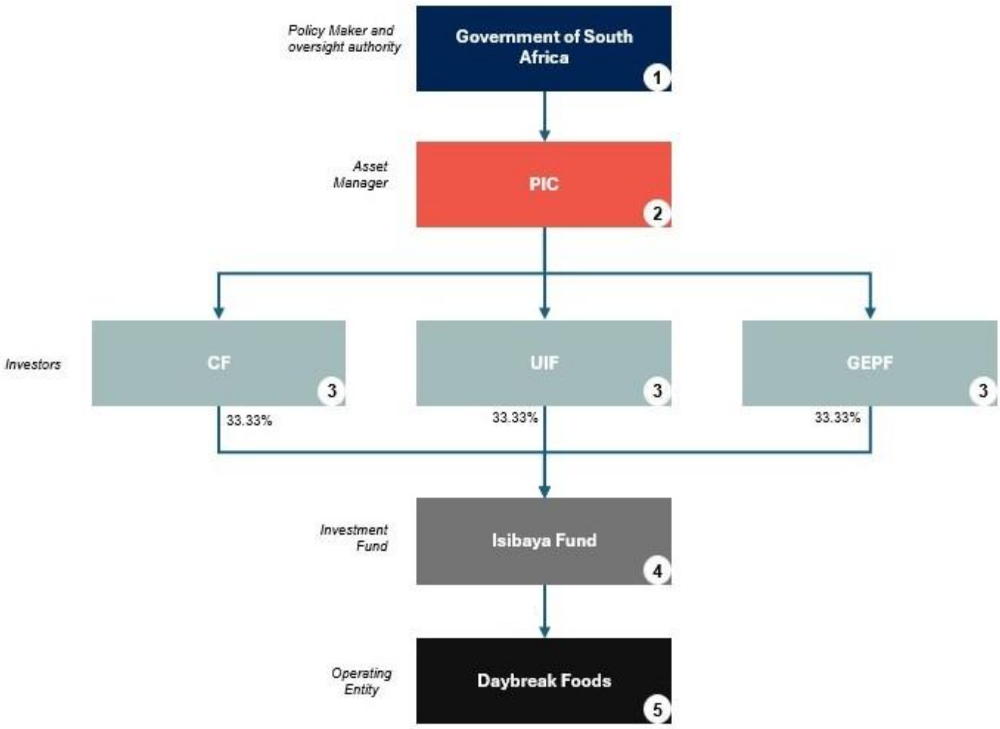
5.13.2. The Company's operations are funded and governed through a layered public investment structure, owned by the PIC and its clients.

5.13.3. The Company's funding and oversight are anchored in the Isibaya Fund's dual mandate, requiring any business rescue strategy to balance commercial recovery with socio-economic impact.

5.13.4. The diagram (*Figure 1*) below provides the current ownership and legal entity structure for the Company.

Figure 1

Ownership & Legal Entity Structure of the Company as at Publication Date



Note. The ownership structure has the following characteristics:

- *Government of South Africa: Mandates and oversees the PIC's management of public sector funds represented by the Minister of Finance.*
- *PIC: Acts as an asset manager making investment decisions on behalf of its clients.*
- *Shareholders/ Investors: Compensation Fund (CF), Unemployment Insurance Fund (UIF) and Government Employees Pension Fund (GEPF) are direct owners of the Company, providing its capital for operations.*
- *Isibaya Fund: Investment vehicle managed by the PIC, focusing on socio-development while generating returns. Provides funding and strategic support to the Company.*
- *Daybreak Foods: Executes operations using investments received.*

6. SUMMARY OF GROUP FINANCIAL POSITION

6.1. Balance Sheet and Income Statement

6.1.1. The Company's balance sheet for the year ending 31 March 2025 is set out below.

6.1.2. The Balance Sheet is as at 31 March 2025. There was a significant increase in Accounts Payables as the company went into further financial distress. Subsequent to the reporting date, there was a significant decrease in both the inventory and biological assets as the NSPCA instructed the business to cull or remove all of the broiler stock and a significant number of the breeder stock. From May 2025, both abattoirs and feed mill have not been operational. The breeding and hatching facilities have been operating on a limited basis.

Daybreak Foods			**31 March 2025**
Balance Sheet (Statement of Financial Position)			**ZAR'000**
Assets			
		Plant, property and equipment	696,631
		Intangible	142
		Inventory	126,885
		Biological assets	177,733
		Trade Receivables	35,535
		Other Receivables	84,668
		Cash and cash equivalents	5,580
		Total assets	**1,127,174**
Equity and Liabilities			
	Equity		
		Share capital	0
		Other reserves	1,639,637
		Retained Earnings	(1,317,380)
		Reconciling differences	(1)
		Total equity	**322,256**
	Liabilities		
		Borrowings	300,052
		Trade Payables	368,462
		Other Payables	118,563
		Inter Company Payables	
		Provisions	17,841
		Total liabilities	**804,918**
		Total equity and liabilities	**1,127,174**

Note. The Financial Statements presented are as of 31 March 2025, the Financial Year End for Daybreak Foods. More recent financials are not available due to IT Systems being switched off by Altron from May to July 2025, a catch up of the manual transactions during that time period is underway.

6.1.3. The Company's income statement for the year ending 31 March 2025 is set out below.

6.1.4. Revenue for the period is significantly lower than prior periods due to limited net working capital to operate at capacity, and significant equipment breakdowns and operational disruptions (strikes, supplier service withdrawals, etc) due to the financial position. In the months of March and April, the company experienced a shortage of live birds available for slaughter due to unavailability of cash to fund feed purchases and to pay contract growers; the operational costs over those two months were funded from a working capital facility provided by the PIC. The company ceased production of fresh chicken in the first quarter of the 2025 calendar year, impacting the profitability of the business overall. The company operated below break even point for the majority of the year, leading to the loss reflected in the financial statements.

Daybreak Foods **Income Statement for Year ended 31 March 2025**	**ZAR'000**
Gross Sales	2,745,198
Finished Product Sales	2,641,092
DOC Sales	48,240
Live Bird Sales	55,866
Gross Sales Value	2,745,198
	-
Rebates	(183,341)
Sales - Settlement Discount	(34,128)
Net Sales	2,527,729
Cost Of Sales	(1,952,418)
COS - Goods - Meat	(1,800,450)
Blood & Feathers G&L	(166,429)
Brine Consumption	(8,201)
Packaging & Empties	(96,283)
Plant Condemned G&L	(13,628)
Breeders and Hatcheries	(21,549)
AI Costs Quarantine Costs	-
Write Off Due AI	-
Kinross	30,519
Broilers	8,723
Daybreak C&C	8,127
Stock Write Offs and Adjustments	106,753
Stock devaluation	-
Naked Margin	575,311
Production Costs	(554,791)
Gross Profit	20,520
Other Income	8,978
Variable Selling (PFM)	(39,250)
Distribution Costs	(168,814)
Other Fixed Costs	(17,113)
Shops	(2,581)
Support Costs	(240,017)
EBIT	(438,277)

Note. The Financial Statements presented are as of 31 March 2025, the Financial Year End for Daybreak Foods. More recent financials are not available due to IT Systems being switched off by Altron from May to July 2025, a catch up of the manual transactions during that time period is underway.

7. REASONS FOR THE GROUP'S FINANCIAL DISTRESS

7.1. The Company is financially distressed as contemplated in section 128(1)(f) of the Act in that it is unable to pay all of its debts as they become due and payable within the immediately ensuing six months, alternatively, it appears to be reasonably likely that it will become insolvent within the ensuing six months.

7.2. The financial distress experienced by the Company is mainly as a result of the confluence of internal operational shortcomings and adverse external market conditions. These challenges have compounded over time which severely impaired the Company's cashflow position, operational efficiency and market competitiveness.

7.3. Events over the course of the last ten years have contributed significantly to the financial position of the business. The diagram below (*Figure 2*) shows these events.

Figure 2

Timelines of events for the Company since 2015

<table>
<tr><th></th><th>Key event</th><th>Impact</th></tr>
<tr><td>2001</td><td>Daybreak Farms were founded under AFGRI Poultry</td><td>Daybreak Farms became a part of a leading agricultural solutions and industrial foods company</td></tr>
<tr><td>2015</td><td>54% acquisition of Daybreak Farms by AFPO Consortium, funded by the PIC
The UIF (an entity of the Department of Labour) invests R500 million into Daybreak Farms</td><td>The acquisition by AFPO resulted in a significant landmark transaction for a black-owned enterprise in the agriculture sector</td></tr>
<tr><td>2017</td><td>100% acquisition of Daybreak Farms by the PIC</td><td>Through this acquisition, the company will be controlled by Africa's largest fund manager</td></tr>
<tr><td>2018</td><td>Daybreak Farms makes a R193m profit within the financial year, following UIF investment</td><td>As a result of the UIF investment and the business's performance, more than 3000 jobs were created</td></tr>
<tr><td>2021</td><td>Daybreak's CEO faced 6 charges including fraud, corruption and money laundering</td><td>The CEO was dismissed along with several executive members</td></tr>
<tr><td>2022</td><td>Early 2022:
• The Head of human Capital and the Head of Internal Audit were charged with fraud, corruption, money laundering and theft at Daybreak
• Breakdown of Gyro with a 1-month repair time

May and October 2022:
• Daybreak Farms appoints a new CEO for a 5-year term
• The PIC appoints new non-executive directors to the Daybreak Farms board</td><td>Early 2022:
Further fraud and corruption on goings come to light, tarnishing the brand's reputation

May and October 2022:
Appointment of the new board would ensure that good corporate governance is maintained within the company</td></tr>
<tr><td>2023</td><td>Early 2023:
• Onset of the Avian Flu outbreak. CEO exited by new board in April
• Severe load shedding schedules resulting in an approx. loss of 48% of turnover and R800K increase in unbudgeted feed costs

July 2023:
• Cash crisis, constitution of the Transitional Board Oversight Office by the board of directors, dismissal of the CFO and resignation of Acting CEO</td><td>Early 2023:
SA's biggest bird flu outbreak severely impacted
Daybreak Farms, posing a significant threat to the health and welfare of poultry flock & one its breeder farms

July 2023:
The appointment and expertise of the new CEO will manage a business turnaround and aims to return the company to a profitable state</td></tr>
</table>

2024	**January 2024:** • Daybreak Farms appoints new CEO • Ongoing auditing services whistle-blowing hotline services **March 2024:** • Announcement of a new C-Suite team • Ongoing auditing services and whistleblowing hotline services • R250m request made **April 2024:** • Daybreak Farms (AFGRI Poultry) • Completes rebrand to Daybreak Foods • The Company seeks to stabilise its operations and fix its balance sheet **June 2024:** PwC contracted to develop a turnaround plan and road map for Daybreak Foods **October 2024:** Adverse audit findings by the Audit partner **November 2024:** Daybreak experiences severe financial challenges, resulting in the inability to pay creditors	Daybreak Farms seeks to strengthen its governance capabilities
2025	**January 2025:** Creditor files a liquation judgement against Daybreak Foods **February 2025:** • Appointment of CIO • Resignation of entire executive team (CEO, COO, CCO) of Daybreak Foods • CFO subsequently returns to role • Receipt of R176m from the PID to pay salaries & operational expenses **April 2025:** NSPCA starts investigation for cruelty against Daybreak **May 2025:** • Daybreak is placed under voluntary business rescue • Johannesburg High Court grants an interim order against Daybreak due to accusations of cruelty by the NSPCA • Resignation of Board Chairperson **June 2025:** Resignation of Acting COO (double hatting with Chief Financial Controller) Altron suspends IT services due to non-payment **July 2025:** PIC invests additional R150m into Daybreak Employees protest as June salaries are delayed due to halted IT services by Astron **August 2025:** Business Rescue Plan is released on 22 August	**January 2025:** Legal proceedings threaten the existing operations of the business **February 2025:** • Significant gaps in operational and strategic oversight • The funds were allocated for payments of: • salaries, compliance with NSPCA, creditors, feed cost & general expenses **April 2025:** • Adverse media attention to the company • Culling of approximately 200 000 birds **May 2025:** • Temporary moratorium on legal actions and time to implement a rescue plan • Culling of approximately 350 000 birds **June 2025:** • Increased pressure on the skills gap Daybreak is currently experiencing • Operational challenges as data and payroll files are inaccessible on IT servers **July 2025:** • Adverse media attention to the company • Increase of resignations due to reduced and delayed payment of salaries, increasing the skills gap at Daybreak **August 2025:** Creditors are informed of the way word and reactivation options for Daybreak

7.4. Internal operational and governance failures

7.4.1. Since its acquisition from Afgri Group by the PIC in 2015, the Company has struggled to maintain operational and financial stability. Despite its strategic positioning as a vertically integrated poultry producer, the Company has demonstrated a systemic inability to manage the complexity of its poultry value chain. This has resulted in widespread operational breakdowns, financial strain, governance failures, compliance breaches and reputational damage. The failures have collectively eroded profit margins and posed a serious threat to its business continuity. The factors that led to the Company's financial distress, as identified by the BRP, include:

7.4.1.1. Board and executive mismanagement failures, which led to poor strategic decision making and a lack of accountability across the organisation. The leadership failed to anticipate or respond effectively to inter alia operational risks, labour unrest and maintenance on its infrastructure. The absence of proactive oversight allowed systemic inefficiencies to persist and escalate, undermining the Company's ability to function as a cohesive and integrated enterprise.

7.4.1.2. Ineffective financial controls further resulted in chronic liquidity and financial management challenges. The Company has been unable to hedge key input costs due to financial constraints. This has exposed the Company to commodity price volatility and inflated its cost base. In addition, delayed payments to suppliers and inconsistent payroll disbursements due to the Company's cashflow constraints, have eroded trust from critical stakeholders including employees and vendors which destabilised its operations.

7.4.1.3. The Company's deep-rooted operational inefficiencies are manifested throughout the value chain. The Company has consistently underinvested in maintenance and infrastructure, leading to widespread equipment failures, particularly in the feed mills and abattoirs. Aging systems and over-allocated resources have reduced throughput capacity and increased operational down time across its divisions. In the breeder and hatchery operations, poor adherence to standard operating procedures and quality protocols have resulted in disease outbreaks, elevated mortality rates and delays in vaccination. These inefficiencies have not only reduced productivity but also increased costs and compromised product quality.

7.4.1.4. The prolonged underutilisation of core infrastructure has resulted in asset degradation, with key facilities and equipment falling into disrepair.

7.4.1.5. Compliance and regulatory breaches have further compounded operational risks. The hatchery, for example, lacks a valid water use license despite requiring up to 7 million litres of water per day. This exposes the business to legal action and potential shutdowns. Environmental conditions are inadequate, with ageing HVAC systems and poor planning contributing to animal welfare concerns and reputational damage.

7.4.1.6. Liquidity constraints have placed immense pressure on working capital, limiting access to short-term funding and impairing the company's ability to make timely operational decisions. This financial strain has triggered cascade of disruptions across the value chain, including the suspension of feed production, broiler farming and abattoir activities. These interruptions broke the rhythm of the supply chain, halted production flow and eliminated revenue from sales, compounding the financial distress.

7.4.1.7. More particularly, the Company's financial performance has deteriorated significantly over recent years with analysis revealing a gross margin contraction from 35% (FY20) to 1% (FY25). Cost of sales as a percentage of revenue has increased by 52% over the past five years, significantly compressing gross margins. The complexity and cost intensity of core production activities have driven this increase, resulting in the Company being unable to cover operating expenses through gross profit alone. The operating margin has shifted from 10% (FY20) to -17% (FY25), highlighting a sustained deterioration in overall operating efficiency and its cashflow position.

7.4.1.8. The financial metrics from March 2019 to March 2025 further illustrate the depth of the cashflow crisis. EBIT margins have declined from a high of 10.3% in FY20 to -17.3% in FY25, suggesting severe disruptions in working capital management. Additionally, the interest cover ratio has plummeted to -17.72, highlighting the company's inability to service its debt obligations from operational earnings.

7.4.1.9. Labour instability and poor workforce management further exacerbated the Company's financial distress. Constant strikes within the Company's breeder operations have disrupted flock management, while high turnover rates in abattoirs have led to inconsistent output and increased training costs. The absence of structured performance monitoring and accountability mechanisms has allowed inefficiencies to persist unchecked.

7.4.1.10. In addition, the Company's inability to meet payroll obligations due to liquidity shortfalls led to staff unrest and absenteeism, undermining workforce morale and operational continuity.

7.4.1.11. The Company has also suffered from market dislocation and capability erosion. The loss of customer engagement and fragmentation of route-to-market channels have weakened the Company's brand presence and disrupted sales momentum. Additionally, the departure of key personnel and the erosion of institutional knowledge have diminished operational capacity, making reactivation more complex and resource intensive.

7.4.1.12. The Company's financial troubles culminated in severe animal welfare violations, most notably the starvation and mass culling of hundreds of thousands of chickens in early 2025. This has severely damaged the Company's public image and its good standing with animal welfare agencies such as the NSPCA. These events triggered legal and regulatory scrutiny and highlighted the consequences of operational neglect and poor planning.

7.4.1.13. The Company is subject to a court order (the "Order"). In terms of the Order, the Company is required to obtain the consent of the NSPCA to conduct operations. Until these conditions are met, any attempt to operate will be in violation of the Order, exposing the Company to legal action and operational delays. These constraints have materially impacted the Company ability to resume core operation, contributing to its financial distress.

7.4.1.14. These internal issues resulted in a breakdown of the Company's supply chain, loss of key customers and a significant deterioration in cash flow.

7.5. Adverse industry conditions

Financial impact of load shedding on the Company

7.5.1. Between December 2022 and March 2023, South Africa experienced heightened levels of load shedding, which severely disrupted the Company's operations. The most critical impact was felt at the Company's abattoirs, where frequent power outages led to delays in the slaughter schedule. As a result, broiler chickens remained on farms longer than planned, increasing the demand for feed and placing pressure on the entire broiler supply chain.

7.5.2. The Company's Kinross Feed Mill, which normally supplies feed internally, was also affected by the power outages, limiting its production capacity. To maintain bird health and avoid losses, the Company was forced to procure broiler feed externally from Afgri Limited at a cost of R118 million. This unplanned expenditure significantly strained the Company's working capital. Additional financial burdens included:

7.5.2.1. Increased diesel consumption for generator uses during extended outages.

7.5.2.2. Higher maintenance costs due to prolonged generator operation.

7.5.2.3. Discounted sales and donations of birds when slaughter was no longer viable, resulting in lost revenue.

7.5.3. In some cases, birds were sold prematurely to avoid further feeding costs or to prevent them from becoming overweight, which would render them unsuitable for processing. These combined factors disrupted operational efficiency and created a liquidity crunch, highlighting the vulnerability of the Company's supply chain to energy instability.

Context and impact of avian influenza on the Company

7.5.4. The outbreak of avian influenza (AVI) at the Company's breeder farms had a devastating impact on the Company's production cycle and financial health. In response to state veterinary directives and biosecurity protocols, the Company was required to cull approximately 48% of its breeder flock to contain the spread of the virus. This drastic measure disrupted the internal production of DOCs, which are essential to the broiler system.

7.5.5. The loss of breeder stock led to:

7.5.5.1. Reduced egg production and hatchability, significantly lowering the volume of DOCs available for placement.

7.5.5.2. A supply gap in the broiler system, affecting downstream operations and revenue generation.

7.5.6. To mitigate the shortfall, the Company had to procure DOCs from external suppliers at nearly double the cost of internal production. This placed substantial pressure on profit margins and cash flow, as the company was forced to absorb higher input costs without corresponding increases in revenue.

7.5.7. Containment measures on unaffected farms added further financial strain. Staff were quarantined on-site for nearly five months, incurring additional costs for accommodation, daily allowances and meals.

7.5.8. These measures were necessary to prevent cross-contamination but added to the operational disruption and overhead costs.

7.5.9. The combined impact of load shedding and avian influenza created a perfect storm of operational and financial challenges for the Company. The faced:

7.5.9.1. Unplanned procurement costs exceeding R100 million

7.5.9.2. Revenue losses from discounted or unsellable birds.

7.5.9.3. Increased overheads due to emergency containment and energy mitigation measures.

7.5.9.4. Cash flow pressure from higher input costs and disrupted production cycles.

7.5.10. These events exposed critical vulnerabilities in the Company's operational resilience and highlighted the need for robust contingency planning, diversified supply chains and improved infrastructure to withstand external shocks.

Other external market impacts on the Company

7.5.11. In addition, the Company's challenges have been exacerbated by structural and macroeconomic pressures within the South African poultry industry. Certain industry dynamics have significantly contributed to the company's financial distress.

