



Proform Food Group Pty Ltd
ACN 651 562 971

Proform Innovation Pty Limited
ACN 117 578 971

Proform Gourmet Pty Limited
ACN 167 199 813

Proform Foods Pty Limited
ACN 136 915 341

Proform Admin Pty Limited
ACN 131 324 377

(all Administrators Appointed)
(collectively the Group)

Voluntary Administrators' Report

18 June 2024

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Please complete and return the forms at **Annexure F** by close of business, 25 June 2024 to our office via:

Email: proformgroup@kpmg.com.au

Post: ATT: Proform Group, KPMG, PO Box H67, AUSTRALIA SQUARE NSW 1215

Glossary of terms

Term	Description
ACN	Australian Company Number
Act	Corporations Act 2001
Administrators	James Douglas Dampney and Gayle Louise Dickerson
APAAP	All present and after-acquired property
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
BOQ	Bank of Queensland Limited
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
CSIRO	Commonwealth Scientific and Industrial Research Organisation
Creditors' Portal	The online platform used by the Administrators to communicate with creditors, manage creditor claims and allow creditors to vote on resolutions put forward by the Administrators. Please refer to Annexure E for further information.
Directors	<p>Proform Food Group Pty Ltd Matthew Stephen Dunn Nathan Dunn Andrew Francis Mitchell Elizabeth Ann McCall</p> <p>Proform Innovation Pty Limited Matthew Stephen Dunn</p> <p>Proform Gourmet Pty Limited Matthew Stephen Dunn</p> <p>Proform Foods Pty Limited Matthew Stephen Dunn</p> <p>Proform Admin Pty Limited Matthew Stephen Dunn</p>
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and Code.
DOCA	Deed of Company Arrangement
EBITDA	Earnings before interest, tax, depreciation and amortisation
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee

Term	Description
First Circular to Creditors	First Circular to Creditors dated 22 May 2024
First Meetings	First meetings of creditors held on: <ul style="list-style-type: none"> - 30 May 2024 in respect of Proform Food Group, Proform Innovation, Proform Gourmet and Proform Foods; and - 6 June 2024 in respect of Proform Admin
FY	Financial year
FYXXf	Forecast financial information for the relevant financial year
FY24YTD	Financial year to 30 April 2024
Group	Proform Food Group Pty Ltd Proform Innovation Pty Limited Proform Foods Pty Limited Proform Gourmet Pty Limited Proform Admin Pty Limited
IPR	Insolvency Practice Rules (Corporations) 2016
Management	Mathew Dunn (Executive Director) Michael Ryan (CEO)
NDA	Non-disclosure agreement
NBIO	Non-binding indicative offer
PMSI	Purchase Money Security Interest
PPSA	Personal Property Securities Act 2009 (Cth)
PPSR	Personal Property Securities Register
Premises	38 Beaumont Road, Mt Kuring-Gai, NSW 2080
Proform Food Group	Proform Food Group Pty Ltd ACN 651 562 971
Proform Innovation	Proform Innovation Pty Limited ACN 117 578 971
Proform Gourmet	Proform Gourmet Pty Limited ACN 167 199 813
Proform Foods	Proform Foods Pty Limited ACN 136 915 341
Proform Admin	Proform Admin Pty Limited ACN 131 324 377
ROCAP	Report on Company Activities and Property
R&D	Research and Development
Report	This report, prepared pursuant to IPR 75-225 and Section 438A of the Act
ROT	Retention of Title

Term	Description
Second Meetings of Creditors	Second meeting held pursuant to IPR 75-225 and Section 439A of the Act, where creditors determine the future of each entity within the Group.
STCFF	Short-term cash flow forecast
VDR	Virtual data room

1 Executive summary

This section addresses frequently asked questions relating to the Administration of the Group.

The Administrators propose to adjourn the Second Meetings of Creditors until a date no later than 45 business days after the meeting, to allow further time to finalise the sale or recapitalisation of the Proform business and to provide optionality for the future of the Group.

Question	
What is the background of the Group?	<p>Established in 2005, Proform is a brand owner and manufacturer of plant-based protein products. The business operates from a leasehold manufacturing facility located in Mount Kuring-Gai, Sydney and has approximately 30 employees.</p> <p>The Group operates multiple channels to market including Industrial, Foodservice and Retail where it sells to major retailers including Coles and Woolworths under the Meet, Protein Plate and Bad Hunter brands.</p> <p>Proform is a start-up and in the growth period of its business lifecycle whilst it looked to achieve the required volume and cost structure to breakeven. As such, the Group incurred significant losses that were funded predominantly via equity capital.</p> <p>To alleviate deteriorating cash flow in the period prior to our appointment, the Group:</p> <ul style="list-style-type: none">- was in discussions with brokers and potential capital providers since late February 2024 to raise additional funds; and- had been pursuing an FY22 R&D tax refund from the ATO totalling c.\$900k since December 2023 which remains unpaid. <p>Unfortunately, neither were able to be completed in the required timeframe resulting in the appointment of Voluntary Administrators on 22 May 2024.</p>
What is the purpose of this Report?	<p>The purpose of this Report is to table the findings of our investigations of the Group's business, property, affairs and financial circumstances, as well as our opinion on the three options available to creditors in deciding the future of the Group at the Second Meeting.</p>
What is the current status of the Group?	<p>On 22 May 2024, James Dampney and Gayle Dickerson, were appointed as joint and several Administrators of the below entities by the Directors under Section 436A of the Act.</p> <ul style="list-style-type: none">- Proform Food Group Pty Ltd- Proform Innovation Pty Limited- Proform Foods Pty Limited- Proform Gourmet Pty Limited <p>Subsequently, on 6 June 2024, James Dampney and Gayle Dickerson were appointed as joint and several Administrators of Proform Admin Pty Limited.</p>

Question

Who is in control of the Group?

On appointment, the Administrators assumed control of the Group's operations and notified employees, creditors and other stakeholders of their appointment.

The Administrators conducted an urgent financial and operational review of the Group and implemented a 'business as normal' strategy whilst commencing an expediated going concern sale process.

What is the ownership structure of the Group?

The Group is predominantly owned by Dritex Pty Limited and Harvest Road Ventures Pty Limited.

Please refer to **Section 3** for the Group's corporate structure and a summary of the Group's Directors.

Why do the Directors believe the Group became insolvent?

At the date of this Report we have not received all ROCAP's from the Directors.

We expect to receive the ROCAPs shortly and an update will be provided in our supplementary report in advance of the Second Meetings of Creditors.

When do the Administrators consider the Group became insolvent?

The Group was insolvent from at least the date of our appointment on 22 May 2024.

This date of insolvency includes Proform Admin due to its financial dependency on the other Proform entities and given it was a guarantor of the BOQ asset finance facilities.

Should we be appointed as liquidators then we will investigate this further.

Refer to **Section 7** for further information.

What was the outcome of the sale of business process?

Shortly following our appointment, we advertised the business for sale.

The Administrators are continuing discussions with interested parties and due to the confidential nature of these discussions we are unable to provide any further details at this stage.

Have the Administrators explored the possibility of a DOCA?

We have received one DOCA proposal to date but this is conceptual in nature and requires further clarity and funding certainty before it can be considered in a form presentable to creditors.

