



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

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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

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Thandiso Advisory

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. The financial statements for the year ending 2024 are qualified. The BRP made use of these statements in preparing this Plan, but has consulted independent financial consultants to adjust the figures where necessary. Having regard to the qualified financial statements, the BRP cannot confirm the veracity of financial systems and internal controls of the Company.

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.

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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 UIF GEPF and Compensation Fund, acting through the PIC as fund manager, collectively 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. In 2024, the Company was rebranded from Daybreak Farms and became Daybreak Foods.

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.

As part of the Reactivation Phase, the Company may implement one of three possible options. In terms of the reactivation option, the Company will ramp up production at its hatchery and breeders, as well as restart one of its abattoirs through the assistance of an operating partner. If there is insufficient funding support to restart an abattoir, the Company will implement a lean operations model in terms of which its hatchery and breeders will operate at current capacity together with constant flock replenishment. If this option is not possible, the Company will gradually wind-down its hatchery and breeders in anticipation of obtaining a strategic equity partner as part of the Stabilisation Phase of the Company's Business Rescue Proceedings.

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 is proposed to take place from the SEP sales process.

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, 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, if any, 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. **"Amended Publication Date"** means the date on which this amended Plan is published to all Affected Parties in terms of Section 150(5) of the Act, being 12 September 2025.
- 3.1.4. **"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.
- 3.1.5. **"BRP"** means Tebogo Christopher Raymond Maoto (ID: 7712215329080), the duly appointed senior business rescue practitioner of the Company.
- 3.1.6. **"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.
- 3.1.7. **"Business Rescue Proceedings"** means proceedings to facilitate the rehabilitation of a Company that is financially distressed by providing for:
 - 3.1.7.1. the temporary supervision of the Company and of the management of its affairs, business and property;
 - 3.1.7.2. a temporary moratorium on the rights of claimants against the Company or in respect of property in its possession; and
 - 3.1.7.3. 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.

- 3.1.8. **"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.
- 3.1.9. **"COGS"** means the costs of goods sold, the sum all direct cost associated with producing goods sold by the Company.
- 3.1.10. **"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.
- 3.1.11. **"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.
- 3.1.12. **"Concurrent Creditors"** means all persons with unsecured claims against the Company, as envisaged in the Insolvency Act.
- 3.1.13. **"Creditor"** means all legal entities, including natural persons, having secured, preferred and/or concurrent claims against the Company as envisaged in the Insolvency Act.
- 3.1.14. **"Dividend"** means the proposed dividend payable to Creditors with approved claims if the proposals if the proposals set out herein are successfully implemented.
- 3.1.15. **"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.
- 3.1.16. **"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.
- 3.1.17. **"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.
- 3.1.18. **"Employees Committee"** means the committee of employees established in terms of Section 148(1)(b) of the Act.
- 3.1.19. **"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.
- 3.1.20. **"LRA"** means the Labour Relations Act 66 of 1995.

- 3.1.21. **"NSCPA"** means the National Council of Societies for the Prevention of Cruelty to Animals.
- 3.1.22. **"Operating Partner (OP)"** 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.
- 3.1.23. **"PCF"** means all post-commencement finance provided to the Company by a PCF Creditor, as contemplated in section 135 of the Act.
- 3.1.24. **"PIC"** means the Public Investment Corporation SOC Limited, a statutory body established by the Public Investment Corporation Act 23 of 2004. The PIC operates as an asset manager under mandate from the Company's shareholders.
- 3.1.25. **"PICOF"** means the PIC Operating Fund.
- 3.1.26. **"Plan"** means this business rescue plan, prepared in accordance with Section 150 of the Act.
- 3.1.27. **"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.
- 3.1.28. **"Publication Date"** means the date on which the first Plan was published to all Affected Parties in terms of Section 150(5) of the Act, 22 August 2025.
- 3.1.29. **"Reactivation Phase (Phase One)"** means the phase in which the Company intends to ramp up production and to restart certain of its operations such as the abattoir(s) with the necessary financial and operational support outlined in the Business Rescue Plan.
- 3.1.30. **"Secured Creditor"** means creditors having secured claims against the Company as envisaged in the Insolvency Act.
- 3.1.31. **"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.
- 3.1.32. **"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.

3.1.33. **“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.

3.1.34. **“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 layoffs or retrenchments.

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

3.1.36. **“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 Phases 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.
- 4.4. In Phase One, the Company proposes to reactivate certain of its operations, such as the Abattoir by either attracting additional funding, or through the support of an Operating Partner.
- 4.5. This Plan is concerned with the implementation of the proposals to accomplish the goals set out in Phases Zero and One.
- 4.6. 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. It is during the Stabilisation Phase that the BRP will attempt to secure payment to the concurrent creditors.

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 R3.8bn. 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 Afgri Group, which is a major agricultural services company in South Africa. In 2015, the PIC on behalf of the GEPP, UIF and Compensation Fund, financed the acquisition of Afgri Group's poultry division by a black empowerment consortium led by Matome Maponya Investments.
- 5.5. 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. The BRP is in the process of investigating the nature and value of the transaction in order to determine whether the business that was purchased was fairly valued. The valuation of the business may have a direct and substantial impact on the eventual funding structure of the SEP and the value attributable to the assets, once the Company is fully operational.
- 5.6. Despite its promising start and strategic importance, by 2017 (just two years post-acquisition), the Company began facing serious financial and governance issues. The UIF, GEPP and Compensation Fund, acting through the PIC, took 100% control of the Company in 2017, following approval by the Competition Tribunal.
- 5.7. At present, the shareholding in the Company is split equally between the GEPP, UIF and Compensation Fund.
- 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. 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.
- 5.11. 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.

5.12. **Company Structure**

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

5.12.1.1. 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.

5.12.1.2. 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.

5.12.1.3. 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.

5.12.1.4. 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.

5.12.1.5. 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.

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

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

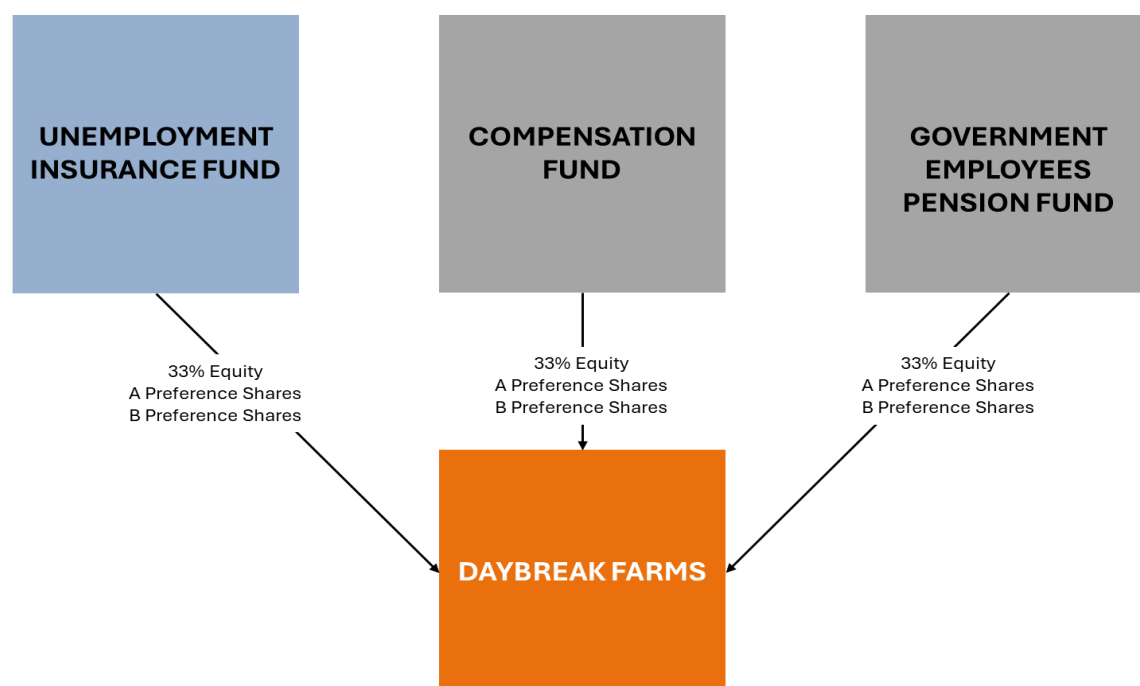
Table 1
The Company's operational information currently

Value Chain Node	Feed Mill	Breeder Farms	Hatchery	Broiler Farms	Abattoir	Head Office
Current Operational Status	Not operational	• Operating at minimal levels • 6 sites in production, 1 site in rearing and 2 sites recently replenished, out of a total of 18 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	Employees from the head office are working remotely and operating at minimal capacity
Geographic Location	Kinross	• Merinovlakte, Bela Bela, • Diepputten, Mookgopong	Bela Bela	• Delmas	• Sundra • Delmas	Olifantsfontein
Employees (August '25)	78 people	• Merino: 121 people • Diepputten: 120 people	• Worthing: 161 • KZN: 5 people	70 people	• Delmas: 992 people • Sundra: 906 people	56 people
Capacity	18 000 Tons	• 700 000 birds' capacity	1.75 million DOC weekly	1.1 million broiler capacity	• 140 birds per minute	N/A

5.12.3. 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



6. SUMMARY OF GROUP FINANCIAL POSITION

6.1. Balance Sheet and Income Statement

- 6.1.1. The Company's financial statements for the year ending March 2024 have a disclaimer opinion and, as such the BRP and the financial team was not able to verify the veracity of the information contained therein.
- 6.1.2. The BRP and his team, however, attempted to reconstruct the financial records of the Company and relied on reasonable estimates in preparing this Plan.
- 6.1.3. The Company's balance sheet for the year ending 31 March 2025 is set out below.
- 6.1.4. 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.

Statement of Financial Position		Management Accounts
R'000		Mar 25'
ASSETS		
Non-Current Assets		696 773
Property, Plant and Equipment		696 631
Intangible Assets		142
Current Assets		430 402
Inventory		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
EQUITY AND LIABILITIES		
Equity		322 257
Share Capital		0
Preference Shares		1 639 637
Retained Earnings		(1 317 380)
Non-current Liabilities		245 623
Borrowings		245 623
Current Liabilities		559 295
Trade Payables		368 462
Borrowings - Short Term		54 429
Provisions		17 841
Other Payables		118 563
Total Liabilities		804 918
Total Equity and Liabilities		1 127 175

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.

- 6.1.5. The Company's income statement for the year ending 31 March 2025 is set out below.
- 6.1.6. 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 GEPP. 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.

Statement of Financial Performance	Management Account
R'000	Mar 25'
Revenue	2 527 729
Cost of Sales	(2 059 832)
Gross Profit	467 896
Other Operating Income	10 253
Impairment Loss on Trade Receivables & Contract Assets	1 098
Selling and Administration Expenses	(917 525)
Operating Profit/(Loss)	(438 277)
Interest Received	2 249
Finance Costs	(24 503)
Profit/(Loss) before Income Tax	(460 531)
Income Tax Expense	-
Profit/(Loss) for the Year	(460 531)

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. A detailed timeline of these events is set out in Annexure "F".

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 abattoir, 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 a 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. As a result of the NSPCA judgment, the Company suffered a significant deterioration of its biological assets. Prior to the mass culling in terms of the judgment, the Company's biological assets were valued at R177,733,000 (March 2025). These assets reduced significantly to R66,021,493 as at 31 May 2025.
- 7.4.1.15. 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's 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's 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's 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's 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 BRP is working closely with both external and internal parties to conduct the necessary investigations into all irregularities. The BRP will deal with the issues on a case-by-case basis.
- 8.8. The BRP will implement the necessary civil and criminal proceedings against all individuals who acted unlawfully. The BRP will mandate a legal team to process these claims and will provide all affected parties with continued status updates on the progress of each of these individual matters.
- 8.9. Affected parties must appreciate that there are plethora of irregularities that have been identified to date, and it is most likely that a number of additional irregularities will be flagged as the investigations continue. This will be an ongoing and continues task.
- 8.10. The civil recoveries which the Company may achieve from the parties who acted unlawfully, will be distributed to creditors.
- 8.11. The Company continues to investigate ongoing irregularities arising from previous activities prior to the Business Rescue Proceedings. As these are formalised, affected 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. The Company has been plagued by a number of compliance issues including, water use licensing, environmental compliance, and freshwater resource management at its Delmas Abattoir and Sundra Poultry Processing Facility.
- 9.2. A detailed discussion of these issues are set out more fully in Annexure "K" Hereto.