7.5.11.1. A total of 58% of animal protein consumed in South Africa consists of poultry, reinforcing its role as a staple protein the country.(SAPA Poultry Bulletin and Summary Report 2024, PSMP, Fitch Solutions) .The supply of poultry products is dominated by large vertically integrated competitors, consisting of a few major participants with significant scale, brand strength and exclusive access to preference breeding stock. These structural advantages have enabled competitors to price more aggressively, capture greater market share and marginalise smaller or less efficient producers like the Company.

7.5.11.2. Approximately 20% of chicken consumed in South Africa is imported – underscoring persistent local supply chain gaps. (SAPA Poultry Bulletin and Summary Report 2024, PSMP, Fitch Solutions). The poultry industry in general has faced mounting pressure from imported poultry products, which continue to erode the Company's market share and pricing power. Despite tariff protections and local industry support initiatives (such as anti-dumping duties), South Africa remains heavily reliant on imports to meet domestic demand.

7.5.11.3. The majority of South Africa's poultry imports originate from Brazil and the European Union, where producers benefit from economies of scale and lower production costs. These imported products are often priced below the cost of locally produced chicken, creating a significant competitive disadvantage for domestic producers like the Company. This persistent import reliance has undermined the Company' ability to compete effectively in key market segments, especially given its internal cost inefficiencies. The influx of cheaper foreign poultry has also contributed to margin compression across the industry, further straining the Company' already fragile financial position.

7.5.11.4. Feed represents the largest cost component in poultry production, exposing the need to effectively maintain consistent input supply. A significant proportion of the Company' revenue is absorbed by feed costs. Financial constraints have limited the business's ability to effectively hedge the purchase of maize, soya and sunflower. The volatility in global grain prices, compounded by a weak South African rand, has significantly inflated input costs. Larger competitors have been better positioned to absorb or hedge against these increases, while the Company has struggled to maintain cost efficiency.

7.5.11.5. Policies and selective import restrictions are helping stabilise local supply, however infrastructure and investment gaps prevail. While the PSMP has catalysed over R1.14 billion sectoral investment, supporting production and employment growth, the Company has not fully benefited from these initiatives due to its internal instability and lack of strategic alignment with government supported programs.

7.5.11.6. Structural bottlenecks continue to cap South African macroeconomic recovery, constraining consumer purchasing power. South Africa's GDP growth remains sluggish, forecast at just 1.6% in FY25 and 1.8% in FY26. Broader economic conditions have also played a role. Although household spending is expected to rebound slightly, as inflation eases and rate cuts improve disposable income, the recovery is slow and consumer purchasing power remains constrained. This has limited the growth of domestic demand for poultry products.

7.6. Together, these internal and external factors have created a perfect storm that has undermined the Company' financial viability. The Business Rescue Proceedings now present an opportunity to address these root causes through structural reform, operational stabilisation and strategic repositioning within the market.

8. FINANCIAL IRREGULARITIES AND MISMANAGEMENT

8.1. Between 2022 and 2024, several forensic and governance reviews were commissioned by the PIC and the Company to investigate allegations of misconduct, governance failures and financial irregularities. These reports were initiated in response to whistleblower complaints, internal concerns and persistent operational challenges within the Company.

8.1.1. JGL Report – Procurement and Personal Gain (Jan 2022): Commissioned to investigate allegations of procurement irregularities and potential personal gain involving the appointment of legal service providers.

8.1.2. Nexus Report – Forensic Investigation into Irregularities (May 2023): A comprehensive forensic investigation commissioned to examine multiple allegations, including bribery, stock theft, fraudulent appointments and threats to employees.

8.1.3. Deloitte Report – Appointment of Daybreak CEO (Sept 2024): Commissioned to assess the integrity of the CEO appointment process and related governance concerns raised by a whistleblower.

8.1.4. Deloitte Report – Review of Governance Structures (2023): Commissioned to evaluate the effectiveness of Daybreak's governance framework, including board operations, executive structures, risk management and policy oversight.

8.2. The Company has been plagued by a series of financial and governance irregularities, as revealed through the above-mentioned reports. These issues span procurement misconduct, board-level governance failures, executive mismanagement and systemic weaknesses in internal controls.

8.3. Procurement Misconduct and Financial Irregularities

8.3.1. The JGL report uncovered significant irregularities in the procurement of company secretarial services. The law firm MNA was appointed under questionable circumstances, with proposals lacking specificity and retainer models being inconsistently applied. Contracts were extended without proper documentation and MNA was reappointed despite prior poor performance. Payments were made without signed contracts and additional payments were processed for services outside the scope of the original engagement. These actions suggest a breakdown in procurement oversight and a failure to uphold fiduciary responsibilities.

8.3.2. The Nexus report revealed deeper financial misconduct involving MNA and a second entity, Blue Apple Tree. Evidence indicated that Blue Apple Tree was paid over R36.7 million for services that were either unjustified or not rendered. The appointment was not subjected to a formal procurement process, and invoices were approved using a forged electronic signature attributed to Mr. Nage, who denied authorizing the engagement. The report concluded that Kgabo Mapotse and Cedric Mamabolo colluded to defraud Daybreak, recommending criminal charges under the Prevention and Combating of Corrupt Activities Act (PRECCA).

8.3.3. Further irregularities were identified in the legal services provided by Malahlela Attorneys, who were paid approximately R123.9 million in a two-year period, with R39.9 million unlinked to any invoice and R8.8 million suspected to be duplicate payments. Hourly rates charged exceeded approved limits and documentation was lacking. The report recommended that Daybreak's Board consider reporting these transactions to the South African Police Service (SAPS) for investigation. The BRP will assume this responsibility and will keep affected parties abreast of the development of the criminal proceedings. The BRP will also consider instituting a civil claim for the recovery of the monies paid to Malahlela Attorneys.

8.4. Governance Failures and Board-Level Deficiencies

8.4.1. The Deloitte reports highlighted systemic governance failures. The CEO appointment process lacked transparency and procedural integrity, prompting recommendations to investigate whistleblower allegations and strengthen oversight of Nominee Directors.

8.4.2. The Governance Structures Review revealed that the current Board inherited a governance vacuum, with no records of prior meetings, resolutions, or policies. This forced the Board to engage in operational matters, blurring the lines between governance and management. The absence of a formal Delegation of

Authority (DoA) led to decision-making paralysis at the management level, with routine matters unnecessarily escalated to the Board.

8.4.3. Board composition was found to be inadequate, lacking expertise in poultry operations and ICT. The induction process for executives was ineffective and communication between the Board and Management was fragmented. Ethics frameworks were absent, and risk management was immature, further exacerbated by the resignation of the CFO.

8.5. Operational and Strategic Oversight Weaknesses

8.5.1. Vacancies in key executive roles, including Human Capital, compromised strategic oversight and reporting. The lack of an HR executive hindered performance management and succession planning. There was a pervasive "fear of decision-making" among management, contributing to inefficiencies and delays.

8.5.2. ICT governance was virtually non-existent, despite being a strategic priority. The Board lacked members with ICT expertise, and no formal ICT strategy or governance framework was in place. Risk oversight was similarly weak, with limited regulatory compliance monitoring and no defined risk appetite or key risk indicators.

8.6. The irregularities at the Company stem from both individual misconduct and systemic governance failures. Key individuals such as Mapotse, Mamabolo and service providers like MNA and Malahlela Attorneys were implicated in financial improprieties. The Board's reactive posture, lack of documentation and ineffective oversight mechanisms contributed to a culture of opacity and risk. Addressing these issues requires a comprehensive overhaul of governance structures, ethical standards and internal controls, alongside accountability for those responsible.

8.7. The Company continues to investigate ongoing irregularities arising from previous activities prior to the Business Rescue Proceedings. As these are formalised, effected parties will be made aware of the outcomes. As judgements or reports are concluded or published the Company will ensure that visibility is given as part of the Business Rescue Proceedings.

9. OPERATIONAL ISSUES AND NON-COMPLIANCE WITH LEGISLATION

9.1. Overview

9.1.1. The Company has faced significant challenges related to water use licensing, environmental compliance, and freshwater resource management at its Delmas Abattoir and Sundra Poultry Processing Facility. These issues have resulted in regulatory penalties, operational risks, and ecological degradation, with implications for both business continuity and reputational standing.

9.2. Delmas Facility: Discharge and Licensing Challenges

9.2.1. The Delmas Abattoir has been discharging treated effluent into a nearby pan (Pan 1), which has led to serious ecological degradation. A freshwater ecological assessment conducted in 2018 revealed that Pan 1 was "seriously modified" (PES Category E), with poor water quality, altered hydrology, and loss of biodiversity. The discharge has increased organic matter, nutrients, and algal growth, resulting in eutrophication and habitat loss.

9.2.2. Key findings include:

9.2.2.1. Water quality exceeded acceptable thresholds for aluminium, zinc, and biochemical oxygen demand.

9.2.2.2. Risk of spillover into adjacent wetlands, which could further degrade surrounding ecosystems.

9.2.2.3. Mitigation measures such as dredging, effluent quality improvement, and water reuse were recommended but not fully implemented.

9.2.3. The Water Use License (WUL) application for Delmas was lodged via the EWULAAS system but has faced delays due to financial constraints, particularly in sourcing water flow meters and updating specialist studies. The estimated cost to complete the licensing process exceeds R1 million, including meters, water balance reports, and ecological assessments.

9.2.4. Additionally, the facility was fined R250,000 under Section 24G of the National Environmental Management Act for unauthorized activities. This fine was paid in April, and follow-up actions are pending from the Department of Water and Sanitation (DWS).

9.3. Sundra Facility: Effluent Overflow and Wetland Risk

9.3.1. The Sundra facility discharges treated effluent into a series of pans (Daybreak Pans 1, 2, and 3), which are now exceeding their containment capacity. The overflow has led to saturation and degradation of these pans, with Pan 3 showing the most severe deterioration since the previous survey in 2010.

9.3.2. Key issues include:

9.3.2.1. Discharge volumes exceed pan capacity, requiring transfer between pans and risking spillover.

9.3.2.2. Water quality degradation, with elevated levels of aluminium, arsenic, and total dissolved solids.

9.3.2.3. Encroachment of agriculture and waste dumping further compromise wetland integrity.

9.3.2.4. Pans are classified as “seriously modified”, with a Recommended Ecological Category (REC) of D.

9.3.3. The WUL application for Sundra is on hold due to unresolved issues with water pans, one of which is classified as a wetland. Engineering solutions are required to reduce water levels and prevent overflow. The estimated cost to restart the application process is R400,000, with additional costs for meters and environmental practitioner services.

9.3.4. Despite provisional registration and annual assessments, the facility remains non-compliant with national, provincial, and local air and water regulations. The use of unauthorized boreholes drilled around 2016/17 further complicates compliance, and water results from these sources are unlikely to meet specification.

9.4. Additional Compliance and Operational Risks

9.4.1. Adjacent Farmer Agreement: Daybreak committed to supplying 600 million litres of water per week to Farmer as part of a payment agreement. However, the water quality is below standard, and the farmer has opted not to act on the agreement for now. The use of his borehole temporarily brought Daybreak into compliance, but this arrangement is fragile and lacks long-term sustainability.

9.4.2. Design and Licensing Requirements: To meet minimum compliance, Daybreak must commission a Preliminary Design Report through a qualified consultant. The cost of these studies is estimated at 10% of the total infrastructure investment, representing a significant upfront expenditure.

9.4.3. Beyond the abattoirs, Daybreak Foods faces systemic water use licensing challenges across its broader operational footprint, including hatcheries, feed mills, broiler farms, and breeder sites. Many of these facilities currently lack valid water use licenses, with some operating under outdated or incorrect authorizations. For example, the Curry’s Post Hatchery still requires a site visit to determine licensing needs, while the Kinross Feed Mill—currently using municipal water—plans to drill a new borehole that will necessitate a license. Broiler operations have no license in place, and breeder sites such as Merinovlakte and Worthing Hatchery are similarly unlicensed. Diepputten Breeders holds a license issued under incorrect water use, requiring review and ownership updates. These gaps are largely due to historical oversight, fragmented compliance management, and delays in initiating formal applications.

9.4.4. Remediation across the value chain requires a coordinated licensing strategy supported by engineering and environmental expertise. Key resources needed include water meters and flow meters (estimated at R320,000 per site), water balance reports (R450,000), and specialist studies such as ecological assessments and geotechnical investigations (R300,000+). Independent Environmental Practitioners must be appointed to guide applications through the EWULAAS system, with initiation costs ranging from R110,000 to R680,000 depending on the site. Procurement processes have been underway, with progression being challenged by the current operational and financial constraints being faced within the business. A turnkey approach involving preliminary design reports—typically 10% of total infrastructure investment—is essential to ensure regulatory compliance, operational sustainability, and alignment with the National Water Act.

9.5. Conclusion

9.5.1. The water use and compliance issues at Delmas and Sundra reflect systemic challenges in environmental governance, infrastructure planning, and regulatory engagement. Unauthorized discharges, poor water quality, and delayed licensing processes have led to ecological degradation and financial penalties. These issues are compounded by similar gaps across the Company's broader value chain, including hatcheries, feed mills, broiler farms, and breeder sites—many of which lack valid water use licenses or operate under outdated authorizations. Critical resources such as water meters, flow meters, water balance reports, and specialist studies are either missing or delayed due to procurement and financial constraints. Immediate action is required to:

9.5.1.1. Finalize water use license applications across all operational sites.

9.5.1.2. Implement mitigation and monitoring measures, including ecological assessments and infrastructure upgrades.

9.5.1.3. Engage with stakeholders, including regulators, landowners, and environmental practitioners.

9.5.1.4. Invest in water infrastructure and preliminary design studies to ensure long-term compliance and sustainability.

Failure to address these issues could result in further regulatory action, reputational damage, and operational disruption across the Company's facilities.

PART TWO

10. PROPOSALS TO RESCUE THE COMPANY

10.1. Key objectives of this business rescue plan

10.1.1. In the first meeting of creditors, convened in terms of section 147 of the Act, affected parties were advised that the business rescue process would encompass three distinct phases. In addition, affected parties were informed that the Company would publish two separate business rescue plans, each dealing with the separate phases.

10.1.2. The separate phases of the business rescue strategy - securing liquidity, reactivating core operations and stabilising for scalable recovery are guided by time-bound, impact driven initiatives.

10.1.3. The proposals to rescue the Company begins with the Emergency Phase (Phase Zero), focused on restoring liquidity, safeguarding critical operations and enabling short-term recovery. This is followed by a Reactivation Phase (Phase One), which will be aimed at restarting certain of the Company's operations, such as the abattoirs and feed mill. The final Stabilisation Phase (Phase Two) transitions the business toward asset-light, margin-rich operations and modular growth, anchored in a strategic equity partnership, to build long-term profit, predictability and control.

10.1.4. The proposals set out in this business rescue plan, will focus on Phase Zero and Phase One of the Company's business rescue plan. Upon successfully implementing these phases, the BRP will prepare and publish a further business rescue plan which will deal with the Stabilisation Phase.

10.1.5. In line with the proposals set out in the Stabilisation Phase and the transformation agenda for the Company and in anticipation of the plan outlined herein for consideration, the Company has proactively launched a formal request for proposals ("RFP") to identify a SEP through either an investment in or acquisition of the Company. Interested parties have been invited to submit proposals that include a buyer or consortium introduction, a high-level investment or acquisition strategy which the SEP intends to implement, setting out the SEP's relevant experience in the poultry or related industries, its B-BBEE credentials, proof of funding or a bank guarantee and an indicative transaction timeline.

10.1.6. Successful participants will be granted access to a Data Room and invited for site visits to conduct due diligence. The process is intended to follow a structured timeline, subject to Competition Commission of South Africa (Comp Com) approvals, as follows:

10.1.6.1. Expression of Interest submission deadline: 30 September 2025

10.1.6.2. Non-binding offers Submission: 25 November 2025

10.1.6.3. Binding Offer Submission: 17 December 2025

10.1.6.4. Final Agreement Documents: 31 January 2026

10.1.6.5. Comp Com Approval: 30 June 2026

10.1.7. The Company will set its urgent and necessary recovery in motion with a focused insight-led plan designed to guide decisions that will ensure the successful rescue of the Company. The objectives of this plan are to support the Company through a structured recovery process, enabling turnaround of the business through insight-led planning. This Plan translates deep commercial, operational and financial insights into a practical roadmap of actionable strategies aimed at reactivating its value chain.

10.1.8. The Company's main priority was to act quickly, given the time that had elapsed since financial challenges first emerged and before Business Rescue Proceedings began. The first step was to conduct a detailed analysis to identify the most viable recovery options. These options then needed to be prioritised according to feasibility, impact and readiness. Finally, stakeholders were aligned around a phased recovery roadmap.

10.1.9. The speed of activation of analysis and the level of detail with which it has been completed, will support informed decision making, accelerate execution and build alignment across the value chain of the business and provide the following:

10.1.9.1. Clarity on recovery options

10.1.9.2. Prioritisation of actions by feasibility and impact; and

10.1.9.3. Implementation of informed decisions and stakeholders' alignment.

10.1.9.4. The goal is to move beyond diagnosis and into action – enabling the business to regain momentum, rebuild confidence and restore enterprise value. Reviving the Company is not just a commercial imperative, it is a social contract to restore livelihoods, secure food supply and rebuild trust in a vital sector.

10.1.10. Stabilisation of operations

10.1.10.1. Prior to the commencement of Business Rescue Proceedings, the Company was a nationally scaled, vertically integrated business. The Company was operationally overextended. Once one of South Africa's largest poultry producers, with a total capacity of 6.8 million chickens manufactured per month, the Company operates as several interconnected businesses, each with distinct systems, challenges and performance drivers, making centralised management difficult and proving substantial operational complexity. This complexity is heightened by the need to coordinate biological cycles, logistics regulations and market forces, all of which influence one another.

10.1.10.2. The stabilisation of operations at the Company requires a coordinated response to a series of interrelated challenges that have severely disrupted the business's ability to function as a going concern.

10.1.10.3. Managing the Company's operational complexity becomes critical to mitigating performance risks and demands strong governance, integrated data systems and cross functional collaboration to maintain efficiency and resilience. Stabilising operations will therefore require not only financial and infrastructural investment but also strategic rebuilding of human capital, stakeholder relationships and the engagement of a strategic equity partner to ensure the Company trades profitably and thereby be in a position to repay its creditors.

10.1.11. Governance reset

10.1.11.1. A fundamental objective of the business rescue plan is to implement a comprehensive governance reset across the Company. This is imperative given the historical challenges the company has faced, including financial irregularities, weak internal controls and lack of effective oversight. These governance failures have not only eroded shareholder trust but also contributed materially to the Company's financial distress and operational instability. This is further contextualised later in this Plan.

10.1.11.2. The governance reset will focus on rebuilding the Company's ethical foundation and institutional integrity. Key initiatives include the full implementation of a revised Code of Conduct and

Ethics, the establishment of robust whistleblower protections and the activation of governance committees aligned with King IV principles. These committees, covering audit, risk, remuneration and social and ethics, will be empowered to oversee compliance, monitor performance and ensure accountability across all levels of the organisation.

10.1.11.3. In parallel, the Company will introduce a suite of governance policies addressing anti-corruption, fraud prevention, conflict of interest and information governance. A legal register will be maintained to track regulatory obligations and ensure ongoing compliance. The Company will also partner with external experts, such as the Ethics Institute, to conduct ethics risk assessments and embed ethical decision-making into its culture.

10.1.11.4. The governance reset is not merely a compliance exercise, it is a strategic imperative to restore credibility, attract investment and enable sustainable recovery. By institutionalising transparency, accountability and ethical leadership, the Company aims to create a resilient governance framework that supports long-term value creation and stakeholder confidence.

10.1.12. Restoration of cashflow

10.1.12.1. The restoration of cashflow is a central objective of the Company's Business Rescue Proceedings, as the Company currently faces acute liquidity challenges that threaten its operational continuity and long-term viability. The Company aims to restore its cashflow position during the Emergency and Reactivation Phases by relying on the funding provided by the PIC sustain critical operational costs and obtaining an operating partner to assist in the financial and operational requirements in reactivating certain of its operations.

10.1.12.2. Without decisive intervention, the Company will remain trapped in a cycle of operational financial shortfalls and unsustainable capital injections. Various cost cutting initiatives and efficiencies driven by new management in the business are starting to show a trajectory towards optimising performance. the Company's cashflow position, however, remains severely strained and under pressure.

10.1.12.3. The rescue strategy must therefore prioritise restoring cashflow through targeted cost containment, improved working capital discipline and the reactivation of revenue-generating operations within the value chain. This will involve operating partner models for the feed mill and abattoirs. Only through these measures can the Company transition from financial distress to a position of operational solvency and strategic recovery, as envisaged in Phase Two of the Business Rescue Proceedings.