If we receive any DOCA proposals that are capable of acceptance by creditors prior to the Second Meeting of Creditors an analysis will be included in our supplementary report.

What is the purpose of the Second Meeting of Creditors?

To resolve the future of the Group. The options available include whether:

- The Group execute a DOCA;
- the Administration should end; or
- the Group be wound up.

For further details on how to attend and vote at the Second Meetings of Creditors please refer to **Section 2** of this Report.

Question

What is the estimated return to creditors?

As the Administrators are still in negotiations with several parties relating to the sale or recapitalisation of the Group, the estimated outcome is not yet known. We are also unable to present the estimated outcome in liquidation as this information is commercially sensitive and may prejudice negotiations with interested parties.

As such, we recommend that the Second Meetings of Creditors be adjourned for up to 45 business days and the Administrators present estimated returns to creditors in a supplemental report prior to the reconvened meeting.

What do the Administrators recommend creditors should do?

We propose that the chairperson being one of the Administrators (or creditors) resolve to adjourn the Second Meetings of Creditors for up to 45 business days to:

- Allow sufficient time for the Administrators to conclude the going concern sale process;
- Preserve the opportunity to consider any offer to recapitalise / restructure the Group via a DOCA; and
- Report back to creditors with sufficient information to accurately determine whether entering a DOCA (if submitted) provides a better return to creditors as compared to an immediate winding up of the Group.

How will the Administrators' remuneration be approved?

The Administrators intend to seek approval of their remuneration at the resumed Second Meetings of Creditors, at which point creditors will have sufficient information on the status of the Group's asset realisations.

Prior to the resumed Second Meetings of Creditors, the Administrators will issue a supplementary report to creditors, which will include a detailed report of our remuneration incurred to date and an estimate of future remuneration to be incurred to complete the administration of the Group.

What claims will a liquidator investigate?

Whilst the Administrators have considered the underlying causes of the Group's failure, our investigations into claims arising from those matters are at an early stage.

The preliminary investigations have identified the following potential claims:

- Unfair preferences totalling up to \$570,000
- Based on the books and records in our possession, we have identified several transactions that may constitute unreasonable director-related transactions. An update will be provided in our supplementary report.

These, and other potential claims will require further investigation by a liquidator if appointed.

The investigations undertaken to date in the Administration are detailed at **Section 8** of this report.

Question

What do creditors need to do next?

Creditors will vote on the future of each entity of the Group at the Second Meetings of Creditors to be held at **2:00pm (AEST) on 26 June 2024**.

All creditors are entitled to attend the Second Meetings of Creditors.

Creditors should review the contents of this report and complete the following forms by **4:00pm (AEST) on 25 June 2024**:

Form/ voting	Where to submit
Appointment of proxy – form 532 (Annexure F1)	Email: proformgroup@kpmg.com.au Post: PO Box H67, AUSTRALIA SQUARE NSW 1215
Proof of debt – form 535 (if not already provided)	Via Creditors' Portal https://creditors.accountants/
Online voting at the meeting of creditors (where required)	Via Creditors' Portal and teleconference details

Further guidance on how to register, submit a proof of debt form and vote at the meeting of creditors can be found at **Section 2** of this report.

Where can I get more information?

If you require any further information, please see the KPMG website and/or contact the following:

Creditor queries

Phone: 02 9273 5666

E-mail: proformgroup@kpmg.com.au

Employee queries

Phone: 02 9295 3957

E-mail: awhittaker2@kpmg.com.au

2 Introduction

This section provides information on the entities subject to the Administration process, the objectives of the Administration, the purpose of this Report, details of meetings of creditors and a summary of the Administrators' remuneration.

Key takeaways	Ref.
1 The purpose of this Report is to summarise the investigations undertaken by the Administrators and to outline the options available to the Group.	2.3
2 The Second Meetings of Creditors will be held on 26 June 2024.	2.7
3 The Administrators propose that the chairperson (or creditors) adjourn the Second Meetings of Creditors until a date no later than 45 business days after the meeting, to allow further time to finalise the sale or recapitalisation of the Proform business and to provide optionality for the future of the Group.	2.7

2.1 Appointment of Voluntary Administrators

On 22 May 2024, James Dampney and Gayle Dickerson were appointed as joint and several Administrators of the following companies by the Directors under Section 436A of the Act.

- Proform Food Group Pty Ltd (ACN 651 562 971)
- Proform Innovation Pty Limited (ACN 117 578 971)
- Proform Gourmet Pty Limited (ACN 167 199 813)
- Proform Foods Pty Limited (ACN 136 915 341)

On 6 June 2024, James Dampney and Gayle Dickerson were subsequently appointed as joint and several administrators of Proform Admin Pty Limited (ACN 131 324 377). These five Proform entities will be collectively referred to as the Group throughout this Report.

2.2 Objective of voluntary administration

In a voluntary administration, Administrators are empowered by the Act to assume control of an insolvent company, superseding the powers of the Directors and Officers, to manage the company's affairs and deal with its assets in the interests of its creditors.

The intention of a voluntary administration is to maximise the prospects of a company continuing in existence or, if that is not possible, to achieve better returns to creditors than would be achieved by its immediate liquidation. During a voluntary administration there is a moratorium over most pre-administration creditor claims.

Administrators are also required to investigate the company's affairs and report to creditors on the Administrators' opinion as to which outcome of the voluntary administration process is in the creditors' best interest, informing the creditors prior to their voting at the Second Meetings of Creditors (please see **Section 2.7** for further details).

2.3 Purpose and basis of this report

IPR 75-225 requires a voluntary administrator to provide a report (the **Voluntary Administrators' Report** or this **Report**) to all creditors ahead of the Second Meetings of Creditors, outlining:

- Details regarding the business, property, affairs and financial circumstances of the entity under administration;
- The Administrators' opinion and recommendation on each of the options available to creditors; and
- If a DOCA is proposed, the details of the DOCA.

This Report also informs creditors about the preliminary investigations undertaken by the Administrators to date. Accordingly, the views formed in this Report are not final and may be subject to change. Any additional material issues that are identified after this Report may be subject to a further written report and/or tabled at the forthcoming Second Meetings of Creditors.

This Report has been prepared primarily from information obtained from the Group's books and records and discussions with the Directors. Although the Administrators have conducted certain investigations of the affairs of the Group, there may be matters which we are unaware of as an audit of the Group has not been undertaken.

In order to complete our Report, we have utilised information from:

- ASIC;
- the PPSR;
- the Group's book and records;
- discussions with the Directors of the Group;
- discussions with Management and key employees of the Group;
- discussions with creditors of the Group; and
- other public databases.

2.4 Context of this Report

This Report is based on our preliminary investigations to date. Any additional material issues that are identified subsequent to the issue of this Report may be the subject of a further written report and/or tabled at the Second Meetings of Creditors.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. We reserve the right to alter any conclusions reached based on any changed or additional information which may be provided to us between the date of this Report and the date of the Second Meetings of Creditors (except where otherwise stated).

In considering the options available to creditors and formulating our opinion and recommendation, we have necessarily made forecasts of asset realisations and total creditors' claims based on our best assessment in the circumstances. These forecasts and estimates may change as asset realisations progress and we receive creditor claims and consequently the outcome for creditors might differ from the information provided in this Report.

Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting of Creditors.

2.5 Declaration of independence, relevant relationships and indemnities

In accordance with Section 436DA of the Act and the Code, DIRRIs were enclosed with the Administrators' first communications to creditors (and tabled at the First Meetings of Creditors).

The DIRRIs disclosed information regarding the Administrators' independence, prior personal or professional relationships with the Group or related parties and any indemnities received in relation to the appointment. This assessment identified no real or potential risks to the Administrators' independence.

There has been no change in the declaration since that time.

2.6 First Meeting of Creditors and Committee of Inspection

Section 436E of the Act requires the Administrators to convene the first meetings of creditors within eight business days of being appointed.

The First Meetings of Creditors of the Group were held on 30 May 2024 (and on 6 June 2024 in the case of Proform Admin), at which the Administrators appointment was confirmed and no COIs were formed.

2.7 Second Meeting of Creditors

Pursuant to Section 439A of the Act, the Second Meetings of Creditors is convened for 26 June 2024 to be held virtually via Microsoft Teams at 2pm (AEST).

At the Second Meetings of Creditors, creditors will vote on one of the following options:

- execute a DOCA (if one is proposed);
- that the administration should end (in this case control will revert to its directors); or
- that each company within the Group should be wound up.

The Administrators propose that the chairperson (or creditors) adjourn the Second Meetings of Creditors until a date no later than 45 business days after the meeting, to allow further time to finalise the sale or recapitalisation of the Proform business and to provide optionality for the future of the Group.

The Notice of Meeting of Creditors is attached (**Annexure C**) along with an appointment of proxy form (**Annexure F1**).

A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Group or any lien over goods in their possession which are the property of the Group.

All creditors who wish to participate in the Second Meetings of Creditors must complete and submit the following forms to this office **by 4:00pm on 25 June 2024**.

Form/ voting	Where to submit
Appointment of proxy – form 532 (Annexure F1)	Email: proformgroup@kpmg.com.au Post: PO Box H67, AUSTRALIA SQUARE NSW 1215
Proof of debt – form 535 (if not already provided)	Via Creditors' Portal https://creditors.accountants/
Online voting at the meeting of creditors (where required)	Via Microsoft Teams poll function

2.8 Remuneration

The Administrators' remuneration can only be fixed by resolution of a COI, the Group's creditors, or by application to the Court. In accordance with IPR 70-35 and the Code, an Initial Remuneration Notice was provided to creditors with our initial communication and tabled at the First Meetings of Creditors.

ARITA has issued an "Approving remuneration in external administrations" information sheet providing general information for creditors on the approval of an administrator's fees in a liquidation, a voluntary administration or a DOCA. This information sheet is available from the ARITA website (www.arita.com.au).

A summary of remuneration incurred to 14 June 2024 is as follows:

Remuneration summary	\$ (ex GST and disbursements)
Total remuneration incurred during the Voluntary Administration of the Group to 14 June 2024	328,023

In our First Circular to Creditors, we estimated total fees for the Administration of the Group's affairs at \$220,000 to \$270,000. We advise we are likely to exceed our original estimate, primarily as a result of:

- The extended going concern sale timetable and resulting ongoing trading period.
- Proposed adjournment of Second Meetings of Creditors and supplementary report to creditors.
- Subsequent appointment to Proform Admin resulting in increased statutory and reporting costs.

The Administrators intend to seek approval of their remuneration at the resumed Second Meetings of Creditors, at which point creditors will have sufficient information on the status of the Group's asset realisations. Prior to the resumed Second Meetings of Creditors, the Administrators will issue a supplementary report to creditors, which will include a detailed report of our remuneration incurred to date and an estimate of future remuneration to be incurred to complete the administration of the Group.

2.9 Non-disclosure of certain information

There are sections of this Report where we have considered it inappropriate to disclose certain information to creditors. Such information includes:

- valuations of specific assets and the business
- details of offers received during the sale process
- outstanding debtor recovery balances
- commercially sensitive prospective financial information

We recognise the need, so far as is possible, to provide creditors with complete disclosure of all necessary information relating to the Group. However, we believe this information is commercially sensitive and it is not in creditors' interests for us to disclose the information publicly at this stage.

Where necessary in this Report, we provide a combined figure for potential realisations of assets when comparing estimated dividends under the relevant options.

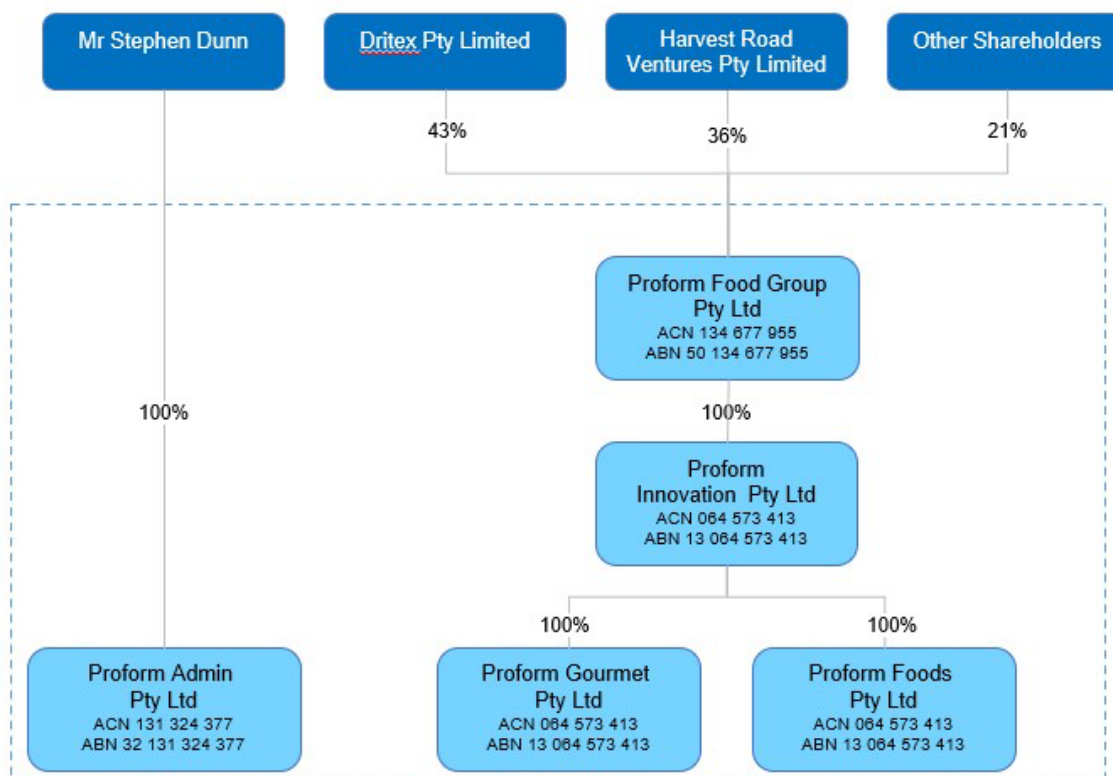
3 Group information

This section provides creditors with information on the history of the Group and the circumstances leading up to the appointment of Administrators together with details of related entities including statutory information, and an overview of the operating businesses.