PART TWO

10. PROPOSALS TO RESCUE THE COMPANY

- 10.1. 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.
- 10.2. 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.

- 10.3. 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 one abattoir. 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.
- 10.4. The three phases of the Company's business rescue proceedings are summarised in the table herein below.

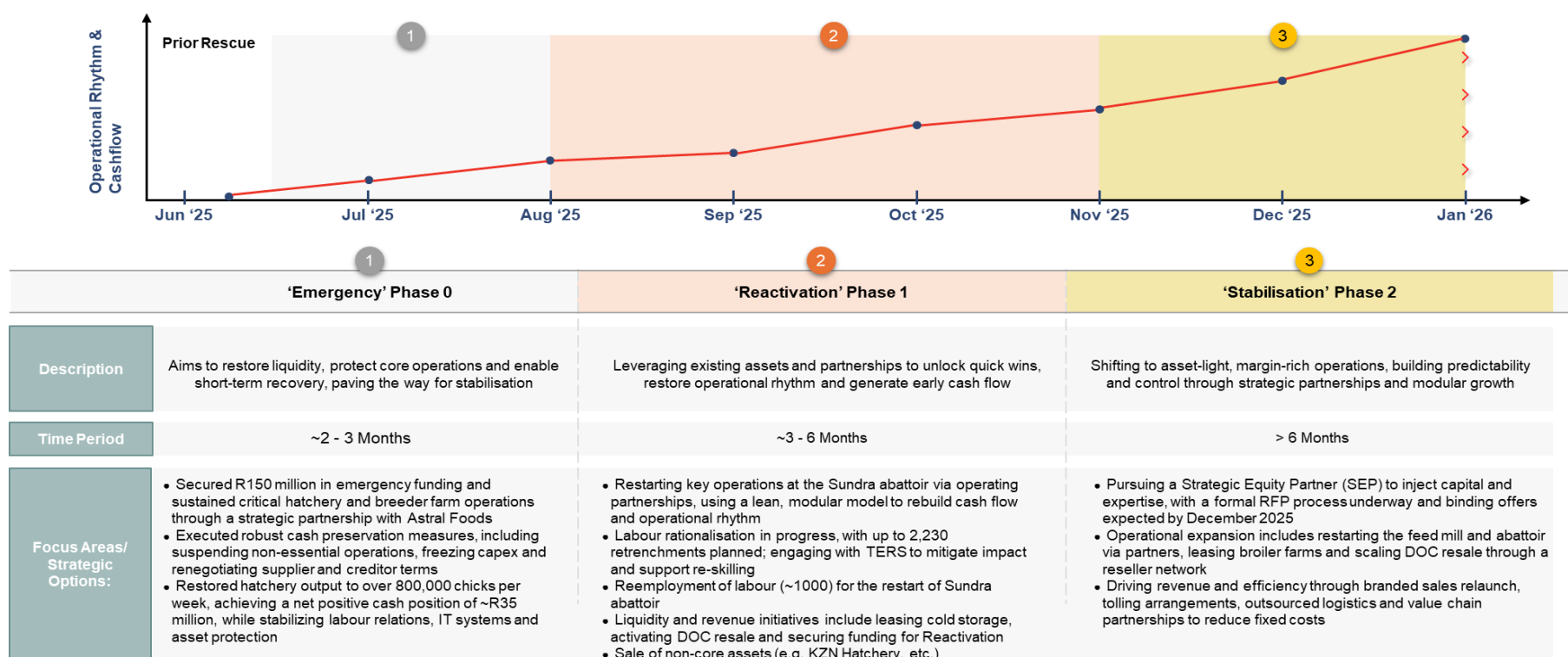
	Emergency Phase (Phase Zero)	Reactivation Phase (Phase One)	Stabilisation Phase (Phase Two)
Time Period	~2 - 3 Months (June to September 2025)	~3 - 6 Months (September 2025 onwards)	> 6 Months
Description	The initial stage of business rescue, where BRPs focus on restoring liquidity, protecting core operations, and securing short-term viability to enable or create a short-term runway for recovery, setting the foundation for the stabilisation and growth phases that follow.	Focused on reactivating the business and restoring operational and financial stability. It involves planning for what the business needs to look like to reach break-even, begin generating positive cash flow, and ultimately achieve sustainable profitability. This phase bridges the emergency response and long-term growth, laying the foundation for a viable and resilient enterprise. Leveraging existing assets and partnerships to unlock quick wins, restore operational rhythm and generate early cash flow.	Focused on redesigning the business model to drive resilience, profitability, and scalable growth, marking the transition from recovery to strategic expansion, where the business is repositioned to compete effectively in the market, generate sustainable returns and unlock long-term value. Shifting to asset-light, margin-rich operations, building predictability and control through strategic partnerships and modular growth. Reconfigure the operating and revenue model to support resilient, profitable, and scalable growth.

			Define what growth means in the current market context and translate it into operational requirements. Recapitalisation: Secure new capital to support expansion and strengthen the financial base. Finalise the settlement of remaining creditors to clean up legacy obligations Formalise partnership to bring in strategic capabilities and capital.
Focus Areas	Secured R150 million in emergency funding. Sustained critical hatchery and breeder farm operations through a strategic partnership with Astral Foods. Executed robust cash preservation measures, including suspending non-essential operations, freezing capex and renegotiating supplier and creditor terms. Critical operational costs are being paid.	Ramping up hatchery and breeder operations to full capacity (depending on the option that is implemented by the BRP and the available funding). Restarting key operations at the Sundra abattoir via operating partnerships, using a lean, modular model to rebuild cash flow and operational rhythm. Labour rationalisation in progress, with up to 2,230 retrenchments planned if there is no TERS assistance.	Pursuing a Strategic Equity Partner (SEP) to inject capital and expertise, with a formal RFP process underway and binding offers expected by December 2025. Operational expansion includes restarting the feed mill and abattoir via partners, leasing broiler farms and scaling DOC resale through a reseller network. Driving revenue and efficiency through branded sales relaunch, tolling arrangements, outsourced logistics and

	Restored hatchery output between 750,000 to 900,000 DOCs per week, achieving a net positive cash position of R41m. Replenished breeder stock to support volume growth and ensure long-term sustainability of the hatchery pipeline, while continuing to negotiate improved DOC pricing. Reinstated IT systems to enable payroll and HR functions. Increased hatchability rates from 74% to 85%. Preserved jobs of employees who continue to work full time at the hatchery, breeder and head office. These employees continue to receive full remuneration. Paid 50% salaries in June and July to non-operational staff.	engaging with TERS to mitigate impact of retrenchment and support re-skilling. Liquidity and revenue initiatives include leasing cold storage, activating DOC resale and securing funding for operational costs. Development of a restructuring plan of the labour force. Develop a value chain reactivation plan with leaner, more agile operations. Define a strategic roadmap with recovery and growth options. Maintain stakeholder engagement and secure ongoing liquidity support	value chain partnerships to reduce fixed costs.
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	Stipends from August 2025 payroll onwards: R1,500 for employees earning < R15k/month; 10% of salary for those earning > R15k/month.		
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10.5. A summary of the overall timeline of the three phases is set out herein below.



- 10.6. 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.
- 10.7. A summary of the options which are available during the Reactivation Phase is set out in the Table herein below:

	<i>Option 1: Reactivation</i>	<i>Option 2: Lean Operations</i>	<i>Option 3: Wind Down</i>
<i>Operational Scope</i>	• Breeder & Hatchery: Operate with a strategic partner to increase current capacity with full stock replenishment across all sites. • Abattoirs: Restart operations at the Sundra abattoir through operating partnerships. The Delmas abattoir remain inactive until a strategic equity partner is secured. • Broiler Farm & Feed Mill: Remain mothballed under a cost-minimisation model, covering only essential maintenance and security with the option of a lease arrangement.	• Breeder & Hatchery: Operate with a strategic partner to increase current capacity with full stock replenishment across all sites, managing risks of ageing flocks. • Feed Mill, Broiler Farms & Abattoirs: Remain mothballed under a cost-minimisation model, covering only essential maintenance and security with the option of a lease arrangement.	• Breeder & Hatchery: systematic wind-down of flock over a 6-month period. • Feed Mill, Broiler Farms & Abattoirs: Remain mothballed under a cost-minimisation model, covering only essential maintenance and security.
<i>Strategic Partner</i>	• Actively pursue a strategic partner to provide capital, operational expertise and long-term sustainability.	• Actively pursue a strategic partner to provide capital, operational expertise and long-term sustainability.	• Actively pursue a strategic partner to provide capital, operational expertise and long-term sustainability.

**Effect on Assets,
Liabilities**

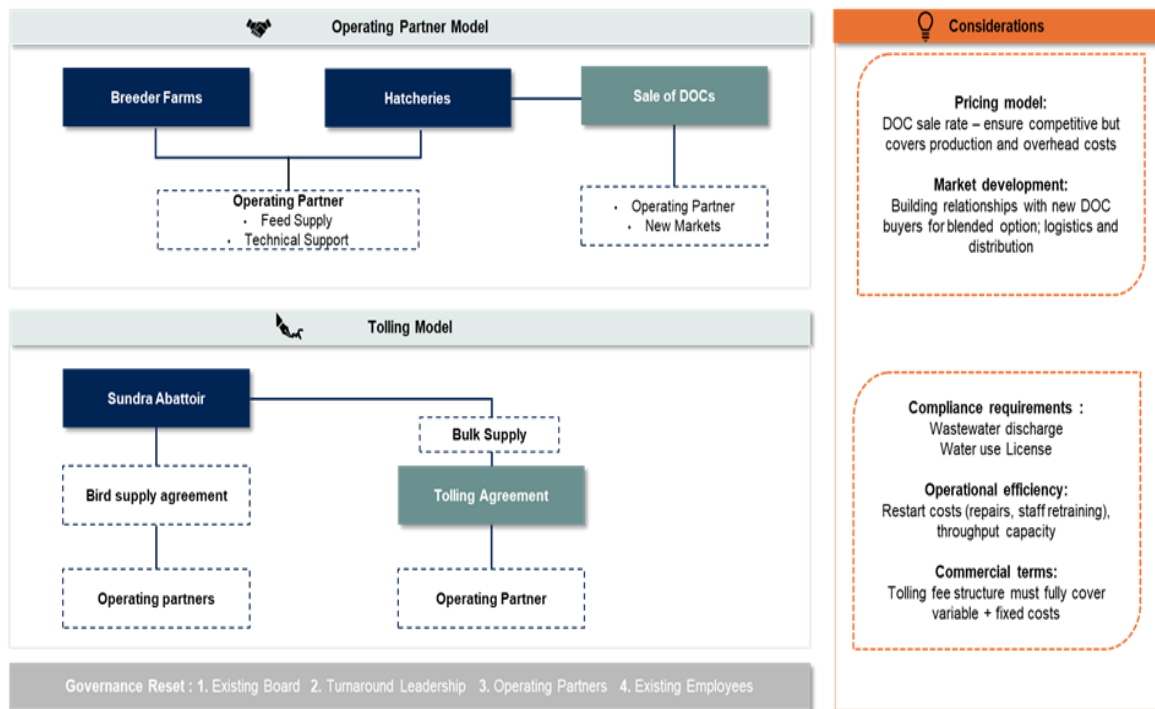
the hatchery and breeder section, as well as the restart of the Sundra Abattoir. Gross Profit margin is projected at 30% for FY 26, with a projected increase to 50% in FY2027 due to the ramp up in production and restart of the Sundra Abattoir. • Revenue for FY2028 is estimated to increase to R1,3bn as the hatchery, breeder and Sundra abattoir reaches full operational capacity. • Marginal increases for FY2029 and FY2030 projected at 5% price adjustments.	• Revenue is expected to increase in FY2027 to R842,3m due to the ramp in production at the hatchery and breeder divisions. • Gross Profit margin is projected at 40% for FY2027 due to the ramp up in production. • Full production is expected to be reached by FY2028 with expected revenue amounting to R955,5m. Gross profit margin during this period is estimated at 44%.	hatchery and breeder operations. • In FY2027, revenue will be zero owing to a cease in all operations.
• The Company's assets are expected to decrease in FY2026 owing to the mass culling of the biological assets pursuant to the NSPCA judgment. These assets decreased from R177,3m as March 2025 to R66m as at 31 May 2025. • During FY2027 to FY2030 the Company's assets are expected to increase systematically from R930,6m in FY2027 to R1bn in FY2030 predominantly due to the cash and cash equivalents that will be generated from increased sales over this period. • This option does not make provision for repayment of historic debt as this is	• The Company's assets are expected to marginally decrease in FY2026 owing to the mass culling of the biological assets pursuant to the NSPCA judgment.	• From FY2027 the Company will wind-down and dispose of its assets in the ordinary course. • The PCF funding which the Company will require to implement the necessary care and maintenance on the assets, will be repaid from the assets that are realised during the wind-down.