10.1.13. Preservation of jobs

10.1.13.1. The preservation of employment is a socio-economic necessity given the Company' role as a major employer in the various regions within which it operates. At its peak, the Company employed over 3,400 individuals across its operations, including breeder farms, hatcheries, broiler farms, abattoirs, feed mill and its head office. These jobs are not only critical to the livelihoods of employees and their families but also underpin broader economic activity in regions such as Mpumalanga and Gauteng, where alternative employment opportunities are limited.

10.1.13.2. Beyond direct employment, the Company supports a wide network of indirect jobs through its procurement of feed inputs from small-scale maize and soya farmers through its logistics and distribution partnerships and its engagement with local service providers. The Company also plays a developmental role by enabling youth employment and skills development in agricultural processing – contributing to long-term economic inclusion and rural industrialisation. The collapse of the Company's operations would therefore have far-reaching consequences, exacerbating regional unemployment, deepening social vulnerability and undermining confidence in state-linked agribusiness recovery.

10.1.13.3. The business rescue plan seeks to stabilise and progressively reactivate the Company's operations in a manner that preserves as many jobs as possible, while also creating the conditions for future employment growth. The phased-reactivation of core facilities – beginning with the reactivation of an abattoir – will allow for the gradual reintegration of staff, supported by targeted training and performance management interventions. By restoring operational rhythm and financial sustainability, the plan aims to protect existing employment, rebuild workforce morale and re-establish the Company as a key contributor to South Africa's food security and rural development agenda.

10.1.13.4. To secure its future viability, the Company will be required to implement a phase reactivation process, which will lead to possible retrenchments in the short-term. The Company aims to implement a strategy of systematic re-employment as and when its operations are reactivated and stabilised through the various Phases of the Business Rescue Proceedings.

10.1.14. Maximisation of creditor recoveries

10.1.14.1. The maximisation of recoveries for creditors aligns with the principles of equitable treatment and commercial sustainability under Section 150 of the Companies Act. The creditor base comprises multiple classes, including Secured Creditors, Preferent Creditors and a broad spectrum of Concurrent Creditors, many of whom are embedded within the supply chain as, inter alia, feed suppliers, logistics providers, goods suppliers and service contractors.

10.1.14.2. Unsecured creditors have been adversely affected by the Company's liquidity constraints, operational disruptions and payment delays. By stabilising operations, restoring throughput and reactivating revenue-generating production units, the Company's Business Rescue Proceedings aims to place it in a position where it is able to repay its Creditors from the profits which intends to realise from its future operations.

10.1.14.3. Importantly, the rescue strategy also recognises the need to protect ongoing commercial relationships with Creditors. Many Concurrent Creditors are integral to the Company's supply chain and operational continuity. Preserving these relationships is essential not only for the recovery of claims but also for the long-term viability of the business. Through transparent engagement, prioritised reactivation of operations and disciplined financial management, the rescue process provides a framework for restoring trust, enabling recoveries and ensuring future participation in a restructured, sustainable business.

10.1.14.4. In this context business rescue becomes a commercial imperative – not only to preserve the going concern value of the enterprise but also to prevent a disorderly wind-down that, in this instance, would yield a negligible recovery for all classes of Creditors.

10.1.15. Long term sustainability of the business

10.1.15.1. The Company operates in a strategically protected industry, where national policy explicitly supports local production and seeks to reduce dependence on low-cost imports. This increase in sector investment and support signals confidence in the sustainability of local poultry production, improving access to infrastructure, partnerships and market coordination. For local producers this support translates into greater market stability, reducing operational risks and improved competitiveness. It enables them to scale up production, invest in infrastructure and access new markets, both domestically and internationally.

10.1.15.2. Since its implementation, the PSMP aimed to revitalise the sector and promote local growth, has delivered tangible benefits for local producers:

- Retained over 52,000 jobs across the poultry value chain;
- R2.02 billion investment in infrastructure and support measures;
- R1.5 billion investment specifically towards supporting emerging and black-owned poultry businesses; and
- R635 million has been committed to future phase, reinforcing long-term sustainability.

10.1.15.3. The recent Poultry Market Enquiry, officially initiated by the Competition Commission in February 2024, is a direct challenge to entrenched market structures that have long favoured vertically integrated incumbents controlling feed, genetics, day-old-chicks and processing. With a focus on anti-competitive conduct, contract grower dynamics and barriers to entry for SMEs and historically disadvantaged producers, the inquiry seeks to unlock fairer competition and catalyse a more inclusive, resilient poultry value chain. For the Company, now operating primarily through contract grower models, this presents a strategic inflection point. By diversifying input sources, renegotiating supplier contracts, exploring operating partnership models and enhancing transparency and sustainability in grower relationships, the Company can align its recovery strategy with anticipated reforms. Moreover, engaging proactively with the inquiry process positions the Company will not only be able to restore competitiveness, but emerge as a transformation leader within the poultry industry.

10.1.15.4. The long-term sustainability of the Company is also underpinned by robust and evolving demand for poultry products, driven primarily by South Africa’s growing population and shifting consumer dynamics. Poultry remains the most affordable and accessible source of protein, making it a staple in both urban and rural diets. As food inflation stabilises and trade policies increasingly favour local production, through measures such as anti-dumping duties and the PSMP, domestic consumption is expected to rise. Additionally, changing consumer preferences towards health-conscious, convenient and ethically sourced products are expanding market opportunities, particularly in urban and middle-income segments. Technological advancements in production and energy resilience are further enabling scalability and cost-efficiency.

10.1.15.5. These macroeconomic, demographic and structural trends collectively position the Company to capitalise on a growing and diversifying market, reinforcing its relevance and competitiveness in the poultry sector.

10.2. **Overview of the rescue strategy**

10.2.1. Phased approach to business rescue

10.2.1.1. The Business Rescue Proceedings marks a turning point for the Company – shifting from reactive crisis management to a focused opportunity for strategic renewal, operational reset and long-term value creation. The business rescue process will follow realistic, resource-conscious principles and rebuild the business in phases, based on the nature of its assets, market position and financial constraints. These principles provide a strategic framework for how the Company can transition from survival to sustainability.

10.2.1.2. The Company’s phased approach to Business Rescue Proceedings, is designed to balance urgency with strategic discipline, recognising that immediate liquidity is essential for survival, while long-term viability depends on attracting an SEP partner to create and sustain future growth, profitability and the repayment of its Creditors.

10.2.1.3. The business rescue approach is grounded in a comprehensive, insights-led diagnostic exercise undertaken by the Business Rescue Practitioner, which included deep data-led analysis across the entire value chain. This multi-dimensional assessment evaluated operational readiness, financial baselines and commercial performance and was validated through cross-functional engagement with key stakeholders. The result is a coherent, prioritised recovery strategy that aligns resource allocation with high-impact, feasible interventions.

10.2.1.4. the Company is currently in the Emergency Phase, where the priority has been to restore liquidity to make payment of critical operational costs to protect its core operations and enable short term recovery, pending implementation of the Reactivation and Stabilisation Phases.

10.2.1.5. The following impacts have been achieved in the Emergency Phase:

- Secured emergency funding of R150m from the PIC to stabilise short-term operations. The Company deployed the funding provided by the PIC to, inter alia, make payment of critical operational costs.

- Suspended non-critical operations to preserve cash. Due to operational compliance, regulatory and financial challenges the BRP faced surmountable pressure to shut down all operations entirely. However, the viability of each division within the Company's value chain was considered separately.

- The Hatchery and Breeder was a cost centre for the Company, and it did not produce any profit, prior to the Commencement Date.

- Feed and DOC arrangement with Astral Foods

  - The BRP concluded that the Hatchery and Breeder would remain operational, to support DOC production and thereby preserving the Company's biological assets. This resulted in the immediate preservation of jobs at the Hatchery and Breeder.

  - The BRP, shortly after the Commencement Date, entered an arrangement with Astral Foods to secure the supply of feed to the Company's parent stock.

- In terms of this arrangement, Astral Foods would supply feed, transport and vaccines to the Company, on condition that the Company supply Astral Foods with DOCs. The cost of the feed would be offset against the sales price of the DOCs.

- Initially, Daybreak was in a payable position; however, by the third week, the cumulative value of DOCs delivered had surpassed the value of inputs received, resulting in a net positive position of approximately R71,000. As of the latest update, Daybreak holds a net positive position of R21 million.

- During this period, the Company went from an initial hatchability rate of 74% in June 2025, to 87% in August 2025. The average number DOCs being hatched per week went from no DOCs at the Commencement Date, to an average of 800,000 DOCs per week as at the Publication Date.

- The Company furthermore replenished its parent flock at its breeders to ensure a stable and ongoing supply of DOCs.

- Prioritised cost reduction that does not compromise core operations. Identified and reduced critical costs, with a focus on high impact areas (e.g. staff costs 41%).

- Stabilised the labour instability faced by the Company when business rescue proceedings commenced.

- Implemented stipend provisions to employees who were not rendering services. In the months of June and July, the Company made payment of a minimum of 50% of salaries to the employees who were not rendering services. The Employees Committee have been informed that for the month of August, employees who earn less than R15,000.00 per month will receive a monthly stipend of R1,500.00, whilst employees earning more than R15,000.00 per month will receive a stipend equal to 10% of the salary.

- Employees who rendered services, have been full remunerated and have remained unaffected.

- The Company further addressed the issue of the arrear pension fund contributions due to the fund administrators.

- Section 13A of the Pension Funds Act ("PFA") obliges the Company to pay over deductions within 7 days. Failure to do so results in penalties and criminal liability for its directors.

- In terms of Section 136 of the Act, a BRP may not suspend any provision of an employment contract, and the terms and conditions of employment contract remain unaltered.

- In the pension fund adjudicator's decision in YN Landman v Wilenri Appliance Service Provident Fund and others (PFA/KZN/6286/2011/SM), the adjudicator confirmed that "the fact that the [employer] has been placed under business rescue did not absolve it from its statutory duty to pay outstanding contributions".

- The legal moratorium set out in section 133 of the Companies Act will not offer protection to the Company in respect of pension fund arrears.

- As such, the BRP is statutorily obliged to make payment of all arrears pension fund contributions (which have already been deducted from employee salaries and not paid over), unless there is unanimous agreement between the Company, the employees and the fund administrators.

- Having regard to the aforesaid, the BRP has made a request to the PIC to approve the adoption of an amended budget, to utilise the loan funding to immediately settle all arrear pension fund contributions.

- Assembled a multi-disciplinary Business Rescue team, including experts in finance, operations, legal, marketing and labour relations.

- Ongoing legal consultations and resolution path agreed with the NSPCA, in response to the judgement issued on 23 May 2025.

- Protected the assets of the Company and responded to incidents of robbery and stock theft by upgrading security services across all the operations of the Company.

- Engaged with Eskom following the termination of electricity supply. Eskom continues to supply electricity on operational sites and electricity remains terminated on non-operational sites.

- Addressed significant labour disruptions through active employees committee engagement and employment terms and mitigated strike-related risks.

- The employees who are employed at the Merino and Diepputten breeding and hatchery facilities embarked on an unprotected strike, which commenced on the morning of Friday, 04 July 2025.

- The employees who embarked on the said strike action failed to provide the employer with the required notice, as set out in Section 64(1) of the Labour Relations Act.

- On 07 July 2025 the BRP, acting in terms of Section 64(3)(d) of the LRA, declared a lock-out to all employees who participated in the unprotected strike.

- The disputes the gave rise to the unprotected strike and picket action were subsequently resolved and on 13 July 2025, the lock-out was terminated. Employees reported for duty and return to work on 15 April 2025.

- Restored the Altron IT system, to regain accessibility to critical systems and data. Parties agreed on a mutual termination of the MSA and the Company is implementing an exit strategy over a period of three months. The systems remain fully operational and provide the Company with stable access to information, until the migration to a new service provider is completed.

10.2.1.6. The next phase of the Company's is the Reactivation Phase, which is aimed at securing an operator partner, alternatively, funding to restart certain of its inactive operations such as one abattoir and the feed mill.

10.2.1.7. The Reactivation Phase targets low-cost, high impact nodes within the value chain to generate early cashflow and restore operational momentum. Stabilisation then builds from this foundation, focusing on margin-rich activities such as packaging, portioning and branding to drive profitability and differentiation.

10.2.1.8. Immediate reactivation focuses on commercially attractive, operationally feasible and financially viable activities which play to the Company's strengths. These include high-margin SKUs that can be produced and delivered using current infrastructure, commercial opportunities that justify funding allocation and operational actions that offer strong return on investment. It is important that immediate revenue is generated, even if margins are low, to rebuild liquidity and fund further recovery. Furthermore, actions that show clear movement to stakeholders - customers, employees and investors – will demonstrate that the business is alive and capable of execution, restoring confidence and engagement. Instead of waiting to build new capabilities, reactivation uses what is already available to jumpstart operations. This ensures minimises upfront costs and accelerates time to market.

10.2.1.9. Once reactivation has created momentum and cash flow, the Stabilisation Phase ensures the business becomes predictable, efficient and sustainable. Partnerships and outsourcing will be used selectively to maximise scale and capability and de-risk the value chain, while preserving control over brand equity and market access. This Phase Two also focuses on establishing operational control through governance, cost discipline and process reliability; securing supply and sales reliability to maintain customer satisfaction and delivery consistency; and restoring financial health by shifting from reactive liquidity management to profitability and stable cash flow.

10.2.1.10. The table (*Table 2*) below outlines the key characteristics of the three-phased approach to the Business Rescue Plan for the Company.

Table 2

Key characteristics of three-phased approach to the Business Rescue Plan

Phase	Emergency	Reactivation	Stabilisation
Purpose	Aims to restore liquidity, protect core operations and enable short-term recovery	Leverage existing assets and operating partnerships to unlock quick wins, generate income, improve cash inflow, reduce or offset operational costs and demonstrate business movement after a period of inactivity	Shifting to asset-light business model with margin-rich operations, building predictability and control through strategic equity partnership and modular growth
Focus Areas	• Suspend non-critical operations to preserve cash • Secure emergency funding • Accelerate receivables and internal collectables	• Standing up minimum viable operations (e.g. limited restart of processes or routes to market) • Prioritising activities that are quick to implement and low-cost • Leveraging any existing assets, contracts or resources to jumpstart revenue • Focus on cash in, not margin or scale	• Establishing operational control and cost discipline • Improving reliability of supply, sales and cash flow • Evaluating fit-for-purpose business models for scale • Building visibility into performance and risks across the value chain
Outcomes	• Resume hatchery through strategic partnership • Activate DOC resale through strategic partnership	• Kickstart inflow of working capital • Begin rebuilding operational rhythm • Support socio-economic objectives • Demonstrate momentum to stakeholders	• Predictable operations • De-risk while maintaining control • Improved financial health • Readiness for long-term strategic decisions (e.g. investment, partnerships, asset restructuring) • Long-term job creation

Note. The proposed three phased business rescue plan approach enables sustainable turnaround of the Company.

10.2.1.11. This strategy acknowledges the various restart risks, capital requirements and margin potential across different parts of the business. It leverages asset-light models, partnerships and outsourcing to maintain commercial presence and scale capabilities without overextending capital. Intangible assets – such as customer relationships and retail listings – are treated as strategic levers, monetised early to support liquidity and stakeholder confidence.

10.2.1.12. By treating business units as modular, the plan allows for flexible recovery paths, including scaling, partnering, divesting or restructuring. This approach avoids the pitfalls of attempting a full restart, instead prioritising quick wins that demonstrate capability, rebuild trust, unlock future investment and support long-term decision-making. Through this disciplined, data-driven framework, the Company is positioned to transition from distress to sustainable recovery.

10.2.2. Operational restructuring plans

10.2.2.1. Prior to the Commencement Date, the Company struggled to manage the scale and complexity of its fully integrated value chain – driving operational, financial, reputational and compliance risk, while disrupting supply continuity and eroding margins.

10.2.2.2. Revenue decline of 1.5% per annum over the last 6 years, driven by FY25 performance, coupled with a 2% annual rise in costs, continues to erode the Company's profitability and underscores the need for full value chain cost optimisation. Operational complexity is driving real cash costs that exceed income, with a cash-based gross margin (how well the business is converting its revenue into cash) of just 9% and EBITDA of -9%. This compares poorly to industry peers such as Astral Foods and Quantum Foods, which maintain EBITDA margins above 5%.

10.2.2.3. An acute focus on restoring the Company's operational underperformance is imperative to address the Company' unsustainable cost structure, where cost of goods sold (COGS) consumes 91% of revenue (on a cash basis). Breeder and broiler costs alone account for a disproportionate share of COGS, while support functions and SG&A expenses consume 19% of revenue. The imbalance and structural inefficiencies have culminated in a negative FY25 EBITDA of R215.7 million, indicating that the business is not generating sufficient operating profit to sustain itself and underscoring the urgent need for cost reform and cashflow stabilisation. Without structural cost reform, capital injections will be absorbed by ongoing losses and will not deliver sustainable returns.

10.2.2.4. As forementioned, the Company's organisational design has undergone forced restructuring, revealing inefficiencies and critical gaps that challenge operational readiness. With a headcount of 2,706 (April 2025), any capital injection provided to the business is at significant risk of being rapidly absorbed unless structural changes to labour are made to improve efficiency and reduced overheads. At present, the total monthly salary bill at the Company, across all areas, is R32.9 million which represents.

10.2.2.5. Having regard to the Company's strategy to systematically reactivate its operations over a period of time, the Company will necessarily be required to implement a retrenchment process in terms of Section 189 of the LRA.

10.2.2.6. The Company intends to institute a retrenchment process across the board (all of its divisions). For the avoidance of doubt

10.2.2.7. The retrenchment proceedings will be aimed at aligning the Company's current operational structure with its labour force

10.2.2.8. At present, the Company's only divisions which remain operational is the hatchery and breeders.

10.2.2.9. In line with the proposals set out in respect of Phases One and Two, the Company will commence with immediate retrenchment proceedings in respect of all employees who are not rendering services and/or who are considered redundant in the current organisational structure.

10.2.2.10. Having regard to the aforesaid, the Company envisages that the following retrenchments could possibly take place within the Company:

Broiler Farms	70
Delmas Abattoir Plant	992
Breeders	90
Merinovlakte	46
Diepputten	44
Head Office	22
Head Office	35
HR Group	15
Exec Payroll	6
Hatchery	72
Hatchery (Worthing)	67
Natal Hatchery (KZN)	5
Kinross Animal Feeds	78
Sundra Abattoir Plant	906
Total Retrenchment	**2230**

10.2.2.11. The aforesaid scenario is based on the assumption that the Company's operations continue as they are currently being conducted and that the Company does not receive any TERS assistance.

10.2.2.12. The proposed retrenchments, as set out above, are merely estimates and are subject to change. The Company will only be in a position to determine the final proposes retrenchments, once clarity has been obtained on the final organisational structure and whether the Company receives TERS assistance.

10.2.2.13. The BRP, prior to the publication of this Plan had numerous engagements with TERS in order to obtain assistance. Pursuant to these engagements, TERS indicated that it would only consider providing the Company, upon the adoption of a business rescue plan.

10.2.2.14. The BRP submits that the Company is a candidate that meets the criteria to obtain TERS assistance.

10.2.2.15. Under TERS, employees affected by short-time, layoffs or possible retrenchment may be placed on SETA-funded training for up-skilling or reskilling for a maximum of 12 months and during this period their wage cost is covered by the UIF and not by the employer.

10.2.2.16. If TERS is used for a layoff, employees will be on the TERS every working day of the period of layoff by the Single Adjudication Committee (SAC). If it is combined with short-time, employees will only be on the TERS during the days when there is no work in the company over a 12-month period.

10.2.2.17. The benefit for employees is that instead of having no earnings, working short-time or being laid off, or facing the risk of retrenchment, TERS provides employees with income while in some instances, also ensuring they receive training and have a better prospect of avoiding retrenchment/securing alternate work at the end of the TERS.

10.2.2.18. An employee on the TERS receives 75% of their ordinary wage salary up, to a maximum prescribed amount of R241 110.59 per annum. Employees earning above the threshold are eligible for participation but will only receive the above-mentioned income.

10.2.2.19. The BRP will continue to engage TERS if this Plan is adopted in order to obtain possible relief and avoid the effects of retrenchment.

10.2.2.20. The BRP further confirms that any proposed retrenchments pursuant to the adoption of this Plan will be attended in accordance with the relevant provisions of the LRA.