Key takeaways		Ref.
1	The Group is a brand owner and manufacturer of plant-based protein products. The business operates from a leasehold manufacturing facility located in Mount Kuring-Gai, Sydney and has approximately 30 employees.	3.2
2	The Group operates multiple channels to market including Industrial, Foodservice and Retail where it sells to major retailers including Coles and Woolworths under the Meet, Protein Plate and Bad Hunter brands.	3.2

3.1 Group structure

A summary of the corporate structure of the Group is below:



the Group, Administrators appointed on 22 May 2024 (and in the case of Proform Admin on 6 June 2024)

Key points to note in relation to the corporate structure are:

- Proform Food Group is the ultimate holding company of the Group and its majority shareholders are Dritex Pty Limited and Harvest Road Ventures Pty Limited.
- The Directors of Proform Food Group are Andrew Mitchell, Elizabeth McCall, Mathew Dunn and Nathan Dunn.
- Mathew Dunn is the sole Director of the other Proform entities.

The Group can be summarised as follows:

Entity	Trading entity	Employing entity	P&E	Inventory	IP	Lessee of Premises	Non-Trading
Proform Food Group							✓
Proform Innovation					✓		✓
Proform Foods		✓	✓		✓		✓
Proform Gourmet	✓	✓	✓	✓		✓	
Proform Admin		✓					✓

3.2 Group history and events leading up to the administration

Established in 2005, the Group is a brand owner and manufacturer of plant-based protein products. The business operates from a leasehold manufacturing facility located in Mount Kuring-Gai, Sydney and has approximately 30 employees.

The Group operates multiple channels to market including Industrial, Foodservice and Retail where it sells to major retailers including Coles and Woolworths under the Meet, Protein Plate and Bad Hunter brands.

Period	Key events
2005 to 2009	<ul style="list-style-type: none"> - Research project commenced to develop plant-based meat using high moisture extrusion in conjunction with CSIRO as a research provider.
2009 to 2013	<ul style="list-style-type: none"> - Specialised R&D facility and team assembled. - New and improved high moisture extrusion technology developed.
2014 to 2018	<ul style="list-style-type: none"> - Commercial manufacturing facility designed and constructed at Mount Kuring-Gai, Sydney. - Food Innovation Grant of ~\$2m awarded to create technology for the production of value-added animal meat products.
2018 to 2021	<ul style="list-style-type: none"> - Initial capital raise of \$5m completed. - MEET launched in Foodservice. - MEET ranged in Coles (fresh and frozen). - R&D capability and two global patents lodged. - Further \$5m secured via capital raise in December 2021.
2022	<ul style="list-style-type: none"> - Harvest Road commits as major shareholder. - Spiral freezer installed to provide Individual Quick Freezing (IQF) capability. - Ranging achieved with Woolworths (chilled). - Further \$10m secured via capital raise in October 2022.

2023	<ul style="list-style-type: none"> - Export supplier and agency agreements executed. - Protein Plate launched as new brand in conjunction with Woolworths.
2024	<ul style="list-style-type: none"> - Bad Hunter launched through Woolworths (frozen). - Ongoing discussions with brokers and potential capital providers to raise additional funds were ultimately unsuccessful. - Appointment of Voluntary Administrators on 22 May 2024.

3.3 Statutory information

Statutory information in respect of each company within the Group extracted from ASIC's national database at the time of our appointment is contained in **Annexure A**. This information details the following:

- incorporation date;
- registered office address;
- principal place of business address;
- company officers; and
- shareholders.

3.4 Registered security interests

The PPSR discloses that 19 registered security interests on the PPSR in respect of various entities within the Group. We understand that the majority of the security interests relate to either the Group's financing facility or the supply of commercial goods and services. Details of the security interest holders are set out below:

Secured Party	Security Grantor(s)	Collateral Class	Number
Bank of Queensland Limited	Proform Food Group, Proform Innovation, Proform Foods, Proform Gourmet and Proform Admin	All present and after acquired property	7
Proseal Australia Pty Limited	Proform Gourmet	Other goods	1
Sealed Air Australia Pty Limited	Proform Gourmet	Other goods	1
The Trustee for Cookers Trust	Proform Gourmet	Other goods	1
Solae Australia Pty Limited	Proform Gourmet	Other goods	1
BOC Limited	Proform Gourmet	Other goods	1
De Lage Landen Pty Limited	Proform Gourmet	Other goods	1
Foodboss Transport Pty Limited	Proform Gourmet	Other goods	1
Foodboss Coldstorage Pty Limited	Proform Gourmet	Other goods	1
Redox Limited	Proform Foods	Other goods	1
Foodcare Systems Pty Limited	Proform Foods	Other goods	1
Fleet Partners Pty Limited	Proform Admin	Other goods	2
Total			19

Source: PPSR searches undertaken on 22 May 2024 and 6 June 2024

Immediately on appointment, the Administrators wrote to all PPSR creditors requesting specific information regarding their purported security interests and any amounts due. Of the registrations, responses have been received from 7 secured parties in respect of 13 of the registered security interests.

The current status of the Administrators' review of the PPSR registrations and security interest claims is summarised in the table below.

Category	Number of registrations
Valid	7
Currently being assessed	4
No response	6
Discharged or to be discharged	2
Total	19

The Administrators continue to liaise with various PPSR creditors with respect to their claims.

3.5 Winding up applications

At the date of our appointment, there was no outstanding winding up application against the Group.

4 Historical financial position

This section provides a summary of the financial performance of the Group during the period of FY22, FY23 and FY24 to the date of appointment.

Key takeaways	Ref.
<p>1 The Group is a start-up and in the growth period of its business lifecycle whilst it looked to achieve the required volume and cost structure to breakeven. A \$10m capital raise was completed in late 2022 to support further growth.</p> <p>Up to late FY23 the Group pursued a strategy of reducing selling price to pursue volume growth with its retail channel partners impacting gross margin.</p> <p>Ongoing trading losses have caused an erosion of working capital and balance sheet strength.</p> <p>To alleviate deteriorating cash flow in the period prior to our appointment, the Group:</p> <ul style="list-style-type: none"> - was in discussions with brokers and potential capital providers since late February 2024 to raise additional funds; and - had been pursuing an FY22 R&D tax refund from the ATO totalling c.\$900k since December 2023 which remains unpaid. 	4.2

4.1 Preparation of financial statements

The Group prepared financial reports for each entity for the period FY22 and FY23 with assistance from an external accounting firm. These financial statements were not audited.

The Group also prepared a 13-week STCFF, monthly Board reports, forecast profit and loss statements and monthly management accounts which are presented below.

On the basis the Group operated as a consolidated entity, our analysis of the Group's historical financial position pertains to the consolidated management accounts presented below.