**Workforce
Implications**

**Partnerships &
Outsourcing**

envisaged to take place as part of the Stabilisation Phase.		
• Preservation of 1,324 jobs if funding and/or TERS support is forthcoming. • Estimated rationalisation of 2, 230 employees across the feed mill, broiler farms and both abattoirs if funding and/or TERS relief is not forthcoming. • Labour rationalisation will be reduced in line with the amount of TERS and/or funding assistance that the Company may receive. • The cost estimations on a full-scale retrenchment to the UIF is estimated at R64m. • Re-employment of retrenched employees will commence as operations restart at the Sundra Abattoir. • Retrenched employees to be placed on SETA training.	• Estimated retrenchments of 2, 230 employees will be implemented across the feed mill, broiler farms and both abattoirs if funding and/or TERS assistance is not forthcoming. • Minimal workforce retained for breeder & hatchery. • The cost estimations on a full-scale retrenchment to the UIF is estimated at R64m from claims.	• Estimated retrenchments of 2, 230 employees will be implemented across the feed mill, broiler farms and both abattoirs. • Minimal workforce retained for breeder & hatchery. • The cost estimations on a full-scale retrenchment to the UIF is estimated at R64m from claims.
• Tolling partner for Sundra abattoir. • Active SEP search underway.	• Active SEP search underway.	• Continue SEP search.

10.8. The diagram below sets out the proposed operational structure based on Option 1:



10.9. The implementation of either one of the options listed herein above, will be largely depended on the funding support which the Company will receive. In the event that the Company obtains sufficient support for the implementation of the first Option, this will naturally be the preferred option which the BRP will follow. The second and third options are based on a scenario where there is insufficient funding to implement the first option. The third option will be implemented by the BRP in a scenario where there is limited funding available and in this scenario the operations of the Company will wind down in anticipation of obtaining an SEP.

10.10. In line with the proposals set out in the Stabilisation Phase 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.

10.11. 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:

10.11.1. Expression of Interest submission deadline: 30 September 2025

10.11.2. Non-binding offers Submission: 25 November 2025

- 10.11.3. Binding Offer Submission: 17 December 2025
- 10.11.4. Final Agreement Documents: 31 January 2026
- 10.11.5. Comp Com Approval: 30 June 2026
- 10.12. 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.
- 10.13. 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:
 - 10.13.1. Clarity on recovery options
 - 10.13.2. Prioritisation of actions by feasibility and impact; and
 - 10.13.3. Implementation of informed decisions and stakeholders' alignment.
 - 10.13.3.1. 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.
- 10.14. **Stabilisation of operations**
 - 10.14.1. Prior to the commencement of Business Rescue Proceedings, the Company was one of South Africa's largest poultry producers, with a total capacity of 6.8 million chickens manufactured per month. The Company sold an average of 11m kilograms of chickens per month with a yearly average of 113m kilograms.
 - 10.14.2. 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.

10.15. Governance reset

- 10.15.1. 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.
- 10.15.2. 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.
- 10.15.3. 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.
- 10.15.4. 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.

10.16. Restoration of cashflow

- 10.16.1. 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 Phase by relying on the funding provided by the PIC to sustain critical operational costs. During the Reactivation Phase, the Company aims to obtain a tolling partner to assist in the financial and operational requirements in reactivating certain of its operations.
- 10.16.2. 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.

10.17. Preservation of jobs

- 10.17.1. The preservation of employment is a socio-economic necessity given the Company's 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.
- 10.17.2. 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.
- 10.17.3. 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.

10.18. Maximisation of creditor recoveries

- 10.18.1. 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.
- 10.18.2. 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 during the Stabilisation Phase.

10.18.3. 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.

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

10.19. **Long term sustainability of the business**

10.19.1. 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.

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

10.19.2.1. Retained over 52,000 jobs across the poultry value chain.

10.19.2.2. R2.02 billion investment in infrastructure and support measures.

10.19.2.3. R1.5 billion investment specifically towards supporting emerging and black-owned poultry businesses; and

10.19.2.4. R635 million has been committed to future phase, reinforcing long-term sustainability.

10.19.2.5. 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.

- 10.19.3. 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.
- 10.19.4. 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.

10.20. **Overview of the rescue strategy**

Phased approach to business rescue

- 10.20.1. 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.
- 10.20.2. 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.
- 10.20.3. 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.
- 10.20.4. The following impacts have been achieved in the Emergency Phase:
- 10.20.4.1. Secured emergency funding of R150m from PICOF, through its authorised representative the PIC, to stabilise short-term operations. The Company deployed the funding to, inter alia, make payment of critical operational costs.
 - 10.20.4.2. 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.

- 10.20.4.3. The Hatchery and Breeder was a cost centre for the Company, and it did not produce any profit prior to the Commencement Date. At present, the Hatchery and Breeders are cashflow positive and are producing a marginal profit. The hatchability rates have steadily increased, together with the weekly number of DOC's that are being sold by the Company. This is dealt with more fully herein below.
- 10.20.4.4. Feed and DOC arrangement with Astral Foods
- 10.20.4.5. 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.
- 10.20.4.6. 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.
- 10.20.4.7. 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.
- 10.20.4.8. 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.
- 10.20.4.9. 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.
- 10.20.4.10. The Company furthermore replenished its parent flock at its breeders to ensure a stable and ongoing supply of DOCs.
- 10.20.4.11. 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%).
- 10.20.4.12. Stabilised the labour instability faced by the Company when business rescue proceedings commenced.

- 10.20.4.13. 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.
- 10.20.4.14. Employees who rendered services, have been full remunerated and have remained unaffected.
- 10.20.4.15. The Company further addressed the issue of the arrear pension fund contributions due to the fund administrators.
- 10.20.4.16. 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.
- 10.20.4.17. 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.
- 10.20.4.18. 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".
- 10.20.4.19. 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.
- 10.20.4.20. 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.
- 10.20.4.21. The Company has since made payment of all outstanding pension and provident contributions to the respective pension fund administrators.
- 10.20.4.22. Assembled a multi-disciplinary Business Rescue team, including experts in finance, operations, legal, marketing and labour relations.

- 10.20.4.23. Ongoing legal consultations and resolution path agreed with the NSPCA, in response to the judgement issued on 23 May 2025.
- 10.20.4.24. 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.
- 10.20.4.25. 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.
- 10.20.4.26. Addressed significant labour disruptions through active employees committee engagement and employment terms and mitigated strike-related risks.
- 10.20.4.27. 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.
- 10.20.4.28. 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.
- 10.20.4.29. 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.
- 10.20.4.30. 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.
- 10.20.4.31. 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.
- 10.20.5. The next phase of the Company's is the Reactivation Phase, which is aimed at securing a tolling partner and funding to restart certain of its inactive operations such as one abattoir.

- 10.20.6. 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.
- 10.20.7. Immediate reactivation focuses on commercially attractive, operationally feasible and financially viable activities which play to the Company's strengths. It is important that immediate revenue is generated, even if margins are low, to rebuild liquidity and fund further recovery. 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.
- 10.20.8. 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.
- 10.20.9. 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.
- 10.20.10. 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.

Operational restructuring plans

- 10.20.11. 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.
- 10.20.12. 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%.

- 10.20.13. 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.
- 10.20.14. As forementioned, the Company's organisational design has undergone forced restructuring, revealing inefficiencies and critical gaps that challenge operational readiness. With a headcount of 2509 (July 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.
- 10.20.15. 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, depending on the circumstances as is more fully set out herein below.
- 10.20.16. The Company intends to lessen the impact of the proposed retrenchment by requesting TERS and/or funding support in anticipation of the restart of one of its Abattoirs.
- 10.20.17. The Company intends to institute a retrenchment process across the board (all of its divisions).
- 10.20.18. The retrenchment proceedings will be aimed at aligning the Company's current operational structure with its labour force
- 10.20.19. At present, the Company's only divisions which remain operational is the hatchery and breeders.
- 10.20.20. 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.
- 10.20.21. 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
Hatchery	72
Hatchery (Worthing)	67
Natal Hatchery (KZN)	5
Kinross Animal Feeds	78
Sundra Abattoir Plant	906
Total Retrenchment	2230

- 10.20.22. 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.
- 10.20.23. 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 proposed retrenchments, once clarity has been obtained on the final organisational structure and whether the Company receives TERS assistance.
- 10.20.24. In the event that the Company restarts its first Abattoir, this will likely result in an immediate uptake of up to 906 employees, depending on the Company's operational requirements at the time.
- 10.20.25. During the Stabilisation Phase, a second round of mass employment uptake (of up to an additional 992 employees) will take place upon the restart of the Delmas Abattoir.
- 10.20.26. Naturally, employees who may face retrenchment will have the right of first refusal for any future uptake, based on LIFO and required skillsets.
- 10.20.27. 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 with financial assistance, upon the adoption of a business rescue plan.
- 10.20.28. The BRP submits that the Company is a candidate that meets the criteria to obtain TERS assistance.
- 10.20.29. 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.

- 10.20.30. Per the Phased approach of site re-entry we shall formally address all training requirements via Seta's. Full time staff absorption shall be had upon successful completion of learnerships and internships.
- 10.20.31. 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.
- 10.20.32. 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.
- 10.20.33. 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.
- 10.20.34. The BRP will continue to engage TERS if this Plan is adopted in order to obtain possible relief and avoid the effects of retrenchment.
- 10.20.35. 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.
- 10.20.36. The BRP aims to reduce the number of proposed retrenchments as far as reasonably possible in line with the TERS assistance that the Company may receive if this Plan is adopted.
- 10.20.37. Employment creation throughout the Reactivation and Stabilisation Phases, pursuant to the possible initial retrenchments, shall be done in a phase wise approach based on skill, qualification, experience and subjective to the recruitment policy guidelines.
- 10.20.38. In summary, the BRP submits that retrenchments will necessarily be required to the extent that TERS assistance is not forthcoming. Put differently, the number of retrenchments will be limited to the amount of TERS assistance which the Company receives.

Strategic initiatives

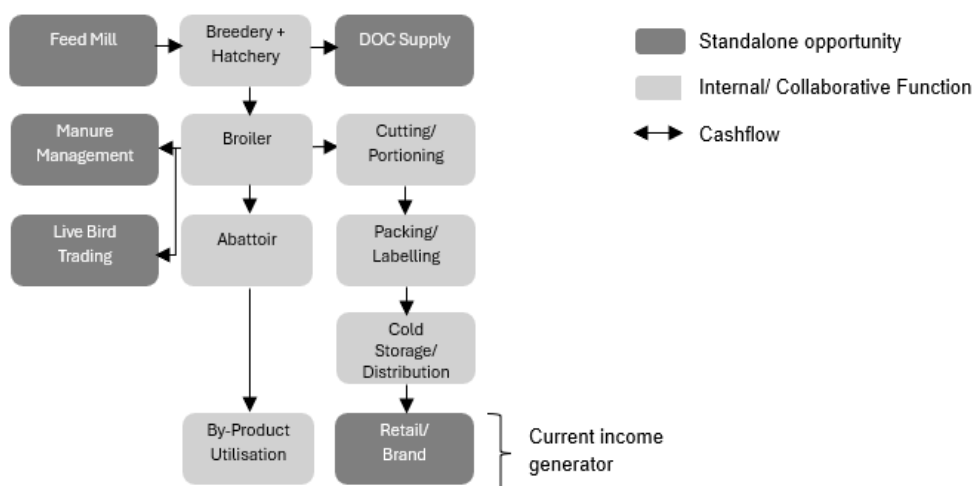
- 10.20.39. The Company' strategic priorities must focus on restoring operational viability, building resilience and positioning the business for long-term competitiveness. Central to this is shifting to asset light models and partner-led operations to reduce capital intensity, unlock agility and reduce risk. Cost reform, particularly in the areas that continue to

present as expenses to the Company irrespective of the tolling partner or lessee's involvement, is essential before any capital injection can yield returns.