10.2.3. Strategic initiatives

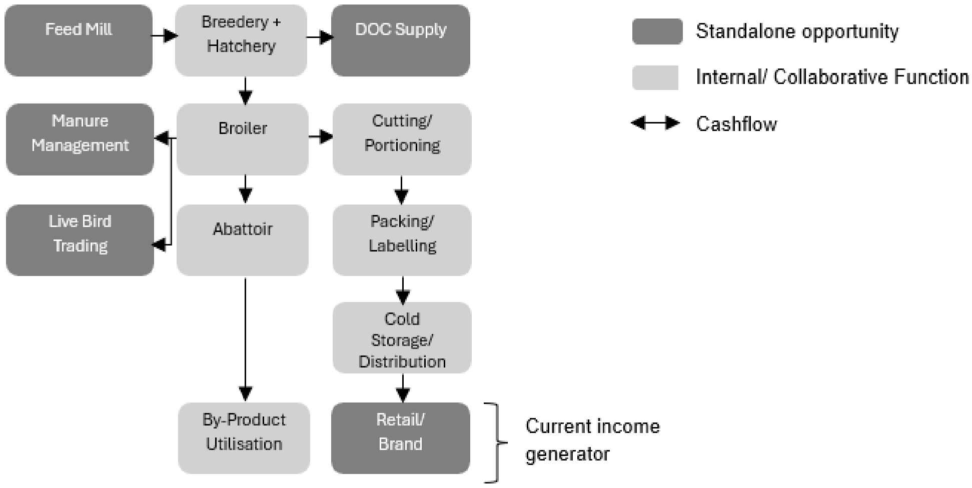
10.2.3.1. The Company's internal challenges stem from structural inefficiencies, operational breakdowns and strategic missteps that have compounded over time – eroding cashflow, stakeholder confidence and the company's ability to adapt or recover. Coupled with this are the external shocks - including disease outbreaks, market volatility, regulatory pressure and competitive import pressures – which have intensified the Company's vulnerabilities, exposing the business to risks it was not structurally equipped to manage.

10.2.3.2. The Company' strategic priorities must focus on restoring operational viability, building resilience and positioning the business for long-term competitiveness. Central to this is shifting to asset light models and partner-led operations to reduce capital intensity, unlock agility and reduce risk. Cost reform, particularly in the areas that continue to present as expenses to the Company irrespective of the operating partner or lessee's involvement, is essential before any capital injection can yield returns. Modular reactivation, commercial agility and prioritisation of high-margin products and channels will accelerate recovery e.g. fresh versus frozen products in the short to medium term. With increased strategic focus across the Company value chain, monetisation options are now being unlocked at multiple stages – moving beyond the previous model where income and cashflow were only realised at the end of the chain.

10.2.3.3. The diagram below (*Figure 2*) shows the Company's value chain monetisation map with potential for alternative standalone monetisation opportunities being explored by the BRP.

Figure 2

The Company Value Chain Monetisation Map



Note. Significant opportunities exist for the business to transition from a fully integrated chain to an agile and monetised modular chain, fit for deliberate, immediate and accelerated turnaround. There are multiple entry points to generate cashflow - DOC Supply, Feed Milling, Cold Storage, Live Bird Trading and Retail Branding can all be activated independently. Low to moderate capital nodes with revenue potential, particularly when paired to outsourcing. Even with core production at a standstill, you can monetise market access, infrastructure and relationships.

10.2.3.4. Operational discipline must be reinforced through preventative maintenance, performance-based contracts and digital governance systems. To mitigate biological and regulatory risks, the Company will diversify hatchery partnerships, strengthen biosecurity and compliance frameworks with strong operating partners and engage proactively with the regulators. Strategic procurement, channel diversification and cost-plus pricing models will help protect margins in volatile conditions. Finally, embedding social responsibility and transparent recovery planning, will rebuild trust with stakeholders, enhance ESG credibility and support broader transformation goals.

10.2.3.5. The Company's competitors are locked into capital-heavy models that limit agility and expose them to systemic risks. This opens a strategic window for the Company to differentiate through a modular, asset light recovery approach – one that prioritises speed, ESG alignment and selective market re-entry over scale for scale's sake.

10.2.3.6. In addition to this, whilst large players dominate the market there remain competitor gaps and market shifts which reveal strategic white spaces where the Company can rebuild relevance, unlock margin and rebuild stakeholder confidence over time:

- Large competing producers are exposed to feed cost shocks and disease outbreaks, showing that scale alone doesn't guarantee stability.

- Fully integrated models offer cost control but are capital-intensive and slow to pivot – the Company's asset-light model can be a strength if executed well.

- Most of the Company' competition lags in ESG. Retailers and funders are increasingly prioritising traceability, welfare and environmental compliance which presents an opportunity for the Company.

- Despite scale, most players have limited export presence. The Company can explore niche, compliant export channels as a differentiator.

10.2.3.7. The Company's competitors are constrained by scale, complexity and capital intensity. This creates a space for the Company to deploy a leaner, faster recovery model. By targeting low-capex, high-impact opportunities, the Company can rebuild relevance, restore trust and reposition itself for long-term resilience.

10.2.4. ESG challenges and strategic response

10.2.4.1. The assessment carried out by the BRP since appointment, highlights the operational and strategic challenges driving the Company's environmental footprint, social risks and governance gaps. This lays the groundwork for targeted interventions that align financial recovery with ESG progress. While a full ESG diligence has not been completed, nor a technical assessment at this stage, the business rescue plan identifies key operational and reputational risks impacting the Company's ESG profile, outlines pathways to enhance sustainability across farming and production and highlights strategies to build trust with investors, consumers and regulators – ultimately supporting long-term profitability and resilience.

10.2.4.2. Daybreaks progress on successfully implementing environmental initiatives has been hampered due to strained cashflows, capital constraints and poor ethical behaviour of previous executive management.

- Waste Management remains a critical challenge, with the need to reduce and handle waste effectively to prevent environmental pollution. Current efforts include a joint venture with a third party to convert bloody feathers into protein meal, securing waste management licenses and assessing the feasibility of waste-to-energy solutions. Strategically, the Company plans to establish an inhouse blood feather processing facility, explore biowaste plant development and enhance compliance with Extended Producer Responsibility (ERP) regulations. These initiatives aim to meet major customer expectations and improve the quality and sustainability of waste management contracts.

- Wastewater treatment remains a critical focus area, with efforts aimed at preventing water pollution and promoting recycling. Key initiatives include the commissioning of a recycling plant at the Delmas abattoir, ongoing water use license applications across the supply chain and improvements to existing treatment infrastructure and testing protocols. Regulatory delays, such as the pending Section 24G approval and water license at Delmas, have hindered progress, while compliance with existing permits remains a priority. These actions are essential to align the Company with best industry practices and ensure long-term environmental sustainability.

- Sustainable feed sourcing has not yet been prioritised, despite its potential to reduce emissions and support local communities. Strategic considerations include sourcing from ethical and traceable supply chains, conducting supplier site visits to ensure compliance and procuring from B-BBEE rated businesses that follow sustainable agricultural practices. While some customers may demand sustainably sourced feed, this typically involves premium pricing, which would require corresponding compensation. Implementation remains aspirational pending financial recovery and customer alignment.

- Emissions reduction efforts are focused on improving air quality and reducing odour on farms, while also lowering reliance on carbon-intensive energy sources. Key initiatives include tracking

Scope 1 and 2 greenhouse gas (GHG) emissions, commissioning GHG assessments and exploring carbon offsetting options. Infrastructure improvements, such as solar panel installations, enhanced ventilation systems and the use of coal ash in road maintenance, are being considered to reduce coal dependency. The Company is also engaging with external experts and aligning with global sustainability frameworks like the UN Global Compact to formalise its emissions strategy.

10.2.4.3. The Company is currently engaged in boosting talent acquisition, employing critical skills and capacity planning to increase operational efficiency, while retaining talent and ensuring community development.

- The Company is committed to fair labour practices, workforce development and retention through structured training and inclusive employment policies. Over 73% of the workforce at its Grain Field Chickens processing plant are women, many from previously unemployed rural communities. The Company has implemented a talent sourcing policy, performance management systems and learning and development frameworks, alongside tax-free allowances for unionised employees. Strategic plans include restarting paused learner absorption programs, increasing employment of disabled individuals and maintaining participation in the Poultry Processing Learnership to build a skilled and resilient workforce.

- The Company actively supports local communities through job creation and targeted Corporate Social Investment (CSI). Its annual budget accounts for investment into education, food and nutrition security and skill development across Gauteng, Mpumalanga and Beta regions. Initiatives include bursaries for employee dependents, youth employment programs and the Rainbow Reach Program to support reintegration after extended absences. Internships, learnerships and apprenticeships further reinforce the Company's commitment to community upliftment and long-term socio-economic impact.

- Ensuring consumer safety is a core priority for the Company, achieved through strict hygiene protocols and industry-standard quality control. The company adheres to vaccination and medication guidelines, maintains food safety accreditations (FSSC 22000, ISO 22000) and implements withdrawal protocols to prevent consumer exposure. Audits by the Animal Reform

Society of South Africa and export certifications for abattoirs and feed mills reinforce the Company's commitment to safe, compliant operations across its supply chain.

- The Company promotes an inclusive and equitable workforce, aiming to improve its B-BBEE rating from Level 8 to Level 4. The Company supports female employment, disability compliance and employee wellness through leadership development and unconscious bias training. An employment equity plan with clear goals and timelines is being established. Community outreach includes STEM education support, monthly sanitary pad donations, school feeding schemes and bursaries for dependents of employees, reflecting the Company's broader commitment to social transformation and inclusive growth.

10.2.4.4. In conjunction with key stakeholders, the Company has made quick progress to enforce the company code of conduct and establish guidelines for ethical practices.

- The Company is strengthening its regulatory compliance framework by aligning with national food production laws and international standards. The Company has implemented a formal Code of Conduct and Conflict of Interest Policy, with plans to expand this framework to include anti-money laundering, fraud and theft prevention, anti-corruption measures, whistleblower protection and a legal register for information governance. These initiatives aim to ensure ethical supply chain practices, uphold animal welfare and promote employee development within a legally compliant operating environment.

- Corporate governance reforms include the revision of whistleblower policies and the establishment of multiple oversight committees, covering audit, risk, HR, investment and social and ethics functions. The company is committed to King IV compliance and is integrating ethics standards into its operational culture. Future plans include partnering with the Ethics Institute to conduct ethics risk assessments and embed ethical decision-making across all levels of the organisation.

- The Company is enhancing its transparency through regular financial disclosures and stakeholder engagement. ESG gap analyses have been conducted to identify areas for improvement, and the company is working toward developing a formal sustainability and ESG policy. These efforts are aligned with industry best practices, such as publishing ESG reports and maintaining full compliance with government export audits, as demonstrated by Rainbow Chicken's 100% pass rate.

- A proactive risk management approach is being adopted to identify and mitigate operational and financial risks. The Company has implemented AI-driven recovery plans and conducts regular risk assessments in collaboration with financial partners. These measures are designed to build resilience, protect assets and ensure business continuity.

10.2.4.5. While the Company faces significant operational, financial and commercial challenges, its exerted focus on Environmental, Social and Governance (ESG) priorities demonstrates a clear commitment to future-proofing the business. Through targeted initiatives in waste management, emissions reduction, sustainable feed sourcing and wastewater treatment, the Company is laying the groundwork for long-term environmental compliance and resilience. Concurrently, the Company is investing in workforce development, community uplift and ethical governance, ensuring that as it reactivates key parts of the value chain, it does so with integrity, inclusivity and sustainability at this core. These ESG efforts not only support recovery but also position the Company for responsible growth through and beyond the business rescue horizon.

10.3. Value Chain Reactivation Plan

10.3.1. The Company' poultry value chain is currently in a state of significant disruption, with most operational nodes either inactive or functioning at minimal capacity. The interlinked nature of the business means that inefficiencies or breakdowns in one segment have cascading effects across the entire system, resulting in cost overruns, supply chain interruptions and diminished productivity. Understanding the intricacies and operational nuances of each process across the value chain is essential for crafting a tailored and realistic reactivation strategy that drives stabilisation and sustainable growth.

10.3.2. The feed mill, a critical upstream component, is entirely non-operational. With a capacity of 17,000 tons and a workforce of 80 employees, its inactivity has halted internal feed production, forcing reliance on external suppliers and undermining cost control. Breeder farms are operating at minimal levels, with Merino and Dieputten sites collectively managing approximately 300,000 birds – less than half of their combined capacity. These sites are currently dependent on Astral for feed and several flocks are scheduled for depletion or relocation, reflecting a fragile and unsustainable operating model.

10.3.3. The hatchery is partially functional, with the Worthing site active and the KZN hatchery offline. Hatch rates have shown early signs of recovery, but operations remain constrained by upstream breeder performance and external feed dependencies. Broiler farms are entirely inactive, with no placements at contract sites and a dormant capacity of 1.1 million birds. This has effectively broken the production cycle, eliminating throughput to downstream processing facilities.

10.3.4. Both abattoirs – Delmas and Sundra – are non-operational, with only stock depletion and limited pallet clearance underway. Delmas and Sundra collectively employ over 1,900 staff, yet the absence of active slaughtering and processing has rendered these facilities idle. The head office is simply inactive, with no staff currently on site, further reflecting the systemic paralysis across the organisation.

10.3.5. This assessment underscores the need for a phased and prioritised reactivation strategy, beginning with nodes that offer the greatest potential for stabilisation and throughput recovery. The potential to restore operational rhythm across the value chain, which is essential to re-establishing the Company's commercial viability and supply chain integrity, relies heavily on the identification of a strategic equity partner in due course.

10.3.6. The Company is evaluating two strategic pathways for value chain reactivation, each designed to optimise capital allocation, operational capacity and continuity and to secure long-term viability:

10.3.6.1. Restart Pathway – this assumes funding is made available and focuses on a capital-efficient restart with selective operational partnerships e.g. Breeder & Hatchery restart through a partnership model.

10.3.6.2. Lean Operations and Partner Search – this assumes no funding is immediately available, the absence of additional operating partnership and maintains lean operations whilst the Company seeks and SEP.

10.3.7. The below table (*Table 3*) sets out a summary of the proposed value chain reactivation options.

Table 3

Value Chain Reactivation Plan for the Company's Business Rescue Proceedings

Option	**Restart Pathway**	**Lean Operations & Partner Search**
Description	*Focused, capital-efficient restart with selective options*	*Maintain lean operations with continued strategic engagement*
Breedery & Hatchery	Operations to continue in partnership with an operator, leveraging additional sites and capacity to produce up to 6.5 million DOCs per month. This includes monthly flock replacement and a gradual ramp-up of stock over time. Key pricing considerations must include vaccine availability, packaging and transport logistics for DOC sales.	Operations continue in partnership with an operator, but with limited stock replenishment. .
Broiler Farms	Broiler sites will remain inactive under a cost-minimisation model, covering only critical expenses and maintenance (insurance, security, essential upkeep). The business remains open to partnerships that support industry transformation and inclusive growth – without direct financial and operational exposure.	Broiler sites will remain inactive under a cost-minimisation model, covering only critical expenses and maintenance (insurance, security, essential upkeep). The business remains open to partnerships that support industry transformation and inclusive growth – without direct financial and operational exposure.
Feed Mill	The feed mill will remain inactive until an operating partner is secured, mitigating operational and financial risks and opening up market access for feed as an additional monetisation opportunity. In the meantime, a cost-optimisation model will be limited to critical expenses and maintenance only (insurance, security, essential upkeep).	The feed mill remains inactive under a cost-minimisation model, covering only critical expenses and maintenance (insurance, security, essential upkeep). No operational activity will resume until a strategic equity partner is secured.
Abattoir	One abattoir, Sundra, will be reactivated to support toll processing and enable a phased re-entry into the commercial market	All abattoirs remain inactive. No toll processing or commercial re-entry is planned under this option
Strategic Equity Partner (SEP)	An active search is underway for a SEP to support the recovery and transformation agenda	The search for a SEP continues, with a focus on long-term alignment and transformation support

10.3.8. The BRP has approached the assessment of each value chain component with significant consideration and consultation, carefully weighing all available options to ensure the most viable path forward for the business. This deliberate and well-informed methodology is clearly reflected in both proposed pathways, demonstrating a focused, strategic and intentional roadmap for reactivation.

10.3.9. Feed Mills

10.3.9.1. The Kinross Feed Mill is a pivotal component of the Company' operational infrastructure, offering a strategic opportunity to restore internal feed production and reduce reliance on external suppliers. It also plays an important role in the broader market where 75% of total feed production in South Africa is reliant on only three feed producers in the market – Astral Foods, RCL

Foods and Afgri Limited. This drives the potential anti-competitive behaviour due to several structural and behavioural factors including, inter alia, high market concentration, vertical integration, gatekeeping of inputs, contract farming dynamics and barriers to entry. Currently non-operational, the facility presents both challenges and opportunities in the context of business rescue. Its reactivation is essential to stabilising the value chain, improving cost efficiency and supporting sustainable growth.

10.3.9.2. The feed mill has historically faced several operational inefficiencies. Frequent equipment breakdowns have led to production stoppages and elevated depreciation costs. The feed mill's equipment, including hammer mills, mixers and pelletising machines, is aged but functional. A proactive maintenance strategy is essential to reduce downtime and avoid compounding financial strain. While immediate capital investment is not required for immediate reactivation, the financial burden remains high due to infrastructure constraints and the need for system upgrades.

10.3.9.3. Operationally, the feed mill is designed for full-capacity production with a four-day buffer stock. However, financial constraints have reduced operations to a reactive model, with production occurring only when raw materials are available. Monthly forecasting is conducted for a three-month horizon, but execution is limited by cash flow challenges and restricted supplier credit. The inability to hedge raw material prices and the shift from standard 30-90 day supplier payment terms to upfront payments further exacerbate financial risk.

10.3.9.4. The feed mill is currently non-compliant with legal operating requirements following the resignation of the certified feed mill operator. This presents a critical barrier to reactivation and must be addressed through targeted recruitment. Governance risks are also present, including the absence of formal contract approval protocols and audit trails for high-value transactions.

10.3.9.5. Despite these challenges, the Kinross Feed Mill is structurally sound and operational readiness is high. Within the value chain feed accounts for approximately 70% of the variable costs, making it a significant part of the value chain, of strategic importance and requiring an acute focus on cost control exposure. The management team has identified strategic options to streamline the workforce and explore alternative revenue generation opportunities. The strategic outlook is balanced, with potential to sell feed to external customers, although execution risks may hinder long-term objectives.

10.3.9.6. Since the CAPEX and OPEX remains prohibitive to the Company for the reactivation of the Feed Mill alone, the practical route for immediate reactivation is through a partnership model – with an operating partner who will benefit from the infrastructure, immediate market access, input cost synergy (sourcing strategically for input cost benefits) and high-margin performance from feed sales. This involves the business providing access to its feed milling infrastructure and customer base, while a third-party partner funds input costs, operates the mill and manages day-to-day delivery – providing the Company with broader expertise and efficiencies. Throughout, the Company retains ownership of the infrastructure and relationships, but this allows the business to assume stable operations with minimal investment in key equipment i.e. eliminating CAPEX and operational overhead – thus mitigating cashflow constraint into the business. The model gives the Company control over consistent and competitive feed supply should it be required. In addition, any production levels that exceed those required to fulfil contract grower demand will be available to be sold to external customers and provides an additional revenue generation opportunity in the short/ medium term. At present the Feed Mill is geared only to providing feed to the broiler farms and given these are not reactivated in the short term, any feed produced as part of an operating partnership will be for direct to market sales only.

10.3.10. In summary, under the Company's two strategic pathway options:

10.3.10.1. Lean Restart Pathway - the Feed Mill will remain inactive under a cost-minimisation model, covering only critical expenses and maintenance (insurance, security, essential upkeep), until operations can be resumed with the successful identification of an operating partner and/ or the later identification of a SEP.

10.3.10.2. Lean Operations & Partner Search - the Feed Mill will remain inactive under a cost-minimisation model, covering only critical expenses and maintenance (insurance, security, essential upkeep). No operational activity will be resumed until the later identification of a SEP.

10.3.10.3. More detail on how these metrics translate in the financial impact and requirement for additional funding are explored in *Table 4* below.

10.3.11. Breeder farms and hatchery

10.3.11.1. The Company' breeder farms and hatchery operations form the upstream backbone of its poultry value chain, directly influencing the consistency, quality and cost-efficiency of downstream production. While both segments are currently functional, excluding the Kwazulu-Natal hatchery which has not been operational for six years, they operate under somewhat constrained conditions. Their co-location presents a unique opportunity for integrated reactivation, leveraging shared systems, workforce and logistics to drive scale and sustainability.

10.3.11.2. The breeder farms, comprising Merino and Diepputten, are operating at reduced capacity – Merino at 33% (3 of 9 sites populated) and Diepputten at 44% (4 of 9 sites populated). The hatchery is similarly constrained, operating at approximately 50% capacity. Despite these limitations, infrastructure across both operations remains largely intact and active sites continue to function, providing a stable foundation for scaling. The BRP has commenced with the systematic upgrades and/or maintenance activities to increase production efficiencies.