4.2 Summary profit and loss

A summary of the Group's profit and loss statements is presented below:

Consolidated P&L			
\$	FY22 Actual	FY23 Actual	FY24 10+2 forecast
Gross revenue			
Retail	2,463	3,209	5,599
Industrial	1,589	1,062	747
Food services	322	386	254
Total gross revenue	4,375	4,656	6,601
Less rebates	(752)	(570)	(349)
Net revenue	3,622	4,086	6,252
COGS			
Raw materials and packaging	(1,482)	(1,979)	(2,541)
Direct labour	(782)	(728)	(808)
Other COGS	(970)	(1,401)	(2,237)
Gross Margin	388	(21)	666
<i>Gross Margin %</i>	<i>10.7%</i>	<i>(0.5)%</i>	<i>10.6%</i>
Overhead expenses			
Wages	(2,152)	(2,834)	(2,976)
Facility costs	(450)	(389)	(417)
Marketing	(326)	(924)	(429)
Other overheads	(1,265)	(1,447)	(1,505)
Total overheads	(4,193)	(5,595)	(5,327)

Other income (R&D grants)	898	752	975
EBITDA	(2,906)	(4,865)	(3,686)
Add back one-off costs	-	-	270
Adjusted EBITDA	(2,906)	(4,865)	(3,417)

Source: PLApr24_v03.06.24

Key observations:

- The Group's previous strategy was to increase revenue and volume with a specific focus on the retail channel. This achieved revenue growth of 30.3% in FY23 and 74.5% in FY24.
- A consequence of this strategy was a shift in focus away from the higher margin industrial and food service channels towards the lower margin retail channel causing the Group's gross margin to decrease from 10.7% in FY22 to (0.5)% in FY23.
- The Group has historically had difficulty in accurately accounting for costs of goods sold. Current Management has advised that previous accounting methodology, fully absorbed all costs of the underutilised facility and resulted in uncompetitive pricing in its tenders and proposals for new industrial and food services business. This has been corrected in the FY24 gross margin. This change, combined with a renewed Management focus on the higher margin channels, has resulted in an improved FY24 gross margin of 10.6%.
- Notwithstanding recent volume growth, the Group's manufacturing facility is still underutilised and running at c. 20% capacity (subject to product mix and efficiency).
- The Group's current gross margin is insufficient to cover the costs of the facility, indirect labour, marketing and other overheads and the Group reported EBITDA losses in all periods reviewed.

4.3 Summary balance sheet

A summary of the Group's consolidated balance sheet is presented below:

Consolidated balance sheet			
\$000s	FY22	FY23	30-Apr-24
Current assets			
Cash	4,793	5,511	942
Trade receivables	1,256	616	474
Other receivables	990	1,554	1,678
Inventory	1,290	1,172	1,352
Other current assets	6	12	20
Total current assets	8,335	8,866	4,467
Non-current assets			
PPE	7,873	7,004	6,414
Intangibles	138	218	222
Other non-current assets	347	415	415
Total non-current assets	8,359	7,637	7,050
Total assets	16,694	16,503	11,517
Current liabilities			
Trade payables	1,638	743	1,037
Other payables	(308)	78	118
Employee provisions	1,580	869	719
Current lease liability	790	443	189
Borrowings	7,219	3,157	3,066
Other current liabilities	30	14	52
Total current liabilities	10,948	5,305	5,180
Non-current liabilities			
Shareholder loan	142	571	212
Non-current lease liabilities	2,800	2,357	2,298
Other non-current liabilities	264	331	213
Total non-current liabilities	3,205	3,259	2,723
Total liabilities	14,153	8,564	7,903
Net assets	2,541	7,938	3,614

Consolidated balance sheet metrics			
\$000s	FY22	FY23	30-Apr-24
Net working capital	(2,612)	3,560	(713)
Current ratio	0.8	1.7	0.9
Debt-to-equity ratio	1.3	0.4	0.8
Net cash / (debt)	1,727	2,445	(2,124)

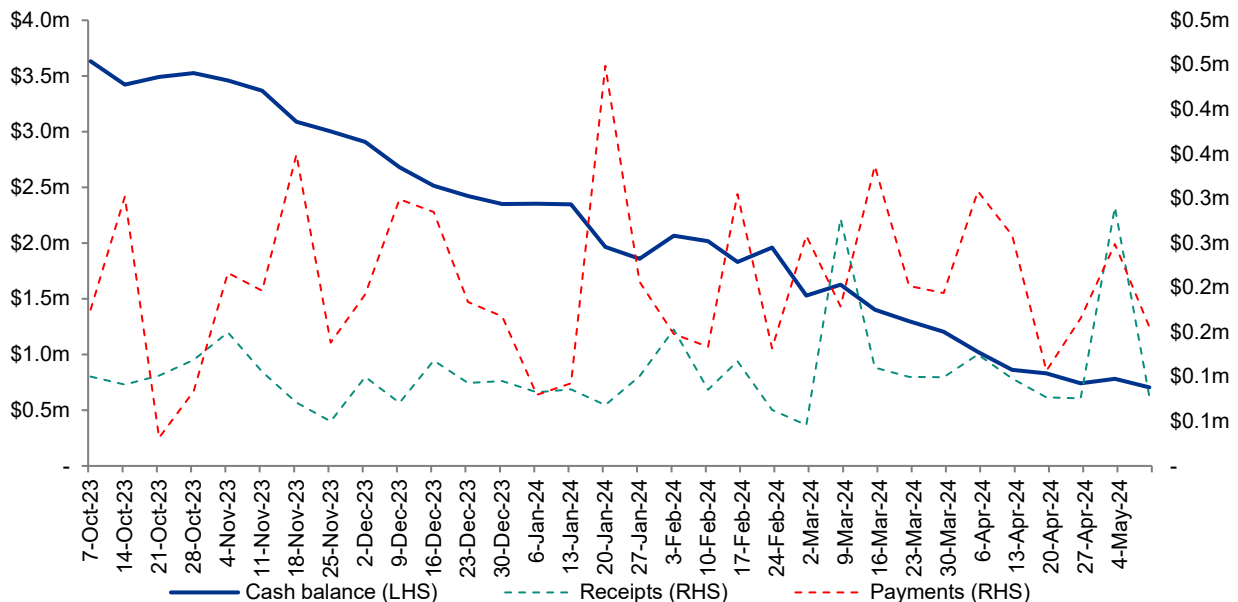
Key observations:

- As detailed in the profit and loss section, the Group has made ongoing losses which caused the erosion of cash and a deteriorating working capital position detailed in the key ratio table above.
- In FY23, an equity injection of \$10m was completed. These funds were used to fund ongoing cash losses and normalise the Group's working capital. This resulted in significant movements in the balance sheet metrics detailed above (e.g. the spike in working capital to \$3.6m in FY23 and the current ratio increasing to 1.7x).
- The 'other receivables' amounts relate primarily to R&D Tax Offset Refunds claimed from the ATO.
- The secured loan with Bank of Queensland has remained relatively constant at between \$3.1m and \$3.2m across the periods specified above.
- Borrowings temporarily increased to \$7.2m at 30 June 2022, this included \$3.2m in Bank of Queensland loans and \$4.0m in short term bridging finance provided by a shareholder. This bridging loan and its subsequent repayment was the primary driver of the decrease in the debt-to-equity ratio from 1.3x in FY22 to 0.4x in FY23.

4.4 Cash flows leading up to Administrators appointment

A summary of the Group's consolidated cash flows leading up to appointment is presented below:

Cash balance for the period 2 October 2023 to 10 May 2024



Source: Cashflow 2024 as at 14th May 2024

Key observations include:

- All receipts relate to customer payments
- Outflows are driven by:
 - \$3.9m in supplier payments (incl. freight, third party logistics and contract manufacturing);
 - \$1.4m in salaries and wages;
 - \$0.2m for insurance (premium funding); and
 - \$0.2m in marketing costs.