- 10.20.40. 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.

- 10.20.41. 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 tolling partners and engage proactively with the regulators.
- 10.20.42. 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.

ESG challenges and strategic response

- 10.20.43. 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.
- 10.20.44. Daybreaks progress on successfully implementing environmental initiatives has been hampered due to strained cashflows, capital constraints and poor ethical behaviour of previous executive management.
- 10.20.44.1. 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.
- 10.20.44.2. 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.
- 10.20.44.3. 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.

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

10.20.45.1. 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.

10.20.45.2. 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.

10.20.46. 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.

10.20.47. 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, sustainable feed sourcing and wastewater treatment, the Company is laying the groundwork for long-term environmental compliance and resilience. Concurrently.

Value Chain Reactivation Plan

10.20.48. The Company's poultry value chain is currently in a state of significant disruption, with most operational nodes either inactive or functioning at minimal capacity.

10.20.49. 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.

- 10.20.50. 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.
- 10.20.51. 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.
- 10.20.52. The Company is evaluating three possible strategic pathways for value chain reactivation, each designed to optimise capital allocation, operational capacity and continuity and to secure long-term viability:
- 10.20.52.1. Reactivation Pathway – this assumes funding is made available and focuses on a capital-efficient restart with a selective operational restart based on a partnership model. In terms of this pathway:
- The Breeder farms will continue to operate to increase capacity from a current average of 260,000 parent stock birds, up to 700,000 birds at full capacity.
 - Similarly, the Hatchery will continue to operate to increase capacity from the present weekly average of 750,000 DOCs, up to 1,750,000 DOCs at full capacity.
 - The restart of the Sundra abattoir through a tolling arrangement, whilst the Delmas abattoir remains mothballed until a SEP is sourced during the Stabilisation Phase of the Company's Business Rescue Proceedings.
 - The broiler farms and the feed mill will remain mothballed, with provision being made for an essential maintenance and security budget.
- 10.20.52.2. Lean Operations – this is aimed at a partial reactivation of certain of the Company's divisions and envisages the following:
- The hatchery and breeder farms will operate with limited capital support in order to maintain the current capacity at which these divisions continue to operate. In terms of this pathway, continuous investment in parent stock replenishment will take place to manage the risk of ageing flocks and maintain the value of the Company's biological assets.

- The feed mill, broiler farms and abattoirs will remain mothballed, with provision being made for an essential maintenance and security budget.
- 10.20.52.3. Wind-down – this pathway will be implemented if there is minimal funding assistance and envisages the following:
- The hatchery and breeder farms will continue to operate to maintain current capacity, but without replenishing the parent flock.
 - The broiler farms remain mothballed under a cost-minimisation model, covering only essential maintenance and security, with openness to transformation-focused partnerships.
 - The feed mill and abattoirs will remain inactive with a maintenance and security budget, until a SEP is sourced during the Stabilisation Phase of the Company's Business Rescue Proceedings.

Feed Mill

- 10.20.53. The Kinross Feed Mill is an important 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. 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.
- 10.20.54. During the Reactivation Phase of the Company's Business Rescue Proceedings, however, the feed mill is not an immediate requirement to reach the goals that have been set out aforesaid. As such, it is proposed that the feed mill be mothballed with a maintenance budget put in place.
- 10.20.55. The feed mill will become a key focus point during the Stabilisation Phase of the Company's Business Rescue Proceedings and the proposals to reactivate same will be set out more fully in the second business rescue plan.

Breeder farms and hatchery

- 10.20.56. 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.

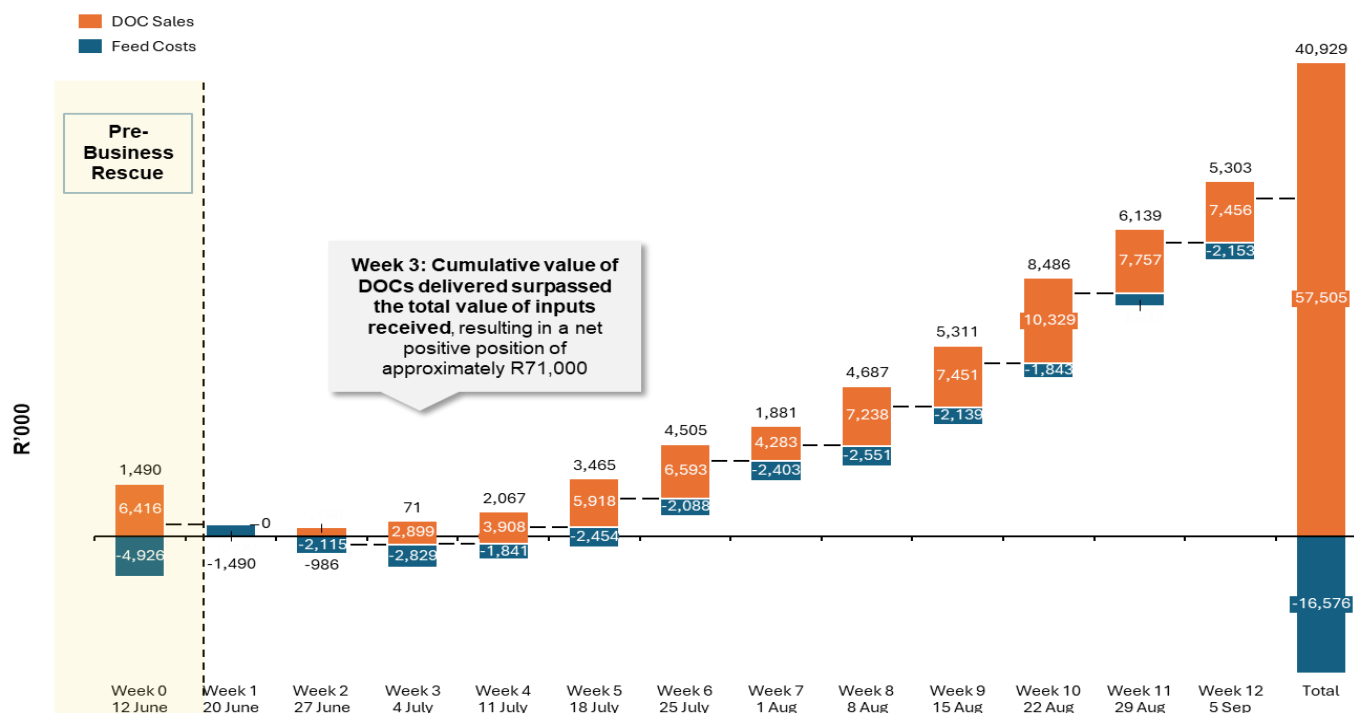
- 10.20.57. The breeder farms, comprising Merino and Diepputten, are operating at reduced capacity – Merino at 33% (3 of 9 sites populated) and Diepputten at 44% (4 of 9 sites populated). The hatchery is similarly constrained, operating at approximately 50% capacity. Despite these limitations, infrastructure 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.
- 10.20.58. 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.
- 10.20.59. 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.
- 10.20.60. 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.
- 10.20.61. 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 R41m as at 08 September 2025. With positive cashflow, the Company plans to replenish the breeder stock on an ongoing basis 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.

10.20.62. 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 29 August 2025.

Figure 3

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



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

10.20.63.1. Option 1 (Reactivation) - 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 (1,500,000/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. Feed and bird costs are covered through the partnership and capital is the responsibility of the partner to support continued scaling of the business.

10.20.63.2. Option 2 (Lean Operations) – 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.

10.20.63.3. Option 3 (Wind-down) – operations will gradually wind down with no stock replenishment until such time as an SEP is obtained.

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

Broiler Farms

10.20.65. 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.

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

10.20.67. 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.

10.20.68. 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.

10.20.69. Under the Company's three 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.

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

Abattoirs

- 10.20.71. 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.
- 10.20.72. 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.
- 10.20.73. The reasons on why the BRP believes that Sundra is best suited for the Reactivation Phase, are set out more fully in Annexure "L" to this Plan.
- 10.20.74. Another key consideration for the reactivation of an abattoir, is gradual commercial market entry for the Company. 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 and in terms of a tolling and bird supply agreement with an tolling partner. 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.
- 10.20.75. In summary, the following priorities are pursued under the Company's two strategic pathway options:
- 10.20.75.1. Option 1 (Reactivation) – one abattoir, Sundra, will be reactivated to support toll processing and enable a phased re-entry into the commercial

market. The abattoir will be restarted through the assistance of a tolling partner, alternatively, through funding support from a third-party funder.

10.20.75.2. Options 2 and 3 (Lean Operations and Wind-Down) - 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 during the Stabilisation Phase.

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

Warehouse/ Cold Room

10.20.77. 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.

10.20.78. 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.

Head Office

10.20.79. 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.

10.20.80. This approach ensures the head office remains a lean and agile support centre, minimising costs while maximising strategic oversight. Core focus areas include cost discipline, operational governance and supporting monetisation efforts across the value chain.

10.20.81. 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.

- 10.20.82. 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.

Disposal of non-core assets

- 10.20.83. The BRP has identified a number of assets which are non-core to the business operations of the Company.
- 10.20.84. As part of the Reactivation Phase, it is proposed that the Company dispose of these non-core assets.
- 10.20.85. In this regard, the BRP has placed the Company's KwaZulu-Natal hatchery up for sale. The details surrounding this sale is set out more fully in Annexure "H".
- 10.20.86. 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	Short-Term (0 - 6 Months)	Long Term (6-36 Months)
<i>Breeder</i>	<i>R4.9m</i>	<i>R2.9m</i>
<i>Hatchery</i>	<i>R4.1m</i>	<i>R19.4m</i>
<i>Abattoir (Sundra)</i>	<i>R62m¹</i>	<i>R40.2m</i>

Note. ¹To 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.

- 10.20.87. 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.

10.20.88. 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 a tolling partner supported, and strategic equity partner led journey ensures to optimise these fully.

10.20.89. 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.

10.21. Governance and execution oversight

10.21.1. 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.

10.21.2. 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.

10.21.3. 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.

10.21.4. 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.

10.21.5. 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.

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

10.22. 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) 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. 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).
- 11.3.5. 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 Rescue 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
Publication of amended Business Rescue Plan	12 September 2025
Adjourned second meeting of creditors	26 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 (Scenario 1) and Publication Date (Scenario 2).

A summary of the BDO estimated liquidation realisations, costs and probable Distribution to Creditors per Creditor class, is reflected in table below:

	Liquidation Values	Liquidation Values	Liquidation Cents in the Rand	Liquidation Cents in the Rand
	Scenario 1	Scenario 2	Scenario 1	Scenario 2
	R'000	R'000	c	c
	627 271	627 271		
Land and Buildings	398 770	398 770		
Plant, Equipment and Intangible Assets	144 501	144 501		
Inventory	18 401	18 401		
Biological assets	53 320	53 320		
Trade Receivables	9 279	9 279		
Other Receivables	0	0		
Cash and cash equivalents	3 000	3 000		
Less-Expenses incurred by a liquidator during liquidation process*	180 472	180 472		
Balance of proceeds after expenses- available for distribution to creditors	446 798	446 798	446 798	446 798
Order of preference- Application of gross proceeds of realisation of assets				
1st payment Secured creditors- Mortgage Bonds and Cession of book debts	382 516	382 516	100	100
Additional consideration: PCF	n.a	64 282	n.a.	38
2nd payment by law- Statutory Preferent Creditors	59 104	0	100	0
• Employees	16 152	0	100	0
• SARS	42 952	0	100	0
3rd payment by law- General Notarial Bond	0	0	0	0
Available for distribution to concurrent creditors	5 178	0	1	0
Available for distribution to shareholders	0	0	0	0

**Refer to Annexure D for breakdown of expenses.*

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

Scenario 2: Secured creditors will receive a 100 cents dividend; PCF will receive 38 cents dividend; and employees, SARS (statutory preference), concurrent creditors, shareholders nil.