10.3.11.3. The Hatchery only has a wastewater (effluent) treatment plant. The plant was built (by MM Star) as a result of a pre-directive by the department of Environmental affairs (in Limpopo) in 2019/2020. The plant has not been commissioned. The infrastructure is technically inadequate and does not meet discharge or environmental compliance standards. The Hatchery will require a retrofit, with costs projected between R1 - 2 million.

10.3.11.4. Hatchability rates have declined from a peak of 83.6% to around 77% impacted by equipment limitations, flock quality and process inefficiencies. The average remaining useful life of the current flocks is 25 weeks at Merino and 35.5 weeks at Diepputten, within the standard 65-week production cycle. This allows for short-term continuity but necessitates medium-term planning to avoid production gaps. Chick processing and delivery are completed within one day post-hatch to meet zero-day delivery standards, but this is achieved under pressure, with limited margin for error.

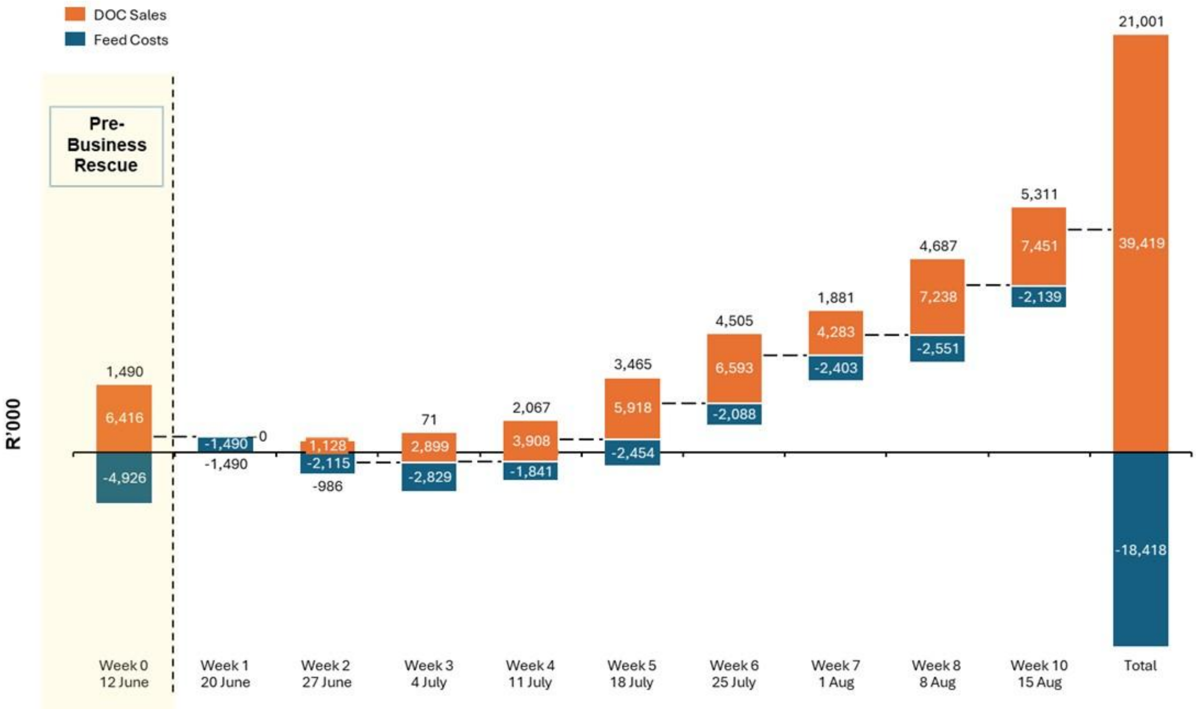
10.3.11.5. Infrastructure reactivation across both breeder farms and the hatchery primarily involves cleaning, site preparation and equipment servicing. Dormant breeder sites, inactive for several months, may be at risk of structural and equipment deterioration due to inconsistent maintenance. Similarly, the hatchery's systems are in a state of disrepair – only 67 of 95 setters and 47 of 57 hatchers are functional, with spare parts scavenged from non-operational units due to financial constraints. Critical infrastructure such as compressors, cold room fans and the ammonia plant require urgent servicing or replacement.

10.3.11.6. In response to these challenges, the Business Rescue Practitioner immediately negotiated an effective arrangement, initiated on 14 June, for weekly feed and DOC supply between the Company and a strong strategic partner – the agreement provides feed, transport and vaccines to the Company. This ongoing strategic focus on breeder stock health and feed optimisation has led to a marked improvement in hatchability, rising from an average of ~74% to ~87%, materially increasing DOC volumes and accelerating the value realisation under the agreement. By week three of the agreement, the cumulative value of the DOCs sold surpassed the total value of inputs received, resulting in a net positive position of approximately R71,000. To date the business is at a net positive position of R21 million. With positive cashflow, the Company plans to replenish the breeder stock to support volume growth and ensure long-term sustainability of the hatchery pipeline, while continuing to negotiate improved DOC pricing. Increased biosecurity risks due to extended manure presence and financial losses incurred from selling manure below market value, are being mitigated by a focused monetisation strategy for the sale of manure with formal contracts and oversight mechanisms.

10.3.11.7. The diagram below (*Figure 3*) shows the feed costs (supply from Astral Foods) and income from DOC sales to Astral Foods, tracked weekly from the 12th of June to the 15th of August.

Figure 3

Feed costs and income from DOC sales in respect of Astral Foods arrangement



10.3.11.8. Operational readiness across both breeder farms and the hatchery is moderate, with a mix of well-prepared and high-risk areas requiring targeted readiness plans and resource allocation. Strategic capability is moderately risky, supported by clear frameworks but challenged by the complexity of aligning multiple specialised functions under tight timelines.

10.3.11.9. In summary, the following priorities are pursued under the Company's two strategic pathway options:

- Lean Restart Pathway - the Company is planning a longer-term strategic reactivation model for the Hatchery and Breeder Farms that leverages partnerships for feed and operational support while retaining ownership of infrastructure, breeder and hatchery assets and all DOCs produced (1,5000,000/week). Under this model the Company retains ownership and market access, generating cashflow through DOC sales. The partnership enables the expansion of capacity and utilisation 95% across 18 sites and includes monthly flock replacement and a gradual ramp-up of stock over time. Ideally the operating partner provides working capital (feed, vaccines, transport) and operational support, however costs will be considered in DOC pricing structures going forward as required. Feed and bird costs are covered through the partnership and capital is the responsibility of the partner to support continued scaling of the business.

- Lean Operations & Partner Search – operations will continue with the existing operator but with limited stock replenishment or expansion to additional sites. The search for a SEP will continue throughout.

10.3.11.10. Whether the SEP activation is supported by debt or equity, the arrangement will be carefully considered as part two of the Business Rescue Plan, including inter alia, profit sharing mechanism, amount of investment required and repayment terms (if the funding comes in the form of debt or PCF).

10.3.11.11. More detail on how the reactivation metrics translate in the financial impact and requirement for additional funding are explored in *Table 4* below.

10.3.12. Broiler farms

10.3.12.1. While the operational framework is well-established, the broiler operations are currently non-operational and face a range of structural, financial and governance challenges. Operational inefficiencies have historically plagued the broiler farms. Delays in manure removal and facility cleaning have disrupted production cycles, extending grow-out periods and increasing maintenance costs. Equipment reliability is a key risk, with many farms relying on manual visual checks rather than automated systems. Environmental control systems, such as heating and ventilation, are inconsistently managed, contributing to poor feed conversion ratios (FCR) and elevated mortality rates. Monitoring tools exist but are underutilised and data manipulation by growers (e.g. early culling to improve FCR) has led to financial loss and compliance risks.

10.3.12.2. The immediate proposal is to mothball all broiler operations, subject to attending to the necessary care and maintenance over the properties.

10.3.12.3. An alternative option to pursue a reactivation strategy involving a shift in the business model, from direct broiler management to a lessor model, by leasing idle infrastructure to independent contract growers (out growers) has been considered by the BRP. This approach would aim to monetise underutilised assets, generate passive income and create integrated opportunities to supply day old chicks (DOCs) and feed through other reactivated segments of the business.

10.3.12.4. The transition to a lessor model would introduce a fundamental shift in the Company's role, from operator to enabler. The model relinquishes control to the lessee, with operations, compliance and regulatory requirements become their responsibility. Under this model, independent growers would lease broiler houses under clearly defined commercial terms, while the Company would provide DOCs and feed, ensuring integration across the value chain. However, leasing out facilities for a period of 10 plus years, as is often required to make such arrangements viable for both parties, creates a long-term commitment that may limit the Company's flexibility to adapt its business model or re-enter direct broiler management by way of a future strategic equity partner arrangement.

10.3.12.5. Under the Company's two strategic pathway options, given the priority for the business to identify a SEP, the decision has been taken to keep the broilers inactive under a cost-minimisation model, covering only critical expenses and maintenance (insurance, security, essential upkeep), to support any future business model adaptations. The Company remains open to partnerships that support industry transformation and inclusive growth, without direct financial and operational exposure for the Company and with strict conditions imposed on the lessee including, first right of refusal for birds and employment of existing company employees.

10.3.12.6. Whether the strategic equity partnership activation is supported by debt or equity, the arrangement will be carefully considered as part two of the Business Rescue Plan, including inter alia, profit sharing mechanism, amount of investment required and repayment terms (if the funding comes in the form of debt or PCF).

10.3.12.7. More detail on how these metrics translate in the financial impact and requirement for additional funding are explored in *Table 4* below.

10.3.13. Abattoirs

10.3.13.1. Given the capital and cashflow constraints in the business it is prudent to minimise restart costs by focusing initially on the reactivation of one abattoir facility only. Whilst a commercial consideration, it should not be overlooked that a critical driver of the need to reactivate abattoir operations is social impact, as the facilities employ over half the total employees at the Company.

10.3.13.2. As part of the Company's phased value chain reactivation, a comparative assessment of its two primary abattoirs, Sundra and Delmas, has been undertaken to determine the optimal site for immediate operational restart. Based on capacity, infrastructure, regulatory readiness, logistics, cost structure and workforce stability, Sundra is recommended as the preferred site for prioritised reactivation.

10.3.13.3. Prior to Business Rescue Proceedings Sundra recently operated at 90,000 birds daily, with an optimal capacity of 145,000 birds per day, translating to an annual throughput potential of ~41.9 million birds. In contrast, Delmas most recently operated at half its licensed capacity (84,000 birds per day) due to equipment degradation and regulatory challenges, with an optimal capacity of 140,000 birds per day (~40.4 million annually). While both facilities have comparable optimal capacities, Sundra's simpler frozen-only production model allows for more streamlined operations and faster scale-up, whereas Delmas' dual fresh and frozen output introduces operational complexity and interdependencies that increase risk and management overhead.

10.3.13.4. Sundra's infrastructure is partially operational, with two out of three gyros active, though each faces distinct challenges including overloaded drainage systems, boiler replacement needs and unresolved effluent discharge compliance. These issues, while urgent, are contained and resolvable with targeted investment. Delmas, on the other hand, relies heavily on manual processes and faces broader systemic challenges across its broiler, ammonia plant and water treatment systems. Regulatory hurdles at Delmas are more significant, with pending water permits and the requirement for state veterinary clearance, particularly for fresh product lines, which further delays reactivation.

10.3.13.5. Both abattoirs are located in Mpumalanga, but Sundra benefits from close proximity to several broiler farms, offering logistical efficiencies in live bird supply. Both sites have equivalent access to Gauteng markets, although, Delmas faces greater security risks due to its location, which may impact transport reliability and workforce safety. Recently Delmas has suffered significant vandalism which adds to any reactivation cost considerations and further security concerns.

10.3.13.6. Sundra benefits from a more stable and accessible workforce, with fewer disruptions and a strong sense of community and livelihood tied to the plant. Delmas has experienced frequent absenteeism, property damage during strikes and a culture of operational disruption which could hinder consistent throughput during reactivation.

10.3.13.7. At both sites, targeted capital investment is required to address specific challenges e.g. critical equipment upgrades and water infrastructure renewal. The main risks at Delmas involve health and operational compliance, with the potential for legal exposure and production system degradation if not promptly addressed. Sundra faces governance issues, including a legal interdict, government directive prohibiting wastewater discharge into neighbouring land and service provider blacklisting across operational processes. Reactivation at Sundra requires substantial capital investment across multiple systems – broilers, injectors, water treatment and compliance infrastructure – while also addressing legal constraints and food safety risks. However, its limitation to frozen chicken production provides a favourable cost structure which can be optimised to reduce variability and simplify processing in the short term.

10.3.13.8. Daybreak Foods operates wastewater (effluent) treatment facilities at both its Delmas and Sundra sites, constructed by Lendekkar and estimated to be less than 10 years. These facilities were commissioned in 2016. The wastewater plants constructed by Lendekkar were intended to comply with agricultural discharge standards. These plants were not effectively commissioned. Both the Delmas and Sundra's facilities were constructed without a water purification component, limiting functionality from the outset. Despite their strategic importance, both plants have consistently failed to meet design specifications, regulatory requirements, and operational expectations since commissioning. Subject matter experts have been engaged to assess whether the plant can be upgraded to meet agricultural standards. Currently, the plant produces substandard effluent, and untreated water cannot be introduced due to the risk of membrane blockage and system failure.

10.3.13.9. At Delmas, a R25 million water treatment plant (recycling plant built between 2022-2023 by MM Star) was built to further treat the abattoir effluent to potable water standards that could be recycled within abattoir processes. The recycling plant was not commissioned due to the wastewater effluent not meeting the design specifications for the recycling plant. The recycling plant was never commissioned. To bring Delmas into compliance, an estimated R40 million investment is needed.

10.3.13.10. At Sundra, there is only a wastewater treatment plant. The infrastructure is technically inadequate and does not meet discharge or environmental compliance standards. No commissioning results have ever been provided to confirm that water meets agricultural discharge standards. Sundra will require a complete retrofit, with costs projected between R50 - 60 million per facility, plus additional funds for environmental licensing and compliance.

10.3.13.11. The treated effluent for Delmas is used by a neighbouring farmer, whereas the treated affluent at the Sundra is discharged into neighbouring pans which are overflowing. The farmers/ owners into which the pan overflows have provided Daybreak with a court interdict to halt discharging water into the said pans as at the 15th May 2025. The matter is still in court

10.3.13.12. Both abattoirs also use borehole water with the Delmas water use license application lodged and in progress. However, the Sundra abattoir does not have a water use license or application thereof lodged. As a result, a pre-directive from the department Water and Sanitation has been issued for the water use license availability/ application and non-compliant wastewater disposal into the pans requiring immediate intervention.

10.3.13.13. To resolve these issues, Daybreak must take decisive steps to restore regulatory compliance and operational integrity. This includes:

- Commissioning technical assessments to determine upgrade feasibility and compliance potential.

- Preventing further environmental degradation by halting untreated water input and derisking operations.

- Engaging with regulators to address pre-directives and secure Water Use Licenses.

- Investing in infrastructure upgrades or new treatment works - estimated at R40 million for Delmas and R50 - 60 million for Sundra - to meet operational and environmental standards.

10.3.13.14. Failure to act will result in continued non-compliance, increased regulatory scrutiny, and significant operational risk across Daybreak's wastewater management systems.

10.3.13.15. With phased reactivation and strategic CAPEX deployment, moderate costs can be deployed in the short term without full scale frozen activation and the continuation of select manual activities, Sundra can be stabilised and scaled to anchor supply chain rhythm and restore customer confidence. The initial investment into critical equipment will enable the restart of certain SKUs, while gradual ongoing repair will enable scale up across the product portfolio and further increase capacity utilisation in the medium to longer term.

10.3.13.16. Given these factors, Sundra offers a more practical, cost-effective and strategically aligned opportunity for immediate reactivation. Its relatively higher operational readiness and lower risk profile make it the logical first step in the Company's value chain revival. Delmas, while likely an important consideration for a SEP in the longer term, will require a more extensive and phased rehabilitation plan before it can contribute meaningfully to the company's turnaround.

10.3.13.17. Another key consideration for the reactivation of an abattoir, is gradual commercial market entry for the Company. At present, the priority is to generate steady cash flow by offering poultry slaughter (with optionality to bundle with cold chain or packaging, depending on the commercial opportunity to reactivate warehouse/ cold room at a later stage) to external producers using the company's own abattoir infrastructure, charging a cost-plus fee per bird or kilogram. This provides the Company the advantage of reduced working capital required to supply birds to the abattoirs, provides a steady state for processing and absorbs fixed costs and operating expenditure, enables technical approvals for the abattoirs and relieves commercial capacity as the marketing, sales and distribution is handled by the toll processing customer themselves.

10.3.13.18. In summary, the following priorities are pursued under the Company's two strategic pathway options:

- Lean Restart Pathway – one abattoir, Sundra, will be reactivated to support toll processing and enable a phased re-entry into the commercial market.

- Lean Operations & Partner Search - both abattoirs remain inactive under a cost-minimisation model, covering only critical expenses and maintenance (insurance, security, essential upkeep). No toll processing or commercial re-entry is planned under this option unless an SEP is identified.

10.3.13.19. More detail on how these metrics translate in the financial impact and requirement for additional funding are explored in *Table 4* below.

10.3.14. Warehouse/ Cold Room

10.3.14.1. The warehouse and cold storage operations are currently constrained by a range of infrastructure and process inefficiencies. Insufficient refrigerated space and recurring refrigeration breakdowns, often caused by ice build-up, are compromising inventory management and product safety. Material handling is hampered by forklift shortages and frequent equipment failures, while non-functional scanners have forced a reliance on manual stock handling, increasing error rates and labour demands. Inventory levels are misaligned with market demand, leading to overstocking of slow-moving items, further exacerbated by manual stock counting and occasional mislabelling from production. These issues collectively reduce operational efficiency, limit responsiveness to market needs and highlight the urgent need for targeted investment and process optimisation.

10.3.14.2. At present, unless commercial opportunities present themselves, the warehouse and cold storage infrastructure remains inactive.

However, there remains an opportunity to generate near term, predictable cash flow by leasing available space to third party businesses, without the need to resume full operational activity, unlocking value from existing assets while reinforcing its presence in the cold-chain ecosystem.

10.3.14.3. The potential upside of this is both quantitative and qualitative. Fixed monthly lease revenue can be generated from short- or long-term tenants, with minimum viable costs as utilities and maintenance are priced into lease terms. Qualitatively, the strategy supports local food logistics, builds credibility and foot traffic for future operations and may attract long-term anchor tenants or strategic partners.

10.3.14.4. There are significant activities required to enable this reactivation which include site readiness audits (e.g. available storage space, power reliability, temperature control and hygiene standards), defining lease models and pricing tiers (e.g. cold vs. ambient, short vs. long-term) and marketing the facilities. Given other priorities across the reactivation plan, this has been deprioritised and will be reconsidered at a later stage. At any stage the decision can be taken to lease or repurpose for the Company's own operations or bundled into broader logistics services, dependent on future SEP arrangements.

10.3.15. Head office

10.3.15.1. The reactivation of the Company's head office must be approached with a firm commitment to cost efficiency. During the business rescue process, head office functions will operate strictly on a "lights on" basis, maintaining only essential activities necessary to support the business, with all discretionary expenditure tightly controlled. Any further reactivation or expansion of head office activities must be directly aligned with the strategic reactivation of value chain components, as these are brought back online or engaged through operating or equity partnerships.

10.3.15.2. This approach ensures the head office remains a lean and agile support centre, minimising costs while maximising strategic oversight. Head office resources and personnel will only scale in response to the operational needs of each reactivated business unit, ensuring no excess capacity is maintained. Core focus areas include cost discipline, operational governance and supporting monetisation efforts across the value chain.

10.3.15.3. As the Company transitions from a fully integrated value chain to a more partner-driven, asset-light model, the head office will play a crucial role in supporting this journey. Activities will be prioritised to facilitate efficient sales, align workforce capabilities with production realities and strengthen commercial discipline within the organisation. This structure supports the broader turnaround strategy, allowing for deliberate, immediate and sustained progress while safeguarding financial stability throughout the business rescue process.

10.3.15.4. The Company continues to work on identifying and recruiting key capacity and capability to support with the interim management of the Company, with a particular focus on operational and commercial performance. The critical skills that have been identified include that of an experienced Managing Director, with turnaround experience.

10.3.16. The following table (*Table 4*) provides details of the anticipated timelines and CAPEX investment requirements for each component of the value chain reactivation plan.