5 Report on company activities and property and Directors' reasons for failure

At the date of this Report we have not received all ROCAP's with an update to be provided to creditors in our supplementary report in advance of the Second Meetings of Creditors.

Key takeaways		Ref.
1	<p>Section 438B of the Act requires the Directors to give an Administrator a ROCAP about each company within the Group's business, property, affairs and financial circumstances.</p> <p>To date, we have not received all ROCAP's for each Proform entity. An update will be provided in our supplementary report.</p>	5.1

5.1 Report on company activities and property

Section 438B of the Act requires the Directors to give an administrator a ROCAP a company's business, property, affairs and financial circumstances.

Due to the number of entities and volume of information required, we have granted several extensions for the Directors to submit the ROCAPs with the last one expiring on 14 June 2024.

Whilst not all ROCAP's have not been received at the date of this Report, we expect to receive them shortly and will provide an update in our supplementary report to be provided to creditors in advance of the Second Meetings of Creditors.

6 The Administration to date and sale of business process

This section provides an overview of the conduct of the Administration, including the trading of the business and the going concern sale process.

Key takeaways		Ref.
1	Following our appointment, we immediately advertised the Group for sale as a going concern on 24 May 2024.	6.2
2	The Administrators are continuing discussions with interested parties and due to the confidential nature of these discussions we are unable to provide any further details at this stage.	6.2

6.1 The business at commencement of the Administration

On appointment, the Administrators attended the Premises and assumed control of the Group's business and operations. Immediate controls and systems were put in place with respect to banking, purchase orders, stock control and reporting.

Whilst conducting an urgent assessment of the business, we continued to trade in the ordinary course. In particular, we:

- opened new accounts and negotiated terms of trade with key trade suppliers;
- contacted key customers to inform them of our appointment and trading strategy;
- continued employment of staff;
- negotiated certain payments of necessity to ensure continued supply of business critical services;
- conducted meetings with Directors, senior management and staff;
- issued instructions to carry out an immediate stock take for inventories and consumables;
- prepared an 'Administration' trading cash flow forecast;
- reviewed the procedures for IT services and back up processes for information on site; and
- reviewed the adequacy of the insurances policies held by the Group.

6.2 The sale of business process

Immediately following our appointment, we commenced a sales and marketing program seeking expressions of interest for the sale or recapitalisation of the Group's business.

The timetable for the sale process was as follows:

Milestone	Description	Timing
Stage 1		
AFR advert	Advertisement placed in Australian Financial Review (AFR) seeking expressions of interest.	24 May 2024
Teaser distribution	Distribution of sale flyer to potential interested parties	From 28 May 2024
Expression of interest deadline	Expressions of interest made to the Administrators	30 May 2024

Milestone	Description	Timing
Non-disclosure agreement (NDA) execution and virtual data room (VDR) access	Interested parties were requested to return an executed NDA to gain access to the VDR	From 3 June 2024
Non-binding indicative offers (NBIO) deadline	Parties required to submit NBIOs	6 June 2024
Shortlisted interested parties selected	Short-listed parties were advised of admission to stage 2 of the process	From 7 June 2024
Stage 2		
Stage 2 due diligence	Additional information made available in the VDR with site tours and management presentations arranged with shortlisted parties	From 10 June 2024
Submission of final binding offers	Final binding bids due	13 June 2024

The Administrators are continuing discussions with multiple parties at present with the aim of entering into a sale agreement or DOCA in the near future. Due to the confidential nature of those discussions, no further details can be provided at this stage. We will provide a further update in due course.

6.3 Key trading issues and trading results

A summary of the Administrators' receipts and payments for the period 22 May 2024 to 14 June 2024 is summarised below:

\$'000 (incl. GST)	Proform Food Group	Proform Innovation	Proform Gourmet	Proform Foods	Proform Admin	Total
Receipts						
Funds held on appointment	371,139	133	51,275	748	-	423,295
Trading receipts	-	-	188,577	-	-	188,577
Intercompany	-	-	50,000	-	-	50,000
Other receipts	231	2	36	1	-	270
Total Receipts	371,370	135	289,888	749	-	662,142
Payments						
Wages and salaries	-	-	(155,792)	-	-	-
Raw materials	-	-	(71,640)	-	-	-
Other operating expenses	-	-	(44,852)	-	-	-
Intercompany	(50,000)	-	-	-	-	-
Other payments	-	-	(12,181)	-	-	-
Total payments	(50,000)	-	(284,464)	-	-	(334,464)
Cash at bank as at 14 June 2024	321,370	135	5,424	749	-	327,678

Full particulars of the Administrators' receipts and payments are attached as **Annexure B**.

7 Statutory investigations

This section provides creditors with information on the preliminary investigations undertaken by the Administrators to date, and whether there have been any potential actions identified that may be pursued by a liquidator, if appointed.

Key takeaways		Ref.
1	<p>The Group is a start-up and incurred significant losses that were funded predominantly via equity capital.</p> <p>To alleviate deteriorating cash flow in the period prior to our appointment the Group:</p> <ul style="list-style-type: none">- was in discussions with brokers and potential capital providers since late February 2024 to raise additional funds; and- had been pursuing an FY22 R&D tax refund from the ATO totalling c.\$900k since December 2023 which remains unpaid.	7.3
2	<p>The Group was insolvent from the date of our appointment on 22 May 2024. This date of insolvency includes Proform Admin due to its financial dependency on the other Proform entities and given it was a guarantor for the BOQ asset finance facilities.</p>	7.4
3	<p>A liquidator, if appointed, would need to consider the Group's overall financial position when determining the period of insolvency of each company within the Group.</p>	7.4

7.1 Nature and scope of review

The Act requires an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances.

Our investigations centre on transactions entered into by the Group that a liquidator might seek to have declared void (together with orders for repayment or compensation) if the Group is wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator such that creditors can properly assess whether to accept a DOCA proposal or resolve to wind up the Group.

A liquidator may recover funds from certain voidable transactions or through other avenues; for example, through action seeking compensation for insolvent trading or breach of director duties. Funds recovered would be available to the general body of unsecured creditors including secured creditors but only to the extent of any shortfall incurred after realising their security.

A deed administrator does not have recourse in relation to voidable transactions.

The Administrators' knowledge of the Group's affairs comes principally from the following sources:

- discussions with the Directors, the Group's pre-appointment advisors and key staff members
- the Directors' ROCAP
- management accounts, books and records, board reports and financial statements
- the Group's internal accounting system
- correspondence and discussions with the Group's creditors
- an independent valuation of the Group's assets
- searches obtained from relevant statutory authorities
- records maintained by the ATO
- publicly available information

7.2 Directors' and officers' responsibilities

Sections 180 to 184 of the Act set out the duties, obligations and responsibilities imposed on Directors which are designed to promote good governance and ensure that Directors act in the interests of the Group. These duties include:

- duty of care and diligence;
- duty of good faith;
- duty not to make improper use of position; and
- duty not to make improper use of information.

Based on our investigations to date, we have not identified any offences the directors may have committed under the provisions of the Act.