Land Bank's rights in terms of section 33 of the Land Bank Act should be noted.

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. The Company aims to repay creditor claims from the proceeds it envisages to generate through the SEP process during the Stabilisation Phase of the Company's Business Rescue Proceedings.
- 21.5. The table below sets out the comparison between the projected liquidation dividend and proposed dividend payable to creditors if the Plans are successfully implemented:

Creditors	Liquidations – Dividend (cents)	Business Rescue – Dividend (cents)
Secured	100	100
PCF	38	TBC – in second Plan
Preferred	0	TBC – in second Plan
Concurrent	0	TBC – in second 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, Preferent and PCF 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. 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.

- 24.3. 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.
- 24.4. 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.
- 24.5. 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.
- 24.6. Any Capital Gains Tax implications (if applicable) will be appropriately dealt with as prescribed by relevant legislation.
- 24.7. 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. This Plan has outlined the three options which are available to the Company that forms part of the Reactivation Phase. The adoption of this Plan envisages that the BRP is provided with the necessary discretion to implement either one of the three options. Naturally, the BRP will implement Option 1 (Reactivation) if there is sufficient funding support from the OP, alternatively, a third-party funder. If there is insufficient funding to implement Option 1, the BRP will revert to Options 2 and 3 based on the funding which the Company will have at its disposal at any given point in time.

- 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.
- 25.5. 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.

26. AMENDMENTS TO THE BUSINESS RESCUE PLAN

- 26.1. Any material amendment to the contents of this Plan shall be put to a creditor vote.
- 26.2. 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.
- 26.3. 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.

27. GENERAL

- 27.1. 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.
- 27.2. 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.
- 27.3. The Directors are responsible to deliver to the BRP all books and records that relate to the affairs of the Company, which are in their possession.
- 27.4. The Directors are further obliged to provide the BRP with a statement of affairs of the Company. This includes, inter alia:
- 27.4.1. Material transactions involving the Company or its assets;

- 27.4.2. Legal proceedings pending by or against the Company;
 - 27.4.3. the assets, liabilities and income of the Company for the preceding 12 months;
 - 27.4.4. the number of employees employed by the Company and whether any collective agreements are in existence;
 - 27.4.5. the Debtors of Company; and
 - 27.4.6. any creditor rights or claims against the Company.
- 27.5. The BRP and the business rescue team have communicated with the Director, to obtain all relevant information.
- 27.6. 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. The BRP, in terms of this Section, will take full management control in substitution of the Company's pre-existing board and management.

ANNEXURES

28. 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 the Board of Directors and Senior Management of the Company, including its Advisors.
- II. The information appears to be accurate, complete and up to date, with the proviso that the 2024 financial statements had a disclaimer opinion.
- III. Any projections provided are estimates made in good faith based on information and assumptions as set out herein.
- IV. In preparing this Plan, I have not undertaken an audit of the information provided to me. I endeavoured to satisfy myself of the accuracy of such information.

Signed at Johannesburg on this the 12th day of September 2025.



TEBOGO CHRISTOPHER RAYMOND MAOTO
DULY APPOINTED SENIOR BUSINESS RESCUE PRACTITIONER

29. ANNEXURE B: 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	4.82%	
TOTAL INDEPENDENT SECURED CREDITORS	123 938 420.35	4.82%	
			NON-INDEPENDENT SECURED CREDITORS
PIC - The Government Employees Pension Fund - Loan	258 577 683.51	10.05%	
TOTAL DEPENDENT SECURED CREDITORS	258 577 683.51	10.05%	
			PCF NON-INDEPENDENT CREDITORS
The Public Investment Corporation - Loan	150 000 000.00	5.83%	
TOTAL PCF DEPENDENT CREDITORS	150 000 000.00	5.83%	
			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	0.23%	
AFMA - Animal Feed Mnfc	37 062.48	0.00%	
Air Service Centre	111 389.58	0.00%	
Albrecht Machinery	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%	
Automated System Works (ASW)	87 896.91	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 Steiner	125 442.45	0.00%
Biofarm	79 246.42	0.00%
BRA Industrial Supplies	1 033 671.20	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	1 968 096.13	0.08%
Chep SA	35 950 299	1.40%
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%
Ctrack Fleet Management Solutions	30 380.18	0.00%
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	944 030.92	0.04%
Epag (Evander Petroleum and Gas)	104 814.88	0.00%
Encapsulate Consulting	39 895.80	0.00%
Envirocare Labs	101 697.53	0.00%
EPCCC Electrical and Pump Centre	250 340.63	0.01%
Eternal City Trading	4 333 429.64	0.17%
Fastner and Fluid Control	19 373.19	0.00%
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%
Ikutana Poultry and Chicken Farming	609 114.87	0.02%
Invision Waste	39 370.00	0.00%
Itireleng Project Mgm	154 806.80	0.01%
J and F Regal	37 242.75	0.00%
J-Pak	256 417.88	0.01%
JVD Commodities	19 260 915.85	0.75%
K & J Verhittingeenhede Dienste BK	107 633.70	0.00%
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%
List Cleaning Chemicals	1 440 989.59	0.06%
Maemo Security Services	6 183 813.10	0.24%
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	0.03%

Muhari Logistics	15 699 377.45	0.61%
MV Enterprises	889 832.99	0.03%
Novero	122 465.00	0.00%
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%
Poultry Harvest	1 595 339.30	0.06%
PHS Poultry Handling Services	7 687 698.88	0.30%
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%
RedEmber Technology	27 600.00	0.00%
Red Eye Pest Control	15 402 231.41	0.60%
Rylintrek Elektro Systems	210 347.60	0.01%
Rentokil Initial	390 963.29	0.02%
Samdirect Rentals	4 973.81	0.00%
SAP South Africa	682 108.37	0.03%
South African Poultry Ass (SAPA)	880 671.02	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 1	2 449 768.44	0.10%
Shalev Boerdery 2	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	355 367 812.09	13.81%	
			NON-INDEPENDENT UNSECURED CREDITORS
PIC - The Government Employees Pension Fund - Pref Shares	670 381 322.00	26.06%	
PIC - The Unemployment Insurance Fund - Pref Shares	298 934 235.00	11.62%	
PIC - The Compensation Fund - Pref Shares	670 381 322.00	26.06%	
TOTAL NON-INDEPENDENT UNSECURED CREDITORS	1 639 696 879.00	63.74%	
GRAND TOTAL	2 572 604 522.66	100.00%	

Notes:

Claims verification process is still on-going and it's about 94% completed

30. ANNEXURE C: 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

The security held by the secured creditors in terms of the intercreditor agreement over the aforesaid assets are as follows:

1. A continuing general notarial bond of R600m of all current and future movable assets owned by the Company;
2. A special notarial bond of R600m over of all current and future movable assets owned by the Company;
3. A first continuing covering mortgage bond of R566.2m over of all properties listed above; and
4. A cession of accounts receivables, book debts and bank accounts of the Company.

31. ANNEXURE D: EXPENSES INCURRED BY A LIQUIDATOR DURING LIQUIDATION PROCESS

EXPENSES	Ref	AMOUNT (R'000)
Liquidator's fees	1	34 543
Master's fees	2	275
Bond of Security	3	12 624
Monthly running cost during the administration of the liquidated estate	4	24 000
Valuation cost	5	543
Auctioneers & Consultants commission to dispose assets	6	33 516
Security	7	32 000
Cost of Employees during admin	8	33 000
Storage of records	9	2
Legal costs	10	9 969
TOTAL		180 472

List of references and notes:

1. The fees that a liquidator would be entitled to, based on the mandatory statutory provisions as per Tariff B of the Insolvency Act, 24 of 1936 as amended.
2. Master's fees payable, representing the maximum amount as prescribed in the Third Schedule of the Insolvency Act 24 of 1936 as amended.
3. The statutory bond of security required of liquidators in all insolvent estates, calculated as an annual premium at a rate of 0,575 percent of the value of the assets of a Company in liquidation. Considering the extent and complexity of the business of Daybreak, it is assumed that the administration of the liquidation process will take no less than 5 years, during which a diligent liquidator will periodically distribute dividends to creditors and reduce the extent of the required bond of security.
4. Monthly running costs during the administration period will costs that would be incurred to prepare for the disposal of the assets and biological stock. It is assumed that a diligent liquidator, ably assisted by employees of Daybreak will immediately upon the liquidation of the company embark on a process to safeguard the assets for what is assumed to be a focussed and well executed disposal process.
 - 4.1. It is assumed a diligent and experienced liquidator, considering the extent of the portfolio of the assets and the complexities in having to dispose the plant and machinery, biological assets and inventory would require. The time to conclude a disposal strategy is 6 months.
 - 4.2. It is assumed that a liquidator will be able to significantly reduce the initial holding costs for the first 6 months following the liquidation and will thereafter be able to aggressively reduce the holding costs.
 - 4.3. As at the commencement of business rescue, the average monthly operations costs for Daybreak were R5 million. It is assumed, were the Company to be liquidated, that the appointed liquidator would partially suspend operations and solely focus on the efficient disposal of assets, significantly curtailing ongoing operations costs. It is assumed, under these circumstances, that the liquidator will for the first 6 months still incur at least 60% of this operational expense and will, as with other operational expenses reduce systematically post the disposal.

5. A liquidator is required to obtain an independent valuation of all the assets of a company in liquidation. The amount provided takes into consideration the extent-and complexity of the asset portfolio.
6. It is anticipated that a diligent liquidator will negotiate a competitive rate of remuneration for all auctioneers or sales agent at a rate of 6% on movable assets and 5% brokerage on inventory.
7. Security-Considering the location of the assets and risk of vandalism during the execution of the disposal strategies presented and our experience it is anticipated that significant additional security will be required to initially secure the assets of the Company and thereafter a reduce requirement once assets are sold.
8. Salaries -All contracts of employment are suspended upon the liquidation of a Company. It is however assumed that the appointed liquidator would, post the liquidation of Daybreak require the assistance of key employees to assist him to secure and maintain all assets whilst planning for and executing the disposal process. It is assumed that the cost would represent 30% of the monthly payroll of Daybreak and reduce systematically over the anticipated 6 months. It is assumed that from the moment of the commencement of a liquidation application up to the point in time when the subsequent finally appointed liquidator would be able to commence with the disposal of any assets would take no less than 6 months.
9. Storage –A liquidator would have to provide for the orderly storage of documents and information and provide for costs to store such documents for the duration of the liquidation process.
10. Legal Fees -It is inevitable that a liquidator will require legal representation and finance provide for rates clearance during the administration of a liquidation of this magnitude. Provision is made for such cost at a rate of 2.5% of the realisation of the land and buildings assets.