Table 4

Value Chain Reactivation Plan estimated associated CAPEX and timeline of required investments

Company	***Immediate Term***	***Short-Mid Term (3-6 Months)***	***Long Term (12-36 Months)***
Breeder	*R180,000.00*	*R4,685,000.00*	*R3,461,806.34*
Hatchery	*R0*	*R4,099,770.00*	*R23,110,191.00*
Abattoir (Sundra)	*R62,013,988.32*[1]	*R10,860,000.00*	*R53,400,000.00*

Note. [1]*To ensure comprehensive coverage of immediate costs at Sundra, a 20% contingency buffer has been included. This buffer accounts for potential ad hoc expenses, cost underestimations, and risks such as theft, vandalism, and outdated or inaccurate quotations.*

Additionally, an extra capital expenditure of R60 million has been identified for the installation of a new wastewater treatment system. However, alternative solutions are being explored to optimise cost and resource utilisation. One such option is the potential redeployment of the uncommissioned wastewater treatment plant currently located in Delmas, subject to feasibility and transferability *assessments. To accommodate this alternative, a provisional allocation of R15 million has been included in the budget. The abattoir capex spend will not be required immediately but rather over the course of the 2026 financial year.*

10.3.17. The value chain reactivation plans present an exciting journey for the Company in transitioning from a fully integrated value chain to that of a partner-driven, asset-light business model, fit for deliberate, immediate and accelerated turnaround.

10.3.18. The Company operates as a fully integrated value chain, absorbing-end-to end risk – including working capital exposure – while each component functions as a cost centre, with income and cash flow only realised at the end of the chain. The ongoing monetisation opportunities that the reactivation strategy presents at each value chain node are indisputable and an operating partner supported, and strategic equity partner led journey ensures to optimise these fully.

10.3.19. A high-level options roadmap, including activities that are recommended for the execution of the Business Rescue Plan are attached to this Plan as separate annexures.

10.4. The effect on the labour component of the Company.

10.4.1.1. Workforce Restructuring: Management has identified role duplication, limited accountability and competency gaps. Approximately 29 redundant positions have been identified for possible retrenchment. Shift pattern redesign (e.g., moving from a five to a six-day workweek) will further limit overtime expenses, which currently account for 11% of FY25 staff costs.

10.5. Commercial plan

10.5.1. The commercial strategy underpinning this business rescue plan is designed to reposition Daybreak Foods on a path of sustainable profitability by applying a disciplined, insight led approach to product prioritisation and reactivation. This plan is informed by a critical reflection on historic commercial pitfalls that have undermined commercial and margin performance, and it seeks to embed a forward-looking framework that avoids repeating these mistakes.

10.5.2. A key learning from past operations is the danger of prioritising volume over value. High-volume SKUs, while often perceived as revenue drivers, have in many cases operated at structurally negative margins, eroding profitability. The plan therefore seeks to balance volume growth, clear margin accretion and operational leverage.

10.5.3. Portfolio complexity has also been a significant drag on performance. An oversized and unfocused product range has diluted commercial focus, inflated operational costs and tied up working capital in low-margin or loss-making

SKUs. The plan calls for a rigorous portfolio rationalisation process, guided by a recently completed SKU-level margin analysis and a SKU prioritisation matrix, to identify and prioritise high-margin, high-velocity products. Underperforming SKUs will be retired or re-engineered unless they serve a clearly defined strategic purpose.

10.5.4. Customer and channel concentration risks have further constrained the Company's commercial agility. Over-reliance on a limited number of customers has exposed the business to pricing pressure and demand volatility. The revised plan ultimately promotes diversification and a more balanced channel mix, achieved in the short term by toll processing, which intends to support the absorption of the Company's unique cost structures and mitigate the Company's responsibility and exposure to demand elasticity and value perception of its current brand.

10.5.5. Until a strategic equity partnership is established and as capital becomes available allowing for production upgrades, SKU selection will be limited – mitigating operational complexity, the need to align quality and consistency with product demands and maintaining a lean cost profile for the production process.

10.5.6. Finally, the plan recognises the need for accurate cost allocation and performance measurement at the SKU level. Misallocated costs have historically distorted performance insights, leading to suboptimal investment, commercial decision making and pricing decisions. Going forward, a robust margin monitoring system will need to be implemented to ensure that commercial systems are grounded in accurate, actionable data.

10.5.7. SKU level performance and channel trends

10.5.7.1. The poultry processing pathway, from initial slaughter through to packaging, presents multiple decision points that shape the final product portfolio. These decisions, particularly around cutting strategy and packaging format, involve trade-offs between operational complexity, yield optimisation and market responsiveness. The business rescue strategy recognises that not all processing paths are equally viable under current constraints and that reactivation must prioritise those that align with both market demand and internal capability.

10.5.7.2. In evaluating the fresh versus frozen dynamic, the plan acknowledges that frozen poultry offers scalability, extended shelf life and broader geographic reach, making it suitable for bulk distribution and export-oriented channels. However, it also faces regulatory and consumer perception challenges, particularly in segments where freshness is equated with quality. Conversely, fresh poultry is more agile and responsive to local market trends, with stronger appeal in premium retail and food service segments, but it demands tighter cold chain logistics and incurs higher spoilage costs.

10.5.7.3. Similarly, the whole bird versus cut portions decision reflects a balance between simplicity and value capture. Whole birds offer operational efficiency and are often preferred in price sensitive markets, but they limit the ability to extract margin from high-value cuts. Cut portions, such as breast, wings and leg quarters, enable targeted pricing and channel strategies, especially when aligned with consumer preferences and channel-specific demand. However, cutting involves trade-offs such as the limitation and value of other parts, higher labour requirements, hygiene standards and greater capital investment in specialised machinery and equipment needs.

10.5.7.4. Market growth presents a strong opportunity to expand and reposition within the whole bird (frozen) segment. Over the past three years (2023-2025), market demand has seen 35% growth of frozen whole birds and 91% growth of fresh cuts sold (in tonnes), while frozen cuts and fresh whole birds have shown little or declining growth respectively. The Company’s success will require rebuilding key relationships to enhance market access in high-growth areas over time and limit entry back into the stagnating or declining product segments.

10.5.7.5. Frozen segment market prices have remained relatively stable in South Africa, over the last three years, the minimal variation in price spread, indicating consistent pricing dynamics. Fresh whole birds saw a sharp increase in 2023, then stabilised, while fresh cuts declined but continue to trade at a premium compared to other product formats. The Company’s pricing across all segments, consistently trailed market averages, with only breast pieces prices within competitive range. To remain competitive, the Company must refine its pricing strategy across all product categories, ensuring alignment with market dynamics and value perception.

10.5.7.6. Wholesale customers have historically purchased a larger portion of frozen products compared to fresh, with whole birds being the most common product within both frozen and fresh. When analysing the Company’s sales profile from 2019 to 2024, frozen products dominate the sales volumes to wholesale customers. This is primarily driven by the need for extended shelf life to accommodate long-distance transportation and storage. Additionally wholesale orders are typically placed in bulk to optimise logistics and reduce per-unit transport costs. These larger order sizes often result in slower inventory turnover, further reinforcing the preference for frozen products due to their longer storage viability. Across both fresh and frozen categories, whole birds represent the highest volume segment. This is likely influenced by downstream customer demand in lower-income markets, where affordability and versatility are key. Whole birds also serve as a base product for businesses engaged in further processing, custom cutting, or the production of value-added poultry products (VAPs), making them a strategy choice for wholesalers.

10.5.7.7. In the short term, the feasibility of the reactivation plan for the Sundra abattoir is supported by the identification and engagement of toll processing customers and advocates for a focused reactivation around products with reliable margins and strong market demand.

10.6. Governance and execution oversight

10.6.1. The Business Rescue process will continue to drive rapid cost take-out and value creation planning, underpinned by enhanced governance and financial oversight to ensure disciplined execution and accountability.

10.6.2. The business will operate under strengthened governance protocols, led by an independent BRP with fiduciary accountability, ensuring clear separation of powers between management, the board and shareholders.

10.6.3. Formal controls over cost and capital allocation will be implemented to safeguard financial discipline. Commercial focus will be sharpened through the rationalisation of loss-making SKUs, repricing underperformers and prioritising high-margin, high-growth products with strong channel alignment.

10.6.4. Liquidity management will be reinforced through tight cashflow monitoring, ring-fenced use of post-commencement finance and improved working capital discipline across inventory, receivables and feed procurement. Operational integrity will be enhanced through robust stock control systems, intelligence led feed procurement strategies and streamlined production aligned to market and channel strategy.

10.6.5. A structured strategic roadmap will guide the turnaround, with defined milestones, regular reporting and a phased approach – starting with liquidity stabilisation, followed by margin recovery and culminating in an exit strategy that preserves shareholder value.

10.6.6. Maintain Board but continue to evolve capabilities formation of committees and the integration of strategic equity involvement subject to future plans.

10.7. The BRP confirms that there were no informal proposals made by creditors or any other affected parties.

11. ASSUMPTIONS AND CONDITIONS

11.1. The assumptions and conditions on which this Plan are based are described herein.

11.2. Assumptions:

11.2.1. Regulatory support – government and industry regulators will continue to engage constructively and provide necessary approvals (e.g. water licenses, animal welfare compliance).

11.2.2. Funding availability – funding will be secured and allocated as planned for the pursuit of reactivation options in the business.

11.2.3. Market stability – poultry market dynamics (pricing, demand, input costs) will remain relatively stable during the Business Rescue Proceedings.

11.2.4. Stakeholder cooperation – key stakeholders, including unions, suppliers, customers and community partners, will support the rescue strategy.

11.2.5. No major disruptions – workforce stability with no further industrial action, disease outbreaks (e.g. avian influenza), or supply chain shocks will occur during the reactivation phase.

11.3. Conditions and critical success factors:

11.3.1. Liquidity restoration – immediate and effective use of funding to stabilise the operations and meet urgent obligations.

11.3.2. Operational reactivation – successful repopulation of breeder flocks, targeted repair and restoration of equipment and infrastructure and restart of core facilities by way of operating partnerships (e.g. abattoirs, feed mills) with minimal disruption and compliance with NSPCA and other regulatory bodies.

11.3.3. Strategic equity partnership – successful identification and negotiation of either debt, equity or investor relationship to support and secure the ongoing transformation agenda.

11.3.4. Portfolio rationalisation – strategic product prioritisation to focus on high margin, high-velocity SKUs.

11.3.5. ESG execution – visibility progress on waste management, emissions reduction and community development to build trust and future resilience.

11.3.6. Talent retention and development – identifying, recruiting and maintaining critical skills, particularly at a management level and absorbing learners to ensure operational continuity and long-term capacity.

11.3.7. Governance and ethics enforcement – full implementation of the Code of Conduct, whistleblower protections, risk management frameworks and ongoing governance and measurement of production performance (particularly as relates to operating efficiency and partnerships).

11.3.8. Stakeholder communication – transparent and consistent engagement with creditors, employees, regulators and customers throughout the Business Rescue Proceedings.

12. THE DURATION OF THE COMPANY'S BUSINESS RESCUE PROCEEDINGS

12.1. The Company's Business Rescue Proceedings will end when:

12.1.1. The High Court set aside the resolution that began the Business Rescue Proceedings;

12.1.2. the High Court orders the conversion of the Business Recue Proceedings to liquidation proceedings;

12.1.3. the BRP files a notice of termination of the Business Rescue Proceedings with the CIPC on the grounds that the proposals to rescue the Company cannot be implemented. The BRP will assess the implementation of the proposals set out in this Plan on an ongoing basis. If the proposals have not been implemented substantially, the BRP may call for a third meeting of creditors to consider the adoption of an amended Plan (should the need arise);

12.1.4. the Plan has been proposed and rejected in terms of the Act and no affected party has acted to extend the proceedings in any manner contemplated in Section 153 of the Act; or

12.1.5. the plan is adopted and implemented and the BRP has filed a notice of substantial implementation of the plans with the CIPC no later than 30 days after the Company has made payment to its creditors in accordance with the proposals to rescue the Company, or put mechanisms in place to make payment of creditor claims.

13. SUBSTANTIAL IMPLEMENTATION

13.1. Substantial implementation (Section 150 (2)(c)(i)(bb)) will be deemed to have occurred upon the BRP deciding, in his sole discretion, that the following has taken place:

13.1.1. The proposals contained in this Plan and any further plan have been substantially implemented;

13.1.2. Distributions have been paid to Creditors and / or a mechanism has been put in place for the payment of any remaining distributions to Creditors; and

13.1.3. All Business Rescue Costs have been paid in full.

CHAPTER THREE – ADMINISTRATIVE MATTERS AND FINANCIAL INFORMATION

14. ADMINISTRATIVE MATTERS

14.1. **Statutory information of the Company as at the Commencement Date**

Financial year end	31 March
Registered business address	31 Spanner Road Clayville Olifantsfontein 1666
Postal address	Same as Registered Address
Company registration number	2001/015025/07
VAT Number	4130134416

14.2. **The material events that have taken place since the commencement of the Business Rescue Proceedings and which are schedule include:**

EVENT	DATE
Section 129 resolution signed to commence Business Rescue	12 June 2025
Confirmation from CIPC of CoR 123.1	12 June 2025
First Meeting of Creditors	23 June 2025
First Meeting of Employees	24 June 2025
Publication of Business Rescue Plan	22 August 2025
Second meeting of creditors	05 September 2025

15. PROBABLE LIQUIDATION DIVIDEND

15.1. This Plan is required to include a statement of the estimated dividend that would be received by Creditors, in their specific classes, if the Company is liquidated immediately.

15.2. The assumptions used in determining the liquidation dividend are:

15.2.1. Current Market conditions in relation to the property rental / sale market; and

15.2.2. Cost of Liquidators, Auctioneers and other costs associated thereto calculated as a percentage of the realisable asset value.

15.3. Liquidation proceedings can endure for a significant period and Creditors, particularly those who have unsecured claims, may wait longer before receiving a liquidation dividend, than would otherwise have been the case during the Company's Business Rescue Proceedings.

15.4. Affected parties are encouraged to adequately consider the calculation presented and satisfy themselves as to the accuracy thereof; and

15.5. Asset realisations are predicated on a series of assumptions and are based on future events. As such, actual realisations, should a liquidation occur, may result in recoveries to Creditors different to that presented.

15.6. The BRP engaged BDO as an independent expert to determine the probable dividend that Creditors and Shareholders would likely receive if, instead of being placed into Business Rescue, the Company was placed in liquidation as at the Commencement Date.
A summary of the BDO estimated liquidation realisations, costs and probable Distribution to Creditors per Creditor class, is reflected in table below:

	Liquidation Values R'000	**Liquidation Cents in the Rand c**
Mar-25	**627 271**	
Land and Buildings	398 770	
Plant, Equipment and Intangible Assets	144 501	
Inventory	18 401	
Biological assets	53 320	
Trade Receivables	9 279	
Other Receivables	0	
Cash and cash equivalents	3 000	
Less-Expenses incurred by a liquidator during liquidation process	**182 086**	
Balance of proceeds after expenses- available for distribution to creditors	**445 185**	
Order of preference- Application of gross proceeds of realisation of assets		
1st payment Secured creditors	382 516	100
2nd payment by law- Statutory Preferent Creditors	59 104	
• Employees	16 152	100
• SARS	42 952	100
3rd payment by law- General Notarial Bond	0	0
Available for distribution to concurrent creditors	3 565	1
Available for distribution to shareholders	0	0

Secured creditors, employees and SARS (statutory preference) will receive a 100 cents dividend; concurrent creditors will receive a 1 cent dividend and shareholders nil.

16. **BRP INDEPENDENCE**

16.1. The independence of the BRP is fundamental to the integrity of the business rescue process. The BRP must be and be seen to be, independent.

16.2. The BRP does not have any other relationship with the Company such as would lead a reasonable and informed third party to conclude that his integrity, impartiality, or objectivity has been compromised.

16.3. The BRP has undertaken a proper assessment of his independence, prior to accepting his appointment. He confirms that he had no prior involvement with the Company or its directors and considers himself to be independent and objective.

17. MANAGEMENT CONTROL

17.1. During the Company's Business Rescue Proceedings, the BRP has full management control of the Company in substitution of its board and pre-existing Management. Accordingly, the BRP:

17.1.1. may delegate any power or function to a person who was part of the board or pre-existing management of the Company;

17.1.2. may remove from office any person who forms part of the pre-existing management or board of the Company;

17.1.3. may appoint a person as part of the management of Company, whether to fill a vacancy or not;

17.1.4. must develop a Business Rescue Plan for the Company to be considered for approval by affected persons; and

17.1.5. implement the Plan, if adopted in accordance with Part D of Chapter 6 of the Act.

17.2. The BRP has complied with all statutory obligations under Chapter 6 of the Act and will continue to render monthly update reports to the CIPC and Affected Persons as contemplated in Section 132(3) of the Act.

18. **MORATORIUM**

18.1. The moratorium in terms of Section 133 (as read with Section 150(2)(b)(i)) of the Act prohibits any legal proceedings, including enforcement action, against the Company, or in relation to any property belonging to it or lawfully in their possession, from being commenced or being proceeded with for the duration of the Business Rescue Proceedings.

18.2. No party is entitled to proceed in any forum against the Company, save for as set out in Section 133(1)(a) to (e) of the Act.

18.3. The intention of the moratorium is to give the Company the required breathing space and to provide it with the best possible opportunity to develop and successfully implement this Plan.

18.4. The moratorium in relation to the Company took effect on the Commencement Date and is expected to remain in place until the termination of Business Rescue Proceedings.

18.5. The legal moratorium does not apply to any persons who have bound themselves as guarantors and/or sureties for the Company in favour of any Secured Creditor and, accordingly, any such Secured Creditor shall not be precluded from exercising its rights if it elects to institute legal proceedings against the sureties and/or guarantors.

19. SUSPENSION OF CONTRACTS

19.1. Section 136(2)(a) of the Act allows the BRP to cancel or suspend, partially or conditionally, for the duration of the Business Rescue Proceedings, any obligation of the Company that arises under an agreement to which the Company was a party at the Commencement Date and would otherwise become due during the Business Rescue Proceedings.

19.2. The BRP confirms that, as at date of publication of this Plan, he has not suspended or cancelled any agreement which the Company is party to.

19.3. The BRP has considered individual claims for the return of certain property belonging to creditors. The BRP has not cancelled or suspended any of these agreements but have authorised the return of certain of the property belonging to creditors. The BRP will continue to engage Creditors on an ongoing basis for the duration of the Company's Business Rescue Proceedings.

20. INTEREST ON CLAIMS

20.1. Upon Adoption of this Plan, no further interest will accrue on concurrent or preferent claims. Interest accruing on secured claims will accrue in accordance with the terms of the relevant agreements entered into by the Company with each individual Secured Creditor.

21. ESTIMATED DISTRIBUTIONS

21.1. Affected Parties have been advised that the Business Rescue Proceedings of the Company will be broken down into three phases over two separate Business Rescue Plan.

21.2. This Plan is concerned with the manner in which Phase Zero (Emergency Phase) and Phase One (Reactivation Phase) will be implemented.

21.3. These Phases do not envisage the payment of a dividend to creditors, having regard to the cashflow position of the Company.

21.4. The second business rescue plan will focus on the manner in which the Company's Creditors will be repaid. More particularly, the details surrounding the proposed dividend and time period over which same will be paid, shall be set out in the projected cashflow in the second business rescue plan.

22. **THE ORDER OF PREFERENCE IN WHICH THE PROCEEDS WILL BE APPLIED TO PAY CREDITORS:**

22.1. Creditor claims in respect of this plan are ranked and will be paid as follows as follows

22.1.1. First, the fees and expenses of the BRP and associated with the Business Rescue Proceedings of the Company;

22.1.2. second, remuneration due to employees which became due and payable after the Commencement Date;

22.1.3. third, claims by secured creditors for the provision of PCF;

22.1.4. fourth, claims by unsecured creditors for the provision of PCF. In the judgment of The South African Property Owners Association v Minister of Trade and Industry and Others 2018 (2) SA 523 (GP) (29 November 2016) ("SAPOA case"), the court was tasked to deal with the manner in which the ranking of claims of a Creditor who continues to provide goods or services to the Company in terms of an agreement that was concluded prior to the commencement of Business Rescue Proceedings. The court ruled that the provision of such goods or services does not fall within the definition of PCF and will therefore not enjoy a preference in ranking;

22.1.5. fifth, secured creditor pre-commencement claims by creditors;

22.1.6. sixth, remuneration due to employees which became due and payable prior to commencement of business rescue; and

22.1.7. seventh, all other claims including Creditors' unsecured pre-commencement claims and claims for goods or services provided during business rescue under a pre-existing agreement.

22.2. As a proviso to the aforesaid ranking, secured creditors will be entitled to the proceeds of the disposal of any assets over which they hold security, to the exclusion of all other creditors. Any surplus funds from the sale of encumbered assets, after full settlement of the secured creditor's claim, will be distributed in accordance with the ranking set out herein above.