7.3 The Group's solvency

Some actions available to a liquidator to recover funds through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading, require the Group's insolvency to be established at the relevant time.

There are two primary tests used in determining a company's solvency, at a particular date, namely:

- balance sheet test; and
- cash flow or commercial test.

The Courts have widely used the cash flow or commercial test in determining a company's solvency at a particular date along with several other indicators.

At this stage the indicators of insolvency have been assessed at the Group level only. This has been done on the basis that each company within the Group has an individual purpose which combined facilitate the operations of the business. One company cannot operate on a standalone basis without the contributions from the others. The impact of this linkage is that if one entity in the Group was to become insolvent, it's likely the other entities would also be insolvent.

The following table summarising the key insolvency indicators and our comments on those indicators where relevant to the Group:

Insolvency Indicator	Present	Date relevant to insolvency	Administrators' comments									
Working capital deficiency	✓	During FY22 and FY24YTD	Working capital is the difference between a company's current assets and current liabilities and indicates the liquidity level of businesses for managing day-to-day expenses. The working capital ratios of the consolidated entities are summarised in the table below: <table><thead><tr><th>FY22</th><th>FY23</th><th>FY24YTD</th></tr></thead><tbody><tr><td>(\$2.6m)</td><td>\$3.6m</td><td>(\$1.0m)</td></tr><tr><td>0.76x</td><td>1.67x</td><td>0.86x</td></tr></tbody></table>	FY22	FY23	FY24YTD	(\$2.6m)	\$3.6m	(\$1.0m)	0.76x	1.67x	0.86x
FY22	FY23	FY24YTD										
(\$2.6m)	\$3.6m	(\$1.0m)										
0.76x	1.67x	0.86x										

A Group working capital ratio below 1 existed for all periods under review, with the exception of FY23 which reported a ratio of 1.67x as at 30 June 2023.

A working capital deficiency was also present in FY22 and FY24YTD.

Net asset deficiency	X	N/A	The Group reported a net asset surplus for all periods reviewed.						
				FY22	FY23	FY24YTD			
				\$14.2m	\$8.6m	\$7.9m			
Age of creditors	X	N/A	<p>The total amount of trade creditors payable at year end fluctuated between the periods assessed, ranging from \$1.6m for FY22, \$0.7m for FY23 and \$1.0m for FY24.</p> <p>On average, 53% of trade creditors payable were current at year end over the periods assessed with trade creditors payable aged one month not exceeding 7%.</p>						
				Period	Current	< 1 Month	1 Month	2 Months	>3 Months
				19%	74%	6%	1%	0%	100%
				86%	13%	1%	0%	0%	100%
				54%	35%	7%	1%	3%	100%
			Average %	53%	40%	4%	1%	2%	100%
				(\$,000) Current	< 1 Month	1 Month	2 Months	>3 Months	Total
				310	1,205	94	18	11	1,638
				637	94	5	3	5	743
				562	361	71	6	34	1,032
Inability to extend finance facilities and breaches of covenants	✓	All periods	<p>The Group held asset finance facilities with BOQ with an outstanding balance of c.\$3m at the date of our appointment.</p> <p>We understand that whilst BOQ were unable to formally extend the facilities they had agreed in principal to an extension of the existing forbearance agreement to February 2025 to allow the Group time to complete a further capital raise, improve trading performance and achieve a secured debt reduction via the sale of non-core assets.</p>						

Inability to meet other financial commitments / default on finance agreements	X	N/A	Proform Gourmet held agreements with several third-party financiers. There is no evidence reviewed to date that indicated an inability to meet these commitments.						
Profitability / trading losses	✓	All periods	The Group recorded negative EBITDA for all periods reviewed. Whilst trading losses were historically funding from cash reserves the Group was not forecast to become breakeven for another 12 to 24 months.						
			<table border="1"> <thead> <tr> <th>FY22</th> <th>FY23</th> <th>FY24YTD</th> </tr> </thead> <tbody> <tr> <td>(\$2.9m)</td> <td>(\$4.9m)</td> <td>(\$3.3m)</td> </tr> </tbody> </table>	FY22	FY23	FY24YTD	(\$2.9m)	(\$4.9m)	(\$3.3m)
FY22	FY23	FY24YTD							
(\$2.9m)	(\$4.9m)	(\$3.3m)							
Cash flow difficulties	✓	All periods	<p>The Group was a start-up and in the growth period of its business lifecycle whilst it looked to achieve the required volume and cost structure to breakeven. As such, the Group incurred significant losses that was funded predominantly via equity capital.</p> <p>A summary of the Group's FY24 cash flow position is provided at Section 4.4.</p>						
Access to alternative sources of finance (including equity capital)	✓	FY24YTD	<p>The Group had been through a series of equity capital raises in recent years with the most recent round injecting \$10m into the Group in October 2022.</p> <p>Due to the Group's deteriorating working capital position, we understand that the Group had been in discussions with brokers and potential capital providers since late February 2024 to raise additional funds. Ultimately, these discussions were unsuccessful which led to our appointment as Administrators on 22 May 2024.</p> <p>Separately, the Group had been pursuing a FY22 R&D tax refund from the ATO in the amount c. \$900k since December 2023 which remains unpaid.</p> <p>No other alternative sources of finance have been identified.</p>						
Inability to dispose of non-core assets	X	N/A	There is no evidence of the Group's inability to dispose of non-core assets.						
Dishonoured payments	X	N/A	There is no evidence reviewed to date that dishonoured payments occurred.						

Overdue Commonwealth and State taxes	✓	FY24YTD	In February 2024, the Group entered a payment plan with the ATO in relation to an outstanding debt of approximately \$111k. As the date of our appointment c. \$69k was outstanding.
No forbearance from creditors / legal action threatened or commenced by creditors	X	N/A	We are not aware of any legal demands or proceedings that has been commenced by creditors prior to our appointment.

7.4 Preliminary conclusion as to solvency

In light of the insolvency indicators discussed above, we are of the opinion that:

- Proform Food Group, Proform Innovation, Proform Foods and Proform Gourmet were insolvent from at least the date of our appointment on 22 May 2024; and
- Proform Admin was insolvent from at least 22 May 2024 due to its financial dependency on the other Proform entities and given it was a guarantor of the BOQ asset finance facilities.

A liquidator, if appointed, would need to conduct further investigations, and possibly conduct a public examination of relevant parties, to ultimately determine whether or not each entity within the Group became insolvent at that time or earlier.

7.5 Potential liquidator recoveries – insolvent trading

7.5.1 Directors' liability

Section 588G of the Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found to have committed an offence under Section 588G, the Court may order him or her to pay compensation to the company equal to the amount of loss or damage suffered by its creditors.

The Court may also impose upon the directors one of two types of civil penalty orders, the first can include a fine or an order prohibiting the directors from participating in the management of a company. The second, where there is criminal intent and conviction, exposes a director to imprisonment for up to five years and/or a fine.

This action is not a right that is available to an administrator or a deed administrator. Applications for compensation payable to the company are usually made by a liquidator, or in specified circumstances, a creditor.

The substantive elements of Section 588G are:

- a person is a director of a company at the time when the company incurs a debt;
- the company is insolvent at that time, or becomes insolvent by incurring that debt (or by incurring, at that time, debts including that debt); and
- at that time, there are reasonable grounds for suspecting that the company is insolvent or would so become insolvent (as the case may be).