32. ANNEXURE E: FINANCIAL PROJECTIONS AND ASSUMPTIONS

OPTION 1: REACTIVATION PLAN

Statement of Financial Performance - R'000	2023	2024	2025	2026	2027	2028	2029	2030
Period start	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
Period end	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Period type	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Revenue	3,663,749	3,472,729	2,527,729	404,697	1,085,805	1,343,436	1,414,216	1,485,127
Cost of Sales	(2,817,261)	(2,857,572)	(2,085,123)	(284,753)	(548,417)	(599,985)	(629,254)	(660,803)
Gross profit	846,488	615,157	442,606	119,944	537,388	743,451	784,963	824,324
Operating expenses (excluding staff costs)	(395,219)	(290,137)	(161,886)	(148,729)	(150,804)	(158,799)	(166,175)	(174,507)
Staff costs	(626,318)	(731,553)	(654,579)	(294,146)	(215,290)	(228,798)	(241,675)	(256,216)
EBITDA	(175,049)	(406,533)	(373,858)	(322,931)	171,293	355,854	377,112	393,602
Depreciation	(85,579)	(61,973)	(64,419)	(22,670)	(62,700)	(66,032)	(69,734)	(72,362)
EBIT	(260,628)	(468,506)	(438,277)	(345,601)	108,593	289,823	307,379	321,239
Interest income	16,855	5,153	2,249	6,687	3,387	3,756	5,245	10,213
Interest expense	(18,889)	(19,207)	(24,503)	(83,069)	(130,575)	(127,885)	(111,530)	(95,965)
Biological valuation adjustment	-	-	-	(9,736)	(48,188)	(51,154)	(53,545)	(56,251)
Non-standard expenses (cash)				(113,148)	-	-	-	-
Write-offs (non-cash)				(493,919)	-	-	-	-
Profit/(loss) before tax	(262,662)	(482,560)	(460,531)	(1,038,786)	(66,785)	114,540	147,549	179,235
Income tax expense	-	-	-	-	-	(4,826)	(6,176)	(7,694)
Profit/(loss) after tax	(262,662)	(482,560)	(460,531)	(1,038,786)	(66,785)	109,714	141,373	171,542
Income/expenses from discontinued operations	-	-	-	(7,809)	(12,314)	(12,966)	(13,569)	(14,249)

Key notes and assumptions (Reactivation Plan – Option 1):

- The financial model is based on the business model that focuses on:
 - breeder farms with continuous flock replenishment,
 - hatchery operations, and
 - restart of Sundra Abattoir under tolling arrangement.

- The Sunda Abattoir is projected to restart in March 2026, whereas the sales of DOCs are expected continue and increase with the full utilisation of the breeder farms and hatchery operations.

Statement of Financial Projections:

- Revenue generate over the projected period will be from:
 - Sale of DOCs
 - Sale of excess eggs
 - Tolling fee
- Inflationary annual increase is estimated at 5%.
- Breeder Farm assumptions:
 - Currently utilising 6 sites in production, 1 site in rearing and 2 sites recently replenished, out of a total of 18 sites.
 - Assumed 1 site replenished per month and expect full site replenishment in March 2026 to reach full capacity.
 - Excess eggs produced to be sold
- Hatchery Farm assumptions:
 - Production ramp-up curve is aligned to the recovery of the breeder farm operations.
 - Currently producing on average 750,000 DOCs per week, which is equivalent to 50% of full capacity.
 - Full capacity production of 1,500,000 DOCs per week is expected from mid-March 2026.
- Sunda Abattoir assumptions:
 - Production ramp-up curve is based on expected production capacity accounting for limitations around tolling demand.
 - Production restart expected in March 2026, commencing at 50% capacity and ramping up from September 2026 and reach full production in May 2027.
- The following operations are projected to remain mothballed during the projections:
 - Feed mill
 - Broiler farms
 - Delmas Abattoirs
- Employees in non-operational units will receive a monthly stipend of R1,500 if earning up to R15,000 per month, and those earning above this threshold will receive 10% of their salary. The balance will accrue and be paid when funds become available. The financial model currently assumes that this is not being paid out of the operational cashflows as it is dependent on the SEP process.
- Potential workforce restructuring costed for all non-operational employees effective 30 November 2025 with a project cost of R74 million.
- Interest expense includes interest on pre-rescue borrowings and Post Commencement Finance (PCF) borrowings
- Biological valuation adjustments relate to the write-down on the parent flock at the end of the life cycle.
- Non-standard expenses (cash) relate to expenses that are still to be accounted as a result of system disruptions by Altron and will be allocated accordingly.
- Write-offs (non-cash) relates to the losses experienced due the culling of birds, sale of birds by growers, write-down of finished stock, theft of stock, amongst others.
- Income/expenses from discontinued operations indicated the projected cost to be incurred for the care and maintenance of the mothballed facilities.

Statement of Financial Position- R'000	2023	2024	2025	2026	2027	2028	2029	2030
Period start	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
Period end	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Period type	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Assets								
Plant, property and equipment	848,804	749,318	696,631	693,017	652,576	626,751	591,633	539,318
Intangible	407	273	142	128	128	128	128	128
Inventory	205,247	104,829	126,885	20,165	21,148	22,206	23,316	24,482
Biological assets	267,132	192,905	177,733	93,153	93,153	93,153	93,153	93,153
Trade Receivables	506,396	139,805	35,535	47,617	67,923	85,427	89,845	94,491
Other Receivables	28,482	33,148	84,668	33,467	33,467	33,467	33,467	33,467
Inter Company Receivables	9,896	6,887	-	-	-	-	-	-
Cash and cash equivalents	166,918	67,366	5,580	61,680	61,722	68,653	108,238	222,475
Total assets	2,033,282	1,294,531	1,127,174	949,227	930,118	929,786	939,781	1,007,514
Equity and Liabilities								
Equity								
Share capital	0	0	0	0	0	0	0	0
Other reserves	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637
Retained Earnings	(374,288)	(856,848)	(1,317,380)	(2,237,333)	(2,316,432)	(2,219,684)	(2,091,879)	(1,934,586)
Reconciling differences	(0)	(0)	(1)	-	-	-	-	-
Total equity	1,265,349	782,789	322,256	(597,696)	(676,795)	(580,047)	(452,242)	(294,949)
Liabilities								
Borrowings - PCF	-	-	-	537,992	538,984	370,384	176,096	(0)
Borrowings - Other	156,162	120,021	300,052	413,527	471,396	537,568	612,823	698,393
Trade Payables	599,612	387,791	368,462	16,638	17,766	18,978	19,927	20,922
Other Payables	12,159	3,930	118,563	560,925	560,925	560,925	560,925	560,925
Income tax payable	-	-	-	-	-	4,136	4,411	4,382
Inter Company Payables	-	-	-	-	-	-	-	-
Provisions	-	-	17,841	17,841	17,841	17,841	17,841	17,841
Bank overdraft	-	-	-	-	-	-	-	-
Total liabilities	767,933	511,742	804,918	1,546,924	1,606,913	1,509,832	1,392,023	1,302,464
Total equity and liabilities	2,033,282	1,294,531	1,127,174	949,227	930,118	929,786	939,781	1,007,514

Key notes and assumptions (Reactivation Plan – Option 1):

Statement of Financial Projections:

- Capital investment projected for the breeder farms, hatchery and Sundra Abattoir, with majority of the expenditure in the March 2026 financial year end.
- The company experienced a significant asset write-down due to the challenges experienced in April and May 2025 before commencement of business rescue.
- The projected Biological Assets relates to the breeder farm parent flock which is being replenished monthly.
- Borrowings – PCF relates to the following:
 - Existing PCF – R150 million from PIC
 - New PCF – R350 million
 - PCF facilities project as follows:
 - Interest repayment moratorium until March 2026
 - Capital repayment moratorium until March 2027
 - Capital repaid over 3 years from April 2027 to March 2030
- Borrowings – Other comprises of pre-business rescue liabilities:
 - Land Bank accruing interest
 - The Government Employees Pension Fund – Loan with accruing interest
 - No projected repayments as it is dependent on the SEP process
- All major suppliers will be paid on a cash-on-delivery basis post-business rescue.
- Other Payables over the projected period relates to concurrent creditors which are not projected to be repaid until the SEP process is concluded.

Statement of Cash Flow - R'000	2023	2024	2025	2026	2027	2028	2029	2030
Period start	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
Period end	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Period type	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Cash flow from operational activities								
EBITDA				(322,931)	171,293	355,854	377,112	393,602
Non-standard expenses				(113,148)	-	-	-	-
Movement in WC	-	-	-	(51,144)	(20,161)	(17,350)	(4,580)	(4,816)
Movement in labour cost accruals	-	-	-	73,900	-	-	-	-
Interest income	-	-	-	6,687	3,387	3,756	5,245	10,213
Interest paid on bank overdraft	-	-	-	(556)	-	-	-	-
Tax paid	-	-	-	-	-	(689)	(5,901)	(7,723)
Cash flow from operating activities	(192,729)	(45,511)	(251,531)	(407,192)	154,518	341,571	371,876	391,276
Cash flow from investment activities								
Capital expenditure	-	-	-	(70,979)	(22,260)	(40,206)	(34,616)	(20,048)
Sale and purchase of biological assets	-	-	-	(36,868)	(48,188)	(51,154)	(53,545)	(56,251)
Cash flows from investment activities	(43,316)	(6,170)	9,713	(107,847)	(70,448)	(91,360)	(88,160)	(76,299)
Cash flow from financing activities								
Interest paid	-	-	-	-	(71,714)	(59,031)	(38,226)	(11,722)
Principal paid	-	-	-	-	-	(171,282)	(192,336)	(174,770)
Drawdowns	-	-	-	578,948	-	-	-	-
Cash flows from financing activities	(53,252)	(47,871)	180,031	578,948	(71,714)	(230,314)	(230,562)	(186,491)
Cash flows from discontinued operations	-	-	-	(7,809)	(12,314)	(12,966)	(13,569)	(14,249)
Cash and cash equivalents movements for the year	(289,297)	(99,552)	(61,787)	56,100	42	6,931	39,585	114,237
Cash and cash equivalents at the beginning of the year	456,215	166,918	67,366	5,580	61,680	61,722	68,653	108,238
Cash and cash equivalents at the end of the year	166,918	67,366	5,580	61,680	61,722	68,653	108,238	222,475

OPTION 2: LEAN OPERATIONS PLAN

Statement of Financial Performance - R'000	2023	2024	2025	2026	2027	2028	2029	2030
Period start	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
Period end	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Period type	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Revenue	3,663,749	3,472,729	2,527,729	388,513	842,272	955,507	1,000,078	1,050,224
Cost of Sales	(2,817,261)	(2,857,572)	(2,085,123)	(281,985)	(506,755)	(533,620)	(558,406)	(586,402)
Gross profit	846,488	615,157	442,606	106,528	335,517	421,887	441,672	463,822
Operating expenses (excluding staff costs)	(395,219)	(290,137)	(161,886)	(128,476)	(112,392)	(118,350)	(123,847)	(130,057)
Staff costs	(626,318)	(731,553)	(654,579)	(279,288)	(75,093)	(79,805)	(84,296)	(89,368)
EBITDA	(175,049)	(406,533)	(373,858)	(301,236)	148,032	223,732	233,528	244,397
Depreciation	(85,579)	(61,973)	(64,419)	(19,977)	(30,817)	(32,164)	(33,274)	(33,983)
EBIT	(260,628)	(468,506)	(438,277)	(321,213)	117,215	191,567	200,254	210,414
Interest income	16,855	5,153	2,249	2,831	2,194	1,814	254	329
Interest expense	(18,889)	(19,207)	(24,503)	(74,136)	(111,804)	(112,655)	(104,548)	(97,203)
Biological valuation adjustment	-	-	-	(9,736)	(48,188)	(51,154)	(53,545)	(56,251)
Non-standard expenses (cash)	-	-	-	(113,148)	-	-	-	-
Write-offs (non-cash)	-	-	-	(493,919)	-	-	-	-
Profit/(loss) before tax	(262,662)	(482,560)	(460,531)	(1,009,321)	(40,584)	29,573	42,415	57,288
Income tax expense	-	-	-	-	-	(1,393)	(1,922)	(2,522)
Profit/(loss) after tax	(262,662)	(482,560)	(460,531)	(1,009,321)	(40,584)	28,179	40,493	54,766
Income/expenses from discontinued operations	-	-	-	(11,206)	(17,669)	(18,606)	(19,470)	(20,446)

Key notes and assumptions (Lean Operations – Option 2):

- The financial model is based on the business model that focuses on:
 - breeder farms with continuous flock replenishment, and
 - hatchery operations,
- The sales of DOCs are expected continue and increase with the full utilisation of the breeder farms and hatchery operations.