23. BENEFITS OF ADOPTING THE BUSINESS RESCUE PLAN COMPARED TO LIQUIDATION

23.1. Rationale for the rescue strategy

The case for reviving the Company is built on three reinforcing pillars: commercial viability, social and developmental impact and strategic national relevance.

23.2. Commercial rationale

23.2.1. The Company possesses a strong commercial foundation for revival, underpinned by its vertically integrated model and existing capital infrastructure. Core cost-reduction initiatives are already underway and the business is well-positioned to benefit from strong latent demand across retail, foods service and wholesale channels. Poultry remains the most consumed animal protein in South Africa, yet local production continues to fall short of demand in a R65 billion industry. With upstream control through its breeder operations and feed mill, the Company can recover margins and re-establish profitable customer contracts by restoring supply reliability and service levels, requiring only limited capital expenditure to scale.

23.3. Social and developmental rationale

23.3.1. The rescue of the Company carries significant social and developmental value. The business supports over 3,000 direct jobs, many of which are in economically vulnerable rural communities in Mpumalanga and Gauteng. Its operations also sustain small-scale maize and soya farmers through feed input sourcing, contributing to broader agricultural value chains. Reviving the Company would restore public confidence in state-linked agribusiness recovery, create youth employment opportunities and facilitate skills development in agricultural processing – addressing high regional unemployment and promoting inclusive economic growth.

23.4. Strategic and national importance

23.4.1. The Company is a strategic national asset aligned with the objectives of the PSMP. This plan, signed in November 2019, was developed as a collaborative framework between government and industry to revitalise the poultry sector. Its core objectives include expanding domestic production, stimulating export growth and addressing trade-related challenges. Central to the plan is the ambition to restore competitive balance in a highly concentrated and vertically integrated industry, where a few dominant players control key inputs and market access. By promoting transformation, supporting small and medium enterprises (SMEs) and enabling broader participation across the value chain, the PSMP seeks to catalyse the emergence of a multi-player poultry industry. The Company's revival aligns with vision, reducing reliance on poultry imports, enhancing domestic self- sufficiency in poultry production and anchoring rural agro-industrialisation in high-unemployment regions through inclusive growth and sustainable market access. In the context of rising input costs and global supply chain volatility, the Company's scale and infrastructure are critical to ensuring national food security. Furthermore, a successful turnaround would reinforce confidence in public-private recovery models and demonstrate the viability of restoring distressed but strategically important agribusinesses.

23.5. The aforesaid dimensions intersect to make the Company not just worth saving, but essential to secure livelihoods, food supply and sector recovery:

23.5.1. A profitable turnaround that uplifts thousands of families

23.5.1.1. Each step of commercial recovery secures local incomes

23.5.1.2. Rural stability and employment reduce social grant dependency

23.5.1.3. Domestic input sourcing lowers costs while empowering communities

23.5.2. A signal of South Africa's commitment to inclusive recovery

23.5.2.1. The Company plays a pivotal role in rural economic development

23.5.2.2. Restoration aligns with national job creation priorities

23.5.2.3. Keeps state-owned agricultural capacity active and productive

23.5.3. A national-scale operation with proven commercial viability

23.5.3.1. Scale, reach and integration make the Company critical to domestic poultry recovery

23.5.3.2. Resilient operations reduce vulnerability to global shocks

23.5.3.3. Public sector investment already made – preserving value is economically rationale

23.6. The benefits to Affected Persons of adopting the Business Rescue Plan compared to a liquidation are as follows:

23.6.1. The anticipated Distributions payable to Concurrent Creditors in a business rescue scenario is significantly higher than a liquidation scenario. The Company proposes to make payment to creditor through the proposed profits which it will realise in the Stabilisation Phase. In a liquidation scenario, the Company will cease trading activities and result in severe value destruction for concurrent and preferent claims.

23.6.2. In the event of liquidation, Concurrent and Preferent Creditors could expect to receive a negligible dividend and will lead to a complete value destruction of the Company's operations.

23.6.3. This Plan is primarily aimed at reactivating the Company, to facilitate later stabilisation and so that it may continue to trade on a profitable basis in future, alternatively, that a larger dividend is paid to creditors that they could otherwise have expected to receive in a liquidation scenario.

23.6.4. The ongoing business activities of the Company, through operating partners and ultimately an equity partnering solution, will support the preservation and future creation of jobs, whilst also safeguarding the interest of creditors.

24. EXTENT TO WHICH THE COMPANY IS TO BE RELEASED FROM THE PAYMENT OF DEBTS

24.1. If this Plan is approved and implemented in accordance with Chapter 6 of the Act, a Creditor will not be entitled to enforce any debt owed by the Company before the beginning of the Business Rescue Process, except to the extent provided for in the Plan.

24.2. Claims that are not reflected in this Plan shall be considered to be Disputed Claims and will not carry a vote.

24.3. Any compromise contemplated in this Plan is conditional upon the Company fully meeting its obligations to creditors. In the event of any breach by the company of its obligations to creditors in terms of the business rescue plan, or in the event the company is placed in liquidation, the full balance due to creditors in terms of their original claims against the company shall immediately become due, owing and payable by the company to the creditors. Business rescue proceedings will, in such instance be deemed to have terminated.

24.4. The business rescue practitioner undertakes that the company shall ensure that all future tax obligations (including the filing of returns and payment of outstanding taxes) will be met until proceedings have been terminated on any ground listed in terms of section 132 of the Companies Act of 2008. Any deviation from this undertaking shall constitute a material breach of the provisions of this business rescue plan and proceedings will in such instance be deemed to have terminated. The full original claim outstanding to creditors or remainder of such claim shall be payable.

24.5. Any VAT liability arising as a result of a compromise of debts in terms of this plan, shall not be subject to compromise and is payable in full. The BRP warrants that provision for any VAT liability triggered in terms of section 22 of the VAT Act 89 of 1991 has been made in the plan.

24.6. Any assessed loss will be subject to and dealt with in accordance with the provisions of the tax laws of South Africa and will be forfeited in proportion to the debt compromise effected by the business rescue plan. Such reduction shall be without prejudice to any rights that the taxpayer may have in terms of in terms of the Tax Administration Act.

24.7. Any Capital Gains Tax implications (if applicable) will be appropriately dealt with as prescribed by relevant legislation.

24.8. SARS reserves, entirely, its rights to pursue Personal Liability (as prescribed by relevant legislation) against persons that are legally liable for debt not recoverable under this plan.

25. ADOPTION REQUIREMENTS AND BINDING NATURE OF THIS BUSINESS RESCUE PLAN

25.1. Section 152(2) of the Act states that this Plan will be adopted on a preliminary basis if:

25.1.1. it was supported by the holders of more than 75% of the Creditors' voting interests that were voted; and

25.1.2. the votes in support of this Plan includes at least 50% of the independent creditors' voting interests, if any, that were voted.

25.2. This Plan does not alter the rights of shareholders of the Company's securities. Accordingly, the approval of this Plan by the Creditors will be subject to final adoption by the Shareholders.

25.3. The second business rescue plan, which will inter alia deal with the manner in which the Company will aim to achieve the goal of obtaining an equity partner will necessarily alter the rights of the current shareholder and would be subject to the approval envisaged in Section 152(3)(c) of the Act.

25.4. If adopted, this Plan is binding on the Company and on each of the Creditors of the Company, whether such a person: If adopted, this Plan shall be binding on the Company and on each Affected Party irrespective of whether such a person:

25.4.1. was present at the meeting to vote on the adoption or rejection of the Plan;

25.4.2. voted in favour of or rejected the adoption of the Plan; or

25.4.3. in the case of Creditors, had proven their claims against the Company.

26. RISKS RELATING TO THIS PLAN

26.1. The Company continues to face compounding legal, financial and operational fallout after critical risks materialised due to prolonged neglect of governance, compliance and infrastructure. These material risks are:

26.1.1. NSPCA vs. The Company: the Company's failure to uphold animal welfare standards triggered legal action, reputational collapse and operational shutdown, exposing governance, compliance and financial risks that had gone unmanaged. This continues to pose legal risk with potential enforcement if compliance is insufficient. The BRP, through active and continued engagement with the NSCPA, has mitigated the potential adverse effects which this judgment would have had on the operations of the Company, through legal consultations and the agreement of a resolution path ongoing.

26.1.2. Materialised Environmental Risk: Unlawful wastewater discharge at the Sundra plant triggered legal and regulatory action, exposing the Company to environmental compliance breaches, reputational harm and potential operational constraints. The BRP is engaging with the interested parties and trust that a workable solution to these issues will be reached in the ensuing period.

26.1.3. Qualified Audit Opinion: the Company's qualified audit opinion signals serious governance, financial reporting and compliance failures – undermining stakeholder trust and increasing regulatory and funding risk. While not currently an immediate priority, the BRP will seek to reengage audit and compliance advisors to remediate findings and restore audit credibility upon adoption of the business rescue plan.

26.1.4. Forensic Investigations: the Company is currently managing a series of allegations against former management, Board and Directors of the business. Some of the key concerns that are being investigated have been outlined earlier in the Business Rescue Plan.

26.1.5. Materialised Liquidity Risk: the Company's liquidity collapse led to unpaid wages, halted operations and forced entry into business rescue – exposing structural cash flow weaknesses and undermining business continuity. The BRP has secured emergency funding from the PIC, secured immediate cashflow through strategic partnerships and continues to pursue operating partnerships to support focused reactivation. In addition the continuation of cost base restructuring and improved cash discipline will support the stabilisation of short-term liquidity. Any further funding will also be closely managed and tracked to provide transparency to use-of-funds.

26.1.6. Materialised Maintenance Risk: Chronic underinvestment in maintenance led to asset degradation, elevated reactivation costs and operational unreliability – exposing long-term neglect of critical infrastructure. Since the commencement of Business Rescue Proceedings a targeted asset recovery plan has been launched, with an acute focus on prioritised critical infrastructure and CAPEX needs. This will continue to evolve through the Business Rescue Proceedings, with the appointment of a technical expert to support with maintenance and equipment restoration for reactivation.

26.1.7. Salary Payment Disruptions and TERS Challenges: TERS application is required but reengagement is deferred until the adoption of the Business Rescue plan. Intervention may be required from the PIC to engage TERS to consider 3-6 months' relief to avoid labour unrest and strikes.

27. AMENDMENTS TO THE BUSINESS RESCUE PLAN

27.1. Any material amendment to the contents of this Plan shall be put to a creditor vote.

27.2. Any amendment will be deemed to take effect on the date of written notice of the amendment to all Affected Persons. It is specifically recorded that the provisions of this section shall, mutatis-mutandis, apply to the extension or reduction of any timeframes.

27.3. If, during the Group's Business Rescue Proceedings, it becomes evident that this Plan cannot be fully implemented as approved, the BRP may call for a third meeting of Creditors to determine the future of the Company, unless they conclude that in terms of section 141 (2) of the Act, there is no reasonable prospect for the Group to be rescued.

28. GENERAL

28.1. The regulations to the Act prescribe an hourly tariff (inclusive of VAT) for the payment of the fees of a business rescue practitioner, which is dependent on the Public Interest Score of each Company.

28.2. The BRP and the Company have concluded a proposed fee agreement. The fee agreement is subject to ratification by the majority of creditors at the meeting to be convened in terms of Section 151 of the Act. If the fee agreement is adopted by creditors, it will enforceable retrospectively.

28.3. The Directors are responsible to deliver to the BRP all books and records that relate to the affairs of the Group, which are in their possession.

28.4. The Directors are further obliged to provide the BRP with a statement of affairs of the Group setting out material information of the Group's business activities. This includes, inter alia:

28.4.1. Material transactions involving the companies in the Group or their assets;

28.4.2. Legal proceedings pending by or against companies in the Group;

28.4.3. the assets, liabilities and income of the companies in the Group for the preceding 12 months;

28.4.4. the number of employees employed by the companies in the Group and whether any collective agreements are in existence;

28.4.5. the Debtors of the companies; and

28.4.6. any creditor rights or claims against the companies in the Group.

28.5. The BRP and the business rescue team have communicated with the Director, to obtain all relevant information.

28.6. During Business Rescue Proceedings, the Director must continue to exercise his duties, roles and responsibilities toward the companies in the Group, subject to the authority of the BRP, as set out in Section 140(1)(a) of the Act.

ANNEXURES

29. ANNEXURE A: BRP' CERTIFICATE

I the undersigned, Tebogo Christopher Raymond Maoto, certify to the best of my knowledge and belief that:

I. I relied on financial information, including opinions and reports furnished to me by senior Management of the Company and Advisors.

II. Any projections provided are estimates made in good faith based on information and assumptions as set out herein.

III. I endeavoured to satisfy ourselves of the accuracy of such information.

Signed at Johannesburg on this the 22nd day of August 2025.

TEBOGO CHRISTOPHER RAYMOND MAOTO
DULY APPOINTED SENIOR BUSINESS RESCUE PRACTITIONER

30. ANNEXURE B: VALUE CHAIN REACTIVATION PLAN

Strategic Option	Value Chain Component	Objective	Key Execution Activities	Timeframe
Restart Pathway Strategic operational partnership to scale day-old chick (DOC) production to optimal capacity	**Breeder Farms & Hatchery**	To restore upstream poultry production - focusing on breederies and hatcheries - by partnering with a skilled operator to scale day-old chicks (DOCs) output to 6.5 million per month. This approach will utilise existing infrastructure and shared operational inputs to drive consistent cash flow through DOC sales	• Secure a qualified operating partner to manage and scale production • Implement monthly flock replacement to progressively reach optimal egg production capacity • Ramp up hatchery capacity in alignment with flock replacement and increased egg output • Enhance hatchability through adequate, high-quality feed and optimised vaccination protocols • Maintain zero-day delivery standards to ensure operational efficiency and customer satisfaction	**8 - 10 months** The ramp-up period is expected to take approximately 32 to 40 weeks
Lean Ops & SEP Search Continue operating with a lean model while actively exploring strategic equity partnerships (SEP), without initiating repopulation	**Breeder Farms & Hatchery**	To maintain limited breeder and hatchery operations under an existing partnership while preserving infrastructure and continuity, enabling the business to sustain DOC sales and operational readiness during the SEP search.	• Continue current operator arrangement • Limit/ no stock replenishment • Maintain infrastructure and biosecurity • Monitor hatchability and DOC sales	**5 months** The business has approximately five months remaining before the breeder flock is depleted, as 6 0t the 8 sites approach the 65-week mark
Lean Ops & SEP Search Keep the broiler farms mothballed until a suitable operational partner is secured	**Broiler Farms**	Broiler sites will remain mothballed with only essential maintenance - insurance, security, and basic upkeep - to minimise costs. The business is open to partnerships that support transformation and inclusive growth, with no direct financial or operational exposure. Future monetisation may be explored through a lessor model, enabling integration with DOC and feed supply.	• Mothball sites • Maintain insurance, security, upkeep • Explore lessor model • Impose strict lessee conditions (e.g. employment, bird supply rights)	Immediate & ongoing
Lean Ops & SEP Search Keep the feed mill mothballed until a	**Feed Mill (Kinross)**	The feed mill will remain mothballed with only essential maintenance until an operational partner is secured. The business is open to partnerships that minimise	• Mothball the site with essential maintenance (insurance, security, upkeep) • Explore strategic partnerships/ qualified operating partner to lead feed mill activities	**Immediate - ongoing**

suitable operational partner is secured		Daybreak's financial and operational risk while unlocking market access and monetisation opportunities for feed	• Resume operations focused on external feed sales • Address legal and governance gaps to meet regulatory standards	
Restart Pathway Sundra abattoir will be reactivated to support toll processing and enable a phased re-entry into the commercial market	**Abattoir - Sundra**	Re-enter the poultry market by reactivating the Sundra abattoir for toll processing, enabling phased commercial re-entry and cash flow generation- reaching a targeted of 3'480'000 birds per month, based on full operational capacity	• Invest in essential equipment to reactivate Sundra operations • Resolve legal and compliance issues, including water treatment requirements • Resume frozen-only production as part of the initial ramp-up phase • Engage toll processing customers to drive early throughput • Gradually reactivate SKUs, starting with whole birds and expanding to frozen cuts	**10 - 14 months** It will take approximately 10 -14 months to reach full operational capacity at the Sundra abattoir
Lean Ops & SEP Search	**Abattoirs - Delmas & Sundra**	To preserve abattoir infrastructure under a cost-minimisation model while deferring reactivation until a strategic equity partner is secured.	• Maintain insurance, security, upkeep • Monitor regulatory and infrastructure risks • Prepare for phased rehabilitation	Ongoing
Both Options	**Head Office**	To maintain essential governance and strategic oversight under a lean operating model, scaling resources only in response to operational reactivation across the value chain.	• Operate on "lights on" basis Recruit interim MD with turnaround experience • Align resources with operational needs • Support monetisation and partner engagement	Immediate & scalable with operations
Both Options	**Strategic Equity Partner (SEP)**	To secure long-term viability and transformation support by identifying a strategic equity partner aligned with the Company's turnaround and inclusive growth agenda.	• Continue SEP search Define investment terms (debt/ equity) • Align with transformation goals • Structure profit-sharing and repayment mechanisms	6–18 months

31. ANNEXURE C: LIST OF THE CREDITORS OF THE COMPANY

Kindly review your claim, with reference to Annexure C of the business rescue plan, and should you identify any discrepancies, then please contact us on daybreakclaims@anthilladvisory.com and submit another copy of your claim form including any relevant information to assist Daybreak's reconciliation of your claim.

CREDITOR NAME	CLAIM AMOUNT (ZAR)	VOTING INTEREST (%)	CREDITOR TYPE
			INDEPENDENT SECURED CREDITORS
Land and Agricultural Bank	123 938 420.35	4.83%	
TOTAL INDEPENDENT SECURED CREDITORS	**123 938 420.35**	**4.83%**	
			NON-INDEPENDENT SECURED CREDITORS
PIC - The Government Employees Pension Fund - Loan	258 577 683.51	10.07%	
TOTAL DEPENDENT SECURED CREDITORS	**258 577 683.51**	**10.07%**	
			PCF NON-INDEPENDENT CREDITORS
The Public Investment Corporation - Loan	150 000 000.00	5.84%	
TOTAL PCF DEPENDENT CREDITORS	**150 000 000.00**	**5.84%**	
			PCF EMPLOYEES
PCF Employees	18 025 241.06	0.70%	
TOTAL PCF EMPLOYEES	**18 025 241.06**	**0.70%**	
			PREFERRED CREDITORS
Employees Leave Pay	12 056 349.70	0.47%	
Employees' Pension and Provident Fund	14 942 136.94	0.58%	
TOTAL PREFERRED CREDITORS	**26 998 486.64**	**1.05%**	
			INDEPENDENT UNSECURED CREDITORS
A & A Farms	1 211 027.28	0.05%	
A Square Forklift	2 649 211.48	0.10%	
Ad Hoc Cleaning Service	649 387.83	0.03%	
Afgri Agro Processing	6 043 782.55	0.24%	
AFMA - Animal Feed Mnfc	37 062.48	0.00%	
Air Service Centre	111 389.58	0.00%	
Albrecht Machinary	1 499.03	0.00%	
Allmech	70 241.50	0.00%	
Altron Digital Business, a division of Altron TMT (Pty) Ltd	2 468 731.36	0.10%	
Amonia Trading	113 390.00	0.00%	
Animal feed manufacturers	37 062.47	0.00%	
Auto Air Warmbad	11 248.15	0.00%	
Avipharm	197 884.60	0.01%	
Avon Packaging	400 204.98	0.02%	
Belanet Data Services	23 124.00	0.00%	
Benchmark Doors	124 855.50	0.00%	

Bester Feed and Grain	3 254 289.30	0.13%
Bestmix - EURO	766 719.68	0.03%
Bidvest Commercial	1 858 760.68	0.07%
Bidvest Steiner	125 442.45	0.00%
Biofarm	79 246.42	0.00%
BRA Industrial Supplies	1 041 304.60	0.04%
Brewtech Engineering	37 087.50	0.00%
Brits Bag Manufacturers	5 631 695.17	0.22%
Cedarvest	36 307.88	0.00%
Ceva Anchor Farm-Ceva Animal	5 553 964.10	0.22%
Chem Nutri Analytical	530 461.65	0.02%
Chemunique	1 977 936.38	0.08%
Chep SA	51 398 092.15	2.00%
Chisik Trading 57CC t/a Envirocare	101 698.53	0.00%
Cinque	16 823.64	0.00%
Clearway	1 012 990.90	0.04%
COIDA	9 771 708.02	0.38%
Coldsure Distribution Services	3 990 667.28	0.16%
Comdi Agricultural Markets	14 291 305.34	0.56%
Desiree Events	290 990.00	0.01%
Dewfresh c/o Barnard & Patel Inc	2 968 388.00	0.12%
DFS Process Solutions	193 200.00	0.01%
DSM	13 916 380.00	0.54%
E.M. Bulk Transport	2 819 770.78	0.11%
East Rand Scales	93 771.00	0.00%
Ecowize	282 567.42	0.01%
Eish Distributors	66 377.26	0.00%
EL Tigre Manufacturing - ETM	439 642.75	0.02%
Elanco Animal	4 464 460.78	0.17%
Electrical and Pump Centre CC	250 340.63	0.01%
Electroscales	2 341 863.44	0.09%
Eltpro Transcription	6 823.85	0.00%
EMA Packaging	644 030.92	0.03%
EMA t/a Easy Pakaging Systems	182 242.73	0.01%
Encapsulate Consulting	39 895.80	0.00%
Envirocare Labs	10 742.50	0.00%
EPCCC Electrical and Pump Centre	250 340.63	0.01%
Eternal City Trading	4 333 429.64	0.17%
Fidelity Services - Technical	393 030.28	0.02%
Fitmed 24	107 825.38	0.00%
Food Safety Agency	53 785.86	0.00%
Freecka Boerdery	1 324 206.79	0.05%
GEH Solutions	211 456.52	0.01%
Grainvest Physicals	6 062 445.56	0.24%
GRW Commercials	79 995.54	0.00%
GS1 (Consumer Goods Council)	5 208.35	0.00%
Helberg Drukkers	45 480.22	0.00%
Hepburn Incorporated	149 736.57	0.01%
HFR Schaefer Vervoer	822 443.50	0.03%

High Point Trading 397 CC	126 708.06	0.00%
Highveld Mining Supplies	71 708.25	0.00%
HIQ Bela Bela	109 105.97	0.00%
HMK Logistics	457 891.40	0.02%
Hopez Maintenance and Services CC	199 499.86	0.01%
HUMREC - Human Resource Training	146 395.00	0.01%
I E Khan Theological Consultant (Ismail Ebrahim Khan)	255 500.00	0.01%
Improchem t/a AECI Water	247 429.03	0.01%
Indalo Business	2 064 627.40	0.08%
Invision Waste	39 370.00	0.00%
J and F Regal	37 242.75	0.00%
J-Pak	256 417.88	0.01%
JVD Commodoties	19 260 915.85	0.75%
Kemin Industries	174 731.00	0.01%
Kemklean Hospitality	4 826 801.30	0.19%
Klaus Engineering Group	1 006 335.15	0.04%
Klippan Chickens	9 509 901.41	0.37%
Klorman Water Industries (Buccaneer)	722 783.42	0.03%
KRB Safety and Packaging	2 261 125.85	0.09%
Kukhula Global Projects	1 909 681.75	0.07%
Kwamhlanga Poultry Project	2 022 410.04	0.08%
L Pharandwa Business Solutions	336 487.40	0.01%
Letolo Farms	800 000.00	0.03%
Marel SA	2 351 199.80	0.09%
Marsela Trading	273 447.30	0.01%
Maztech CSD	324 657.41	0.01%
MC Bearings and Transmissions	15 657.26	0.00%
Miatex	79 350.00	0.00%
Michrochem	158 388.08	0.01%
Microsep	231 486.19	0.01%
Midnight Star Trading 92cc	208 561.00	0.01%
Midrand Poultry Supplies	752 338.53	0.03%
Moshanama Construction and Proj	157 095.67	0.01%
Mpact Operations	899 036.72	0.04%
Muhari Logistics	15 699 377.45	0.61%
MV Enterprises	889 832.99	0.03%
Optimum Engineering Training	18 112.50	0.00%
Ori Viyishi Engineering	440 247.95	0.02%
Pedros Chicken	41 530.06	0.00%
Pescatech	47 236.25	0.00%
Philagro South Africa	1 276 085.50	0.05%
Plantech	852 414.37	0.03%
Plasson SA	30 755.95	0.00%
Pointique	682 911.45	0.03%
Provimi SSA (Cargill Company)	2 802 895.00	0.11%
QK Cold Stores SA	445 574.36	0.02%
Rand Safety	334 899.21	0.01%
RandAgri	5 905 665.14	0.23%
Red Eye Pest Control	15 402 231.41	0.60%

Rentokil Initial	390 963.29	0.02%	
Samdirect Rentals	4 973.81	0.00%	
SAP South Africa	682 108.37	0.03%	
SARS	42 952 349.90	1.67%	
Seaboard Overseas Trade & Ship	2 113 880.80	0.08%	
Sereti Office Automation	606 055.55	0.02%	
Servworx	161 053.95	0.01%	
Shabangu Mohammed	838 327.32	0.03%	
Shaft Packaging	536 491.52	0.02%	
Shalev Boerdery	2 065 296.48	0.08%	
Smith Garb & Associates	69 231.15	0.00%	
South African Poultry Association	844 929.02	0.03%	
Spartan Equipment	752 338.53	0.03%	
Spectrum	229 425.00	0.01%	
Stainless Unlimited	123 732.90	0.00%	
Stour River Trading t/a E Bearing	14 008.82	0.00%	
Strata-G Labour Solutions	931 235.00	0.04%	
Sunrise Hill Projects	1 278 784.15	0.05%	
Techno Power	273 447.30	0.01%	
TEI (The Ethics Institute	66 903.62	0.00%	
Tekbro Engineering	571 769.21	0.02%	
Teraoka SA	881 334.77	0.03%	
Testo	66 903.62	0.00%	
Total Energies	3 642 298.98	0.14%	
Tru Skho Chicks	10 126 157.00	0.39%	
Tru-chick	10 488 718.00	0.41%	
UIPlastics	216 892.02	0.01%	
Ukupha Group (Tillado Investment)	4 061 647.69	0.16%	
Universal Industrial Product	216 892.02	0.01%	
Valcotech	17 914.43	0.00%	
Victory Milling Technology	222 029.35	0.01%	
Webber Wentzel	4 835 956.80	0.19%	
Werksmans Attorneys	746 788.85	0.03%	
Workforce Staffing	2 721 927.14	0.11%	
WV Industrial Infor & Com	239 048.20	0.01%	
ZA Edge	493 034.69	0.02%	
TOTAL INDEPENDENT UNSECURED CREDITORS	**350 126 382.73**	**13.64%**	
			NON-INDEPENDENT UNSECURED CREDITORS
PIC - The Government Employees Pension Fund - Pref Shares	670 381 322.00	26.11%	
PIC - The Unemployment Insurance Fund - Pref Shares	298 934 235.00	11.64%	
PIC - The Compensation Fund - Pref Shares	670 381 322.00	26.11%	
TOTAL NON-INDEPENDENT UNSECURED CREDITORS	**1 639 696 879.00**	**63.87%**	

GRAND TOTAL	**2 567 363 093.29**	**100.00%**	

32. ANNEXURE D: LIST OF MATERIAL ASSETS

The below summary of the material assets of the Company pre-commencement date book values of the Company's assets as at 31 March 2025, as extracted from the accounting records of the Company as recent available information.

Balance Sheet	Mar 25' Actual R'000
Non-Current Assets	**696 773**
Fixed Assets	696 631
Intangible assets	142
Current Assets	**430 402**
Inventories	126 885
Biological Assets	177 733
Trade Receivables	46 394
Other Receivables	73 809
Cash and cash equivalents	5 580
Total Assets	**1 127 175**

**The 31 May 2025 Management Accounts are delayed due to the suspension of ICT services from May to July 2025.*

List of Immovable Properties:

#	REGISTERED PROPERTY DESCRIPTION	LOCATION
1	Portion 2 of Farm Waaikraal 556 JR	Delmas
2	Portion 10 of Rietvalei 195 IR	Delmas
3	Portion 8 of the Farm Modderfontein 236 IR	Delmas
4	Portion 21 of Geluk 234 IR	Delmas
5	Remaining of Portion 120 Farm Winkelhaak 135 IS	Kinross
6	Portion 2 of Farm Essenhyrst 13589	Howick
7	Remainder of Worthing 713 KR	Bela Bela
8	Portion 5 of Diep Putten 625 KR	Mookhophong
9	Portion 9 of Farm Merinovlakte 495 KR	Bela Bela
10	Remainder of Erf 1270 Clayville	Midrand
11	Portion 4 of Erf 508 Clayville Ext 4	Midrand

33. ANNEXURE E: FINANCIAL PROJECTIONS AND ASSUMPTIONS*

Income Statement - ZAR'000	**31-Mar-26**	**31-Mar-27**	**31-Mar-28**
Revenue	532,116	1,263,958	1,348,336
Cost of Sales	(449,000)	(855,076)	(922,791)
Gross profit	83,116	408,882	425,545
Operating expenses	(466,825)	(401,615)	(411,812)
EBITDA	(383,709)	7,267	13,733
Depreciation	(17,936)	(55,590)	(58,901)
EBIT	(401,646)	(48,323)	(45,169)
Interest income	6	-	-
Interest expense	(58,549)	(81,444)	(93,214)
Profit/(loss) before tax	(460,189)	(129,767)	(138,383)
Income tax expense	-	-	-
Profit/(loss) after tax	(460,189)	(129,767)	(138,383)

**Key assumptions have been added after the Cash Flow Statement below*

Balance Sheet ZAR'000	31-Mar-26	31-Mar-27	31-Mar-28
Assets			
Plant, property and equipment	697,751	664,421	645,725
Intangible	128	128	128
Inventory	20,065	21,047	23,259
Biological assets	66,021	66,021	66,021
Trade Receivables	81,659	95,939	102,864
Other Receivables	33,467	33,467	33,467
Inter Company Receivables	-	-	-
Cash and cash equivalents	(327,193)	(354,413)	(386,793)
Total assets	571,898	526,611	484,671
Equity and Liabilities			
Equity			
Share capital	0	0	0
Other reserves	1,639,637	1,639,637	1,639,637
Retained Earnings	(2,257,994)	(2,387,760)	(2,526,143)
Total equity	(618,356)	(748,123)	(886,506)
Liabilities			
Borrowings	577,555	658,999	752,213
Trade Payables	33,933	36,969	40,198
Other Payables	560,925	560,925	560,925
Inter Company Payables	-	-	-
Provisions	17,841	17,841	17,841
Total liabilities	1,190,255	1,274,734	1,371,177
Total equity and liabilities	571,898	526,611	484,671

**Key assumptions have been added after the Cash Flow Statement below*

Cash Flow Statement - ZAR'000	31-Mar-26	31-Mar-27	31-Mar-28
Cash flow from operational activities			
EBITDA	(383,709)	7,267	13,733
Movement in WC	(180,939)	(12,227)	(5,908)
Non-cash item	73,900	-	-
Interest income	6	-	-
Tax paid	-	-	-
Cash flow from operating activities	(490,742)	(4,960)	7,825
Cash flow from investment activities			
Capital expenditure	(70,979)	(22,260)	(40,206)
Cash flows from investment activities	(70,979)	(22,260)	(40,206)
Cash flow from financing activities			
Interest paid	-	-	-
Principal paid	-	-	-
Drawdowns	228,948	-	-
Cash flows from financing activities	228,948	-	-
Cash and cash equivalents movements for the year	(332,773)	(27,220)	(32,381)
Cash and cash equivalents at the beginning of the year	5,580	(327,193)	(354,413)
Cash and cash equivalents at the end of the year	(327,193)	(354,413)	(386,793)

Key Assumptions

General

1.The tax loss used in the financial projections as of 1 August 2025 is based on the 31 March 2024 figure, which is the most recent available from Daybreak.

2. All pre-business rescue payables and borrowings are assumed not to be paid for now.

3. All suppliers will be paid on a cash-on-delivery basis post-business rescue (i.e., zero creditor days).

4. Employee costs in the financial projections are based on actual headcount.

5. Employees in non-operational units will receive a monthly stipend of R1,500 if earning up to R15,000 per month. Those earning above this threshold will receive 10% of their salary. The balance will accrue and be paid when funds become available.

6. Potential workforce restructuring costed for all non-operational employees effective 30 November 2025

7. Inflationary Annual Increase is estimated at 5%

Feedmill

N/A, this business unit is non-operational, only cost accounted for is ongoing fixed costs and employee costs

Breeders

Production assumptions

The ramp up curve illustrates the timeline required to replenish the breeder flock to reach a total of 705,744 birds. At present, only 7 sites are populated, representing 36.7% of capacity (approximately 274,456 birds). To achieve full capacity, a total of 18 sites must be repopulated.

• 1 August 2025 – 5 September 2025: Capacity increases from 36.7% to 53.4% (+16.7 percentage points). This step-up reflects the fact that one of the sites, then at 19 weeks of age, begins laying at 22 weeks.

• 16 January 2026: Capacity rises to 70%, driven by the planned replenishment cycle.

• 13 February 2026: Capacity increases further to 86.8%.

• 13 March 2026: Full capacity of 100% (705,744 birds) is reached, as all replenished flocks have entered lay.

This projection assumes monthly repopulation(every 4 weeks) of sites and a 22-week period from placement to lay, which results in full production being achieved by mid-March 2026, approximately 32 weeks from the starting point.

Hatchery

Production assumptions

The hatchery production ramp-up curve is aligned to the recovery of the breeder operations. At full capacity, the hatcheries are expected to produce 1.5 million day-old chicks (DOCs) per week. As of 1 August 2025, production is at 750,000 DOCs per week, equivalent to 50% of capacity.

• 5 September 2025: With a 16.7% increase in breeder egg production, hatchery output rises to 65% of capacity.

• 16 January 2026: Hatchery production reaches 75%.

• 13 February 2026: Capacity increases further to 85%.

• 13 March 2026: Hatcheries achieve 100% capacity, producing approximately 1.5 million DOCs per week, in line with the breeders being fully repopulated and in lay.

Broiler

N/A, this business unit is non-operational, only cost accounted for is ongoing fixed costs and employee costs

Abattoir Delmas

N/A, this business unit is non-operational, only cost accounted for is ongoing fixed costs and employee costs

Abattoir - Sundra

Production assumptions

The abattoir production ramp-up curve is based on expected production capacity accounting for limitations around tolling demand. At full capacity, the abattoir is expected to process 3.48 million birds per month.

- 1 March 2026: Operations commence at 50% capacity, equivalent to 1.74 million birds per month. At this stage, 100% of the product will be frozen whole birds.
- 1 September 2026: With increased throughput, abattoir processing rises to 75% of capacity. The product mix shifts to 66.67% frozen whole birds and 33.33% frozen cuts.
- 1 May 2027: Abattoir operations reach 100% capacity, processing approximately 3.48 million birds per month. The product mix balances to 50% frozen whole birds and 50% frozen cuts.

34. ANNEXURE F: STRATEGIC EQUITY PARTNER ADVERT

REQUEST FOR PROPOSALS

INVESTMENT AND/OR ACQUISITION OPPORTUNITY

PARK VILLAGE AUCTIONS

Trusted by banks, respected by buyers

DAYBREAK FOODS

Web# 0000

DAYBREAK FOODS (PTY) LTD (IN BUSINESS RESCUE).
Park Village Auctions acting as Transaction Adviser to the Business Rescue Practitioner of Daybreak Foods (Pty) Ltd, hereby invites proposals from qualified investors for the potential investment in and/or acquisition of all or part of the company's business and assets.

Daybreak Foods (Pty) Ltd is a vertically integrated poultry operation comprising:

- Feed mill
- Breeder farms
- Hatchery
- Broiler farm
- Abattoir

The company's head office is located in Clayville, Gauteng, with operations in:

- Delmas and Kinross, Mpumalanga;
- Bela-Bela and Mokgopong, Limpopo.

This is a unique opportunity to invest in a significant player in the South African poultry industry, with a strong brand presence and considerable growth potential. We invite interest from investors with the necessary market access, technical expertise, and financial capacity to participate in this opportunity.

Expression Of Interest – Submission Requirements

Interested parties are required to:

- Submit their Expression of Interest (EOI) by close of business, Tuesday 30 September 2025;
- Sign a Non-Disclosure Agreement (NDA);
- Comply with FICA requirements;
- Pay a R3 million refundable deposit (refundable to unsuccessful bidders);
- Expression of interest to be valid for 90 days;
- Provide any additional information as may be required.

Due Diligence: A 30-day due diligence period will be afforded to all parties meeting the EOI requirements.

Expressions of Interest must include:

- Introduction to the buyer / buying consortium;
- High-level strategy (Investment / acquisition of the entire business or selected assets);
- Relevant experience in the poultry industry;
- Proof of funding / bank guarantee to execute the transaction;
- BBBEE credentials;
- Expected transaction completion timeline.

Submissions & Enquiries

Proposals must be emailed to john.taylor@parkvillage.co.za. For further information, please contact John on 082 416 3883 or john.taylor@parkvillage.co.za / Jaco on 082-798-9476 or jaco@parkvillage.co.za. A teaser with additional details is available on: • www.daybreak.co.za • www.parkvillage.co.za • Note: Only shortlisted applicants will be contacted for further discussions. Deadline for submissions: 16h00 on Tuesday 30 September 2025.

6998

35. ANNEXURE G: NON-CORE ASSET DISPOSAL ADVERT

INVITATION TO SUBMIT OFFERS

DISPOSAL OF NON-CORE ASSETS OF POULTY OPERATION IN HOWICK

PARK VILLAGE AUCTIONS
Trusted by banks, respected by buyers

DAYBREAK FOODS

Web#: 0000

S.A.I.A

DAYBREAK FARMS (PTY) LTD (IN BUSINESS RESCUE)
DAYBREAK FOODS (PTY) LTD (IN BUSINESS RESCUE)
Duly instructed by the Business Rescue Practitioners, we will sell by way of Invitation to Submit offers:

Offer Details

Offers close at 14:00 Friday 12 September 2025
Confirmation on or before 19 September, 2025

Viewing

Portion 2 Of Farm Essenhyrst 13589, Situated At Curry's Post Road Howick, Kwazulu Natal (Measuring 35.1938 Hectares)

Property Details

The subject property is 35.1938ha in extent and located approximately 14km northwest of Howick and 13km southeast of Balgowan. It comprises the ex-Hubbard SA Hatchery, a homestead, cottage, chicken sheds, storage shed, and staff accommodation. The remaining area is allocated to veld grazing and dams. A powerline and pipeline servitude is registered against the property as per the S.G Diagram.

Hatchery Details

Complete 1178m3 Hatchery (ex Hubbard SA Hatchery) Pas Reform technology, built circa 2008.

- Fans (Ventilation), Compressors, Water & Diesel Storage Tanks,
- Electrical Motors & Gearboxes, SS Boiler Tables, Scales, Temperature controls,
- Hatchery Control boxes and Panels, Trolleys (Egg, Setter and Others)
- Office Furniture, Office Equipment, Household goods.

Contact Details

John 082 416 3883 — john.taylor@parkvillage.co.za
Keith 082 312 6244 — kgreen@parkvillage.co.za
www.parkvillage.co.za

Auction Rules

For a detailed catalogue and pictures, inventory, rules of auction, terms and conditions and venues visit www.parkvillage.co.za. All of the above is subject to change without prior notice.

Terms

Detailed List & Offer Documents available on www.parkvillage.co.za, or from Park Village Auctions (011) 789 4375.
TERMS OF PROPERTY : 15% DEPOSIT ON SUBMISSION OF OFFER AND BALANCEWITHIN 30 DAYS OF CONFIRMATION.
TERMS FOR MOVABLES: 20% DEPOSIT ON SUBMISSION OF OFFER AND BALANCE OF CONFIRMATION.

6962

36. ANNEXURE H: BRPS' REMUNERATION AGREEMENT

TO BE SUBMITTED SEPARATELY

37. ANNEXURE I: FORM OF PROXY

FORM OF PROXY – FOR USE AT THE SECOND MEETING OF CREDITORS:

FORM OF PROXY

I/ We ____ being a creditor of the Company

in the amount of R______________________________(_______________________Rand) do hereby appoint (see note 1)

1. _________________________________ ; or failing him/ her

2. _________________________________ ; or failing him/ her

3. the Chairman of the creditors' meeting;

As my / our proxy to act for me / us and on my / our behalf at the creditors' meeting which will be held for the purpose of considering and, if deemed fit, agreeing:

(Indicate with an X).

	For	Against	Abstain
The approval of the business rescue Plan			

SIGNED at____________________ on this ______day of _______________________

SIGNATURE

Assisted by me (where applicable)

NOTES

1. A creditor may insert the name of a proxy or the names of two alternative proxies of his / her choice in the space provided, with or without deleting "the Chairman of the creditors' meeting". The person whose name stands first on the form of proxy and who is present at the creditors' meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Form of proxy must be emailed to Daybreakbr@anthilladvisory.com If a proxy form for a creditors' meeting is not received, it may nevertheless be handed to the Chairman of the creditors' meeting.