Statement of Financial Projections:

- Revenue generate over the projected period will be from:

- Sale of DOCs
 - Sale of excess eggs
- Inflationary annual increase is estimated at 5%.
- Breeder Farm assumptions:
 - Currently utilising 6 sites in production, 1 site in rearing and 2 sites recently replenished, out of a total of 18 sites.
 - Assumed 1 site replenished per month and expect full site replenishment in March 2026 to reach full capacity.
 - Excess eggs produced to be sold
- Hatchery Farm assumptions:
 - Production ramp-up curve is aligned to the recovery of the breeder farm operations.
 - Currently producing on average 750,000 DOCs per week, which is equivalent to 50% of full capacity.
 - Full capacity production of 1,500,000 DOCs per week is expected from mid-March 2026.
- The following operations are projected to remain mothballed during the projections:
 - Feed mill
 - Broiler farms
 - Delmas Abattoir
 - Sundra Abattoir
- Employees in non-operational units will receive a monthly stipend of R1,500 if earning up to R15,000 per month, and those earning above this threshold will receive 10% of their salary. The balance will accrue and be paid when funds become available. The financial model currently assumes that this is not being paid out of the operational cashflows as it is dependent on the SEP process.
- Potential workforce restructuring costed for all non-operational employees effective 30 November 2025 with a project cost of R74 million.
- Interest expense includes interest on pre-rescue borrowings and Post Commencement Finance (PCF) borrowings
- Biological valuation adjustments relate to the write-down on the parent flock at the end of the life cycle.
- Non-standard expenses (cash) relate to expenses that are still be accounted as a result of system disruptions by Altron and will be allocated accordingly.
- Write-offs (non-cash) relates to the losses experienced due the culling of birds, sale of birds by growers, write-down of finished stock, theft of stock, amongst others.
- Income/expenses from discontinued operation indicated the projected cost to be incurred for the care and maintenance of the mothballed facilities.

Statement of Financial Position- R'000	2023	2024	2025	2026	2027	2028	2029	2030
Period start	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
Period end	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Period type	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Assets								
Plant, property and equipment	848,804	749,318	696,631	633,697	611,786	592,981	568,649	541,327
Intangible	407	273	142	128	128	128	128	128
Inventory	205,247	104,829	126,885	20,165	21,148	22,206	23,316	24,482
Biological assets	267,132	192,905	177,733	93,153	93,153	93,153	93,153	93,153
Trade Receivables	506,396	139,805	35,535	31,432	35,480	40,007	42,154	44,415
Other Receivables	28,482	33,148	84,668	33,467	33,467	33,467	33,467	33,467
Inter Company Receivables	9,896	6,887	-	-	-	-	-	-
Cash and cash equivalents	166,918	67,366	5,580	23,063	41,050	17,798	4,203	13,182
Total assets	2,033,282	1,294,531	1,127,174	835,106	836,213	799,740	765,071	750,155
Equity and Liabilities								
Equity								
Share capital	0	0	0	0	0	0	0	0
Other reserves	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637
Retained Earnings	(374,288)	(856,848)	(1,317,380)	(2,211,265)	(2,269,518)	(2,259,944)	(2,238,921)	(2,204,602)
Reconciling differences	(0)	(0)	(1)	-	-	-	-	-
Total equity	1,265,349	782,789	322,256	(571,628)	(629,881)	(620,307)	(599,284)	(564,965)
Liabilities								
Borrowings - PCF	-	-	-	399,091	399,827	285,610	153,639	17,877
Borrowings - Other	156,162	120,021	300,052	413,527	471,396	537,568	612,823	698,393
Trade Payables	599,612	387,791	368,462	15,349	16,104	16,909	17,754	18,641
Other Payables	12,159	3,930	118,563	560,925	560,925	560,925	560,925	560,925
Income tax payable	-	-	-	-	-	1,194	1,373	1,441
Inter Company Payables	-	-	-	-	-	-	-	-
Provisions	-	-	17,841	17,841	17,841	17,841	17,841	17,841
Bank overdraft	-	-	-	-	-	-	-	-
Total liabilities	767,933	511,742	804,918	1,406,734	1,466,094	1,420,048	1,364,355	1,315,119
Total equity and liabilities	2,033,282	1,294,531	1,127,174	835,106	836,213	799,740	765,071	750,155

Key notes and assumptions (Lean Operations – Option 2):

Statement of Financial Projections:

- Capital investment projected for the breeder farms, and hatchery, with majority of the expenditure in the March 2027 financial year end.
- The company experienced a significant asset write-down due to the challenges experienced in April and May 2025 before commencement of business rescue.
- The projected Biological Assets relates to the breeder farm parent flock which is being replenished monthly.
- Borrowings – PCF relates to the following:
 - Existing PCF – R150 million from PIC
 - New PCF – R220 million
 - PCF facilities project as follows:
 - Interest repayment moratorium until March 2026
 - Capital repayment moratorium until March 2027
 - Capital repaid over 4 years from April 2027 to March 2031
- Borrowings – Other comprises of pre-business rescue liabilities:
 - Land Bank accruing interest
 - The Government Employees Pension Fund – Loan with accruing interest
 - No projected repayments as it is dependent on the SEP process
- All major suppliers will be paid on a cash-on-delivery basis post-business rescue.
- Other Payables over the projected period relates to concurrent creditors which are not projected to be repaid until the SEP process is concluded.

Statement of Cash Flow - R'000	2023	2024	2025	2026	2027	2028	2029	2030
Period start	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
Period end	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Period type	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Cash flow from operational activities								
EBITDA				(301,236)	148,032	223,732	233,528	244,397
Non-standard expenses				(113,148)	-	-	-	-
Movement in WC	-	-	-	(36,248)	(4,276)	(4,780)	(2,412)	(2,540)
Movement in labour cost accruals	-	-	-	73,900	-	-	-	-
Interest income	-	-	-	2,831	2,194	1,814	254	329
Interest paid on bank overdraft	-	-	-	(524)	-	-	(95)	(136)
Tax paid	-	-	-	-	-	(199)	(1,743)	(2,454)
Cash flow from operating activities	(192,729)	(45,511)	(251,531)	(374,426)	145,949	220,567	229,531	239,596
Cash flow from investment activities								
Capital expenditure	-	-	-	(8,965)	(8,906)	(13,359)	(8,942)	(6,661)
Sale and purchase of biological assets	-	-	-	(36,868)	(48,188)	(51,154)	(53,545)	(56,251)
Cash flows from investment activities	(43,316)	(6,170)	9,713	(45,833)	(57,094)	(64,513)	(62,487)	(62,912)
Cash flow from financing activities								
Interest paid	-	-	-	-	(53,199)	(44,400)	(30,573)	(12,514)
Principal paid	-	-	-	-	-	(116,301)	(130,596)	(134,744)
Drawdowns	-	-	-	448,948	-	-	-	-
Cash flows from financing activities	(53,252)	(47,871)	180,031	448,948	(53,199)	(160,700)	(161,169)	(147,258)
Cash flows from discontinued operations	-	-	-	(11,206)	(17,669)	(18,606)	(19,470)	(20,446)
Cash and cash equivalents movements for the year	(289,297)	(99,552)	(61,787)	17,483	17,987	(23,252)	(13,595)	8,979
Cash and cash equivalents at the beginning of the year	456,215	166,918	67,366	5,580	23,063	41,050	17,798	4,203
Cash and cash equivalents at the end of the year	166,918	67,366	5,580	23,063	41,050	17,798	4,203	13,182

OPTION 3: WIND DOWN PLAN

Statement of Financial Performance - R'000	2023	2024	2025	2026	2027	2028	2029	2030
Period start	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
Period end	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Period type	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Revenue	3,663,749	3,472,729	2,527,729	205,123	-	-	-	-
Cost of Sales	(2,817,261)	(2,857,572)	(2,085,123)	(162,616)	-	-	-	-
Gross profit	846,488	615,157	442,606	42,507	-	-	-	-
Operating expenses (excluding staff costs)	(395,219)	(290,137)	(161,886)	(109,708)	-	-	-	-
Staff costs	(626,318)	(731,553)	(654,579)	(261,705)	-	-	-	-
EBITDA	(175,049)	(406,533)	(373,858)	(328,906)	-	-	-	-
Depreciation	(85,579)	(61,973)	(64,419)	(12,508)	-	-	-	-
EBIT	(260,628)	(468,506)	(438,277)	(341,414)	-	-	-	-
Interest income	16,855	5,153	2,249	6	-	-	-	-
Interest expense	(18,889)	(19,207)	(24,503)	(61,675)	(19,741)	-	-	-
Biological valuation adjustment	-	-	-	(4,627)	-	-	-	-
Non-standard expenses (cash)	-	-	-	(113,148)	-	-	-	-
Write-offs (non-cash)	-	-	-	(493,919)	-	-	-	-
Profit/(loss) before tax	(262,662)	(482,560)	(460,531)	(1,014,776)	(19,741)	-	-	-
Income tax expense	-	-	-	-	-	-	-	-
Profit/(loss) after tax	(262,662)	(482,560)	(460,531)	(1,014,776)	(19,741)	-	-	-
Income/expenses from discontinued operations	-	-	-	(15,836)	(62,220)	-	-	-

Key notes and assumptions (Wind down – Option 3):

- The financial model is based on the business model that focuses on:
 - breeder farms depletion of current flock with no replenishment, and
 - hatchery operations depleting the egg bank.
- The existing Biological Assets (parent flock) to be sold.
- All other assets to be sold by June 2026 and projected to be sold at current book value.
- The sales of DOCs will reduce until the biological asset and egg banks are depleted.

Statement of Financial Projections:

- Revenue generated over the projected period will be from:
 - Sale of DOCs until depletion
 - Sale of excess eggs until shutdown
- Breeder Farm and hatchery to be mothballed once the flocks are depleted.
- The following operations are projected to remain mothballed during the projections:
 - Feed mill
 - Broiler farms
 - Delmas Abattoir
 - Sundra Abattoir
- Employees in non-operational units will receive a monthly stipend of R1,500 if earning up to R15,000 per month, and those earning above this threshold will receive 10% of their salary.
- All employees to be retrenched.
- Interest expense includes interest on pre-rescue borrowings and Post Commencement Finance (PCF) borrowings
- Non-standard expenses (cash) relate to expenses that are still be accounted as a result of system disruptions by Altron and will be allocated accordingly.
- Write-offs (non-cash) relates to the losses experienced due the culling of birds, sale of birds by growers, write-down of finished stock, theft of stock, amongst others.
- Income/expenses from discontinued operation indicated the projected cost to be incurred for the care and maintenance of these facilities before disposal.

Statement of Financial Position- R'000	2023	2024	2025	2026	2027	2028	2029	2030
Period start	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
Period end	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Period type	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Assets								
Plant, property and equipment	848,804	749,318	696,631	632,381	-	-	-	-
Intangible	407	273	142	128	-	-	-	-
Inventory	205,247	104,829	126,885	-	-	-	-	-
Biological assets	267,132	192,905	177,733	59,239	(0)	(0)	(0)	(0)
Trade Receivables	506,396	139,805	35,535	-	-	-	-	-
Other Receivables	28,482	33,148	84,668	33,467	-	-	-	-
Inter Company Receivables	9,896	6,887	-	-	-	-	-	-
Cash and cash equivalents	166,918	67,366	5,580	-	494,547	494,547	494,547	494,547
Total assets	2,033,282	1,294,531	1,127,174	725,214	494,547	494,547	494,547	494,547
Equity and Liabilities								
Equity								
Share capital	0	0	0	0	0	0	0	0
Other reserves	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637	1,639,637
Retained Earnings	(374,288)	(856,848)	(1,317,380)	(2,221,350)	(2,303,311)	(2,303,311)	(2,303,311)	(2,303,311)
Reconciling differences	(0)	(0)	(1)	-	-	-	-	-
Total equity	1,265,349	782,789	322,256	(581,713)	(663,674)	(663,674)	(663,674)	(663,674)
Liabilities								
Borrowings - PCF	-	-	-	164,028	169,738	169,738	169,738	169,738
Borrowings - Other	156,162	120,021	300,052	413,527	427,559	427,559	427,559	427,559
Trade Payables	599,612	387,791	368,462	-	-	-	-	-
Other Payables	12,159	3,930	118,563	560,925	560,925	560,925	560,925	560,925
Income tax payable	-	-	-	-	-	-	-	-
Inter Company Payables	-	-	-	-	-	-	-	-
Provisions	-	-	17,841	17,841	-	-	-	-
Bank overdraft	-	-	-	150,606	-	-	-	-
Total liabilities	767,933	511,742	804,918	1,306,927	1,158,222	1,158,222	1,158,222	1,158,222
Total equity and liabilities	2,033,282	1,294,531	1,127,174	725,214	494,547	494,547	494,547	494,547

Key notes and assumptions (Wind down – Option 3):

Statement of Financial Projections:

- No capital expenditure, and assets are sold at book value.
- Biological assets expected to be sold.
- Other receivables to be collected or written off.
- Borrowings – PCF relates to the following:
 - Existing PCF – R150 million from PIC
 - To be paid based on the waterfall in section 135 of Companies Act
- New PCF – R160 million to manage the winddown.
 - To be paid based on the waterfall in section 135 of Companies Act
- Borrowings – Other comprises of pre-business rescue liabilities:
 - Land Bank accruing interest
 - The Government Employees Pension Fund – Loan with accruing interest
 - To be paid based on the waterfall in section 135 of Companies Act
- Other Payables over the projected period relates to concurrent creditors
 - To be paid based on the waterfall in section 135 of Companies Act

Statement of Cash Flow - R'000	2023	2024	2025	2026	2027	2028	2029	2030
Period start	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
Period end	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Period type	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Cash flow from operational activities								
EBITDA				(328,906)	-	-	-	-
Non-standard expenses				(113,148)	-	-	-	-
Movement in WC	-	-	-	-	-	-	-	-
Movement in labour cost accruals	-	-	-	73,900	-	-	-	-
Interest income	-	-	-	6	-	-	-	-
Interest paid on bank overdraft	-	-	-	(3,126)	-	-	-	-
Tax paid	-	-	-	-	-	-	-	-
Cash flow from operating activities	(192,729)	(45,511)	(251,531)	(371,274)	-	-	-	-
Cash flow from investment activities								
Capital expenditure	-	-	-	(180)	-	-	-	-
Sale and purchase of biological assets	-	-	-	2,156	-	-	-	-
Cash flows from investment activities	(43,316)	(6,170)	9,713	1,976	-	-	-	-
Cash flow from financing activities								
Interest paid	-	-	-	-	-	-	-	-
Principal paid	-	-	-	-	-	-	-	-
Drawdowns	-	-	-	228,948	-	-	-	-
Cash flows from financing activities	(53,252)	(47,871)	180,031	228,948	-	-	-	-
Cash flows from discontinued operations	-	-	-	(15,836)	645,153	-	-	-
Cash and cash equivalents movements for the year	(289,297)	(99,552)	(61,787)	(156,186)	645,153	-	-	-
Cash and cash equivalents at the beginning of the year	456,215	166,918	67,366	5,580	(150,606)	494,547	494,547	494,547
Cash and cash equivalents at the end of the year	166,918	67,366	5,580	(150,606)	494,547	494,547	494,547	494,547

33. ANNEXURE F: TIMELINE OF MATERIAL EVENTS IN RELATION TO THE COMPANY

Timelines of events for the Company since 2015

	Key event	Impact
2001	Daybreak Farms was founded under the name AFGRI Poultry	Daybreak Farms became a part of a leading agricultural solutions and industrial foods company
2015	54% acquisition of Daybreak Farms by AFPO Consortium, 36% by Government Employees Pension Fund (GEPF), the Unemployment Insurance Fund and the Compensation Commissioners (collectively represented by the PIC) and 10% by employees and management The UIF (an entity of the Department of Labour) invests R500 million into Daybreak Farms	The acquisition by AFPO resulted in a significant landmark transaction for a black-owned enterprise in the agriculture sector
2017	Acquisition for 100% of Daybreak Farms by the Government Employees Pension Fund (GEPF), the Unemployment Insurance Fund and the Compensation Commissioners (CC)	Through this acquisition, the complete Shareholding of the company will be between UIF, GEPF and CC
2018	Daybreak Farms makes a R193m profit within the financial year, following the inflow of capital from the new shareholders	As a result of the capital investment and the business's performance, more than 3000 jobs were preserved
2021	Daybreak Farm's CEO faced 6 charges including fraud, corruption and money laundering	The CEO was dismissed along with several executive members
2022	Early 2022: - The Head of human Capital and the Head of Internal Audit were charged with fraud, corruption, money laundering and theft at Daybreak Farms - 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 approves new non-executive directors to the Daybreak Farms board	Early 2022: Further fraud and corruption and on-goings come to light, tarnishing the brand's reputation May and October 2022: Appointment of the new board aimed at enforcing good corporate governance within the company
2023	Early 2023: - Onset of the Avian Flu outbreak. CEO exited in January - Severe load shedding schedules resulting in an approx. loss of 48% of turnover and a material increase in unbudgeted feed costs	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
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 capital request to stabilise operations and fix balance sheet 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:	January 2024: The appointment and experience of the new CEO is aimed at managing the business turnaround and to returning the company to a profitable state Daybreak Farms seeks to strengthen its governance capabilities

	Management team develop a turnaround plan and road map for Daybreak Foods November 2024: Daybreak Foods experiences severe financial challenges, resulting in the inability to pay creditors	
2025	January 2025: Creditor files a liquidation judgement against Daybreak Foods February 2025: - Resignation of core executive roles (CEO, COO, CFO, CCO) of Daybreak Foods - Shareholders (represented by the PIC) inject R176M to pay salaries & operational expenses April 2025: NSPCA starts investigation for cruelty against Daybreak Foods May 2025: - Johannesburg High Court grants an interim order against Daybreak Foods due to accusations of cruelty by the NSPCA - Resignation of Board Chairperson - Altron suspends IT services due to non-payment. June 2025: - Daybreak Foods is placed under voluntary business rescue - Resignation of Acting COO (double hatting as Financial Controller) July 2025: PIC leverages PICOFF to fund R150M Post Commencement Finance, restricted for emergency funding only Employees protest as May and June salary payments were delayed August 2025: Original version of Part 1 of the Business Rescue Plan is released on 22 August 2025. Amended version published on 12 September 2025	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 Foods 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 Foods August 2025: Creditors are informed of the way forward and reactivation options for Daybreak Foods

REQUEST FOR PROPOSALS

INVESTMENT AND/OR ACQUISITION OPPORTUNITY

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.



PARK VILLAGE AUCTIONS

Trusted by banks, respected by buyers



DAYBREAK FOODS

Web# 0000



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

INVITATION TO SUBMIT OFFERS



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DAYBREAK FOODS

Web#: 0000




DISPOSAL OF NON-CORE ASSETS OF POULTY OPERATION IN HOWICK

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 Essenhurst 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 Balgovan. 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

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TERMS OF PROPERTY : 15% DEPOSIT ON SUBMISSION OF OFFER AND BALANCE WITHIN 30 DAYS OF CONFIRMATION.
TERMS FOR MOVABLES: 20% DEPOSIT ON SUBMISSION OF OFFER AND BALANCE OF CONFIRMATION.

2023

36. ANNEXURE I: BRPS' REMUNERATION AGREEMENT

TO BE SUBMITTED SEPARATELY

37. ANNEXURE J: 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.

38. ANNEXURE K: OPERATIONAL ISSUES AND NON-COMPLIANCE WITH LEGISLATION

38.1. 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.

38.2. Delmas Facility: Discharge and Licensing Challenges

38.2.1. 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.

38.2.2. Key findings include:

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

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

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

38.2.3. 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.

38.2.4. 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).

38.3. Sundra Facility: Effluent Overflow and Wetland Risk

38.3.1. 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.

38.3.2. Key issues include:

- 38.3.2.1. Discharge volumes exceed pan capacity, requiring transfer between pans and risking spillover.
- 38.3.2.2. Water quality degradation, with elevated levels of aluminium, arsenic, and total dissolved solids.
- 38.3.2.3. Encroachment of agriculture and waste dumping further compromise wetland integrity.
- 38.3.2.4. Pans are classified as “seriously modified”, with a Recommended Ecological Category (REC) of D.

38.3.3. 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.

38.3.4. 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.

38.4. Additional Compliance and Operational Risks

38.4.1. 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.

38.4.2. 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.

38.4.3. 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.

- 38.4.4. 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.

38.5. General

- 38.5.1. 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:

- 38.5.1.1. Finalize water use license applications across all operational sites.
- 38.5.1.2. Implement mitigation and monitoring measures, including ecological assessments and infrastructure upgrades.
- 38.5.1.3. Engage with stakeholders, including regulators, landowners, and environmental practitioners.
- 38.5.1.4. 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.

39. ANNEXURE L: KEY CONSIDERATIONS SURROUNDING RESTART OF ABATTOIR

- 39.1. 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.
- 39.2. 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.
- 39.3. 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.
- 39.4. 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.
- 39.5. 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.

- 39.6. 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.
- 39.7. 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.
- 39.8. 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.
- 39.9. The treated effluent for Delmas is used by a neighbouring farmer, whereas the treated effluent 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 of May 2025. The matter is still in court
- 39.10. 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.
- 39.11. To resolve these issues, Daybreak must take decisive steps to restore regulatory compliance and operational integrity. This includes:
- 39.11.1. Commissioning technical assessments to determine upgrade feasibility and compliance potential.
 - 39.11.2. Preventing further environmental degradation by halting untreated water input and derisking operations.
 - 39.11.3. Engaging with regulators to address pre-directives and secure Water Use Licenses.

- 39.11.4. 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.
- 39.12. Failure to act will result in continued non-compliance, increased regulatory scrutiny, and significant operational risk across Daybreak's wastewater management systems.
- 39.13. 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.
- 39.14. 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.

40. ANNEXURE M: RETRENCHMENT CONSIDERATION

			Scenario 1: TERS benefit received		Scenario 2: No TERS benefit received		Key considerations
Business unit	Headcount July 2025	Leave Balance Cost July 2025 (R'm)	Heads Affected	Severance Cost Impact (R'm)	Heads Affected	Severance Cost Impact (R'm)	
Executives	6	0.83	2	2.6	2	2.6	• Both scenarios propose s189 retrenchments for entire departments, except Head Office, Breeders and the Worthing Hatchery. The only difference between scenario 1 and scenario 2 relates to the Sundra Abattoir • Leave balance liability triggered with s189 in both scenarios • TERS only applies to employees working in the Sundra Abattoir, as reactivation of the abattoir in the medium to longer term is envisaged • If TERS is not received (scenario 2), Sundra Abattoir employees will be retrenched along with the rest of the workforce • In the medium to longer term, once the Sundra Abattoir is reactivated, these employees will be rehired at an estimated monthly CTC of R10mil (assuming the same workforce is rehired) • Scenario 2 thus results in additional costs for Daybreak due to the severance and rehiring costs attributable • If UIF payments are to be paid for Sundra employees, this cost is estimated at R25million and the full impact of UIF to affected employees is estimated to be R64million
Head Office (HQ)	35	0.61	14	5.7	14	5.7	
HR Group	15	0.39	6	1.6	6	1.6	
Kinross Feed Mill	78	1.22	78	5.0	78	5.0	
Merinovlakte Breeders	121	0.30	46	1.6	46	1.6	
Diepputten Breeders	120	0.35	44	1.5	44	1.5	
Hatchery (Worthing)	161	0.56	67	3.1	67	3.1	
Hatchery (KZN)	5	0.03	5	0.2	5	0.2	
Broiler Farms	70	0.85	70	3.8	70	3.8	
Delmas Abattoir Plant	992	2.18	992	28.9	992	28.9	
Sundra Abattoir Plant	906	2.82	0	0	906	25.8	
Total	2'509	10.13	1'324	48	2'230	73.9	

41. ANNEXURE N: RISKS ASSOCIATED WITH THIS PLAN

41.1. The risks associated with this Plan are:

- 41.1.1. 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 NSPCA, 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.
- 41.1.2. 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.
- 41.1.3. 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.
- 41.1.4. 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.
- 41.1.5. 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.
- 41.1.6. 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.

- 41.1.7. 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.

42. ANNEXURE O: COMMERCIAL PLAN

42.1. Commercial plan

- 42.1.1. 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.
- 42.1.2. 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.
- 42.1.3. 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.
- 42.1.4. 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.
- 42.1.5. 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.
- 42.1.6. 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.

42.1.7. SKU level performance and channel trends

- 42.1.7.1. 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.
- 42.1.7.2. 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.
- 42.1.7.3. 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.
- 42.1.7.4. 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.

- 42.1.7.5. 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.
- 42.1.7.6. 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.
- 42.1.7.7. 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.