7.5.2 Directors' defences

7.5.2.1 Section 588H defences

The defences available to directors contained in Section 588H are:

- at the time when the debt was incurred, the person had reasonable grounds to expect, and did expect, that the company was solvent and would remain solvent even if it incurred that debt or any other debts that it incurred at that time;
- at the time that the debt was incurred, the person had reasonable grounds to believe, and did believe, that a competent and reliable person (the **other person**) was responsible for providing to the first-mentioned person adequate information about whether the company was solvent, and that the other person was fulfilling that responsibility, and expected, on the basis of information provided to the first-mentioned person by the other person, that the company was solvent at that time and would remain solvent even if it incurred that debt and any other debts that it incurred at that time;
- because of illness or for some other good reason, the person did not take part in the management of the company;
- the person took all reasonable steps to prevent the company from incurring the debt.

7.5.2.2 Safe harbour defences

Section 588GA gives directors a safe harbour from the insolvent trading provisions contained in Section 588G whilst attempting to restructure or turnaround the business.

Safe harbour provisions apply if (and subject to certain conditions being met) after the person starts to suspect the company may become or is insolvent, the person starts developing one or more courses of action that are reasonably likely to lead to a better outcome for the company.

The period of safe harbour continues from the time at which the person starts developing the course of action and ends at the earliest of any of the following times:

- if the person fails to take any such course of action within a reasonable period after that time – the end of that reasonable period;
- when the person ceases to take any such course of action;
- when any such course of action ceases to be reasonably likely to lead to a better outcome for the company; or
- the appointment of an administrator or liquidator to the company.

During the period of safe harbour, the following conditions must be met:

- the debt must be incurred directly or indirectly in connection with the course of action reasonably likely to lead to a better outcome for the company;
- the company must continue to pay all employee entitlements (including superannuation) by the time they fall due; and
- the company must continue to comply with all tax reporting obligations.

Based on our preliminary investigations, we understand that the Directors were receiving safe harbour advice prior to our appointment.

7.5.3 Pursuing an insolvent trading claim

A liquidator must form an opinion as to the date of insolvency and determine the debts incurred from that date; thereby quantifying the loss to the company.

The costs of proceeding with an insolvent trading action, which are usually considerable, particularly given the need for expert evidence as to insolvency, must be considered.

Any decision to commence an action against the Directors (or former Directors) for insolvent trading must have regard to the following:

- the costs of litigation and the uncertainty of success inherent in any complex litigation;
- any defences that may be available to the Directors; and
- the Directors' / former Directors' capacity to meet a claim for compensation.

Any liquidator would also need to consider, in light of the Group's performance and other circumstances, the level of reliance placed on the ability to source external funding when considering the solvency of each company within the Group.

In determining a course of action, a liquidator would consider the costs and risks of any proceedings and the ability to fund any proceedings, including whether creditors are prepared to forgo any scheduled dividends and/or the cost of litigation funding as an alternative.

A liquidator may write to the Directors and former Directors, setting out the results of the investigations and the conclusions in relation to insolvent trading and requesting payment of compensation for debts incurred by the Group at a time when it was insolvent.

Subject to a response, if any, being received from the Directors and former Directors, to progress the insolvent trading claims, it would probably be necessary, in the first instance, to conduct public examinations of the Directors and former Directors. The purpose of these examinations would be to further investigate the examinable affairs of the Group and obtain further information and documentation in relation to the matters raised at **Sections 8 and 9** of this report.

If a settlement is not forthcoming in answer to any letter of demand, a liquidator may commence recovery proceedings against the Directors and former Directors (and entities associated with them, if applicable) for amounts relating to insolvent trading, unfair preference payments, uncommercial transactions and/or director-related transactions.

The analysis of an insolvent trading claim is complex and would require a detailed calculation by a liquidator and legal advice.

7.6 Adequacy of books and records

Section 286 of the Act requires a company to keep written financial records that correctly record and explain the company's transactions, financial position and performance and would enable true and fair financial statements to be prepared. The financial records must be retained for a period of seven years after the transactions covered by the records are completed.

The failure to maintain books and records in accordance with Section 286 provides a rebuttable presumption of insolvency which might be relied upon by a liquidator in an application for compensation for insolvent trading.

Based on our review of the books and records received, we are of the opinion that the Group's books and records were maintained in accordance with Section 286 of the Act.

7.7 Other matters arising from investigations

7.7.1 Falsification of books

Pursuant to Section 1307(1) of the Act, it is an offence for a person to engage in conduct that results in the concealment, destruction, mutilation or falsification of any securities of or belonging to the company or any books affecting or relating to affairs of the company.

If an offence is proven, there are criminal penalties only. However, similar or related conduct also could give rise to a contravention of Section 1307(2) of the Act and that contravention could give rise to a claim for damages. Further, conduct falling within either Section 1307(1) or Section 1307(2) may amount to breaches of directors' statutory and/or general law duties and/or provisions proscribing misleading conduct which could give rise to a recovery of funds.

The Administrators' preliminary investigations do not reveal any evidence of falsification of books.

7.7.2 False or misleading statements

Pursuant to Section 1308 of the Act, a company must not advertise or publish a misleading statement regarding the amount of its capital. It is an offence for a person to make or authorise a statement that, to the person's knowledge is false or misleading in a material particular.

The Administrators' preliminary investigations do not reveal any evidence of any false or misleading statements.

7.7.3 False information

Pursuant to Section 1309 of the Act, it is an offence for an officer or employee to make available or give information to a director, auditor, member, debenture holder, or trustee for debenture holders of the company that to the knowledge of the officer or employee:

- is false or misleading in a material particular; or
- has omitted from it a matter or thing the omission of which renders the information misleading in a material respect.

The Administrators' preliminary investigations do not reveal any evidence of any false information.

8 Voidable transactions

This section informs creditors about potential voidable transactions that occurred prior to the appointment of the Administrators, and where the property of the Group was disposed of or dealt with, may be recovered by a liquidator.

Key takeaways		Ref.
1	<p>We have identified potential voidable transactions in the amount of up to \$570,000 made to 8 parties. At this stage we have not considered the defences that may be available to the recipients of the identified transactions.</p> <p>Any potential voidable transactions identified would be subject to further investigations by a liquidator.</p>	8.1
2	<p>Based on the books and records in our possession, we have identified several potential transactions that may constitute unreasonable director-related transactions. An update will be provided in our supplementary report.</p>	8.5

A liquidator has the power to take steps to have declared void certain transactions which are either not beneficial, or are detrimental, to a company. An administrator must identify any transactions that appear to be voidable by a liquidator. Apart from seeking to have a voidable transaction declared void, a liquidator may seek related orders, including the payment of compensation.

Enclosed at **Annexure D** is a creditor information sheet published by ARITA. This information sheet details the types of transactions which a liquidator can seek to have declared void, which include:

- unfair preference payments;
- uncommercial transactions;
- unfair loans;
- unreasonable director-related transactions;
- inappropriate related party transactions;
- creation of circulating security interests within 6 months of commencement of liquidation; and
- transactions for the purpose of defeating creditors

For the purposes of examining voidable transactions, the Liquidator would review transactions that occurred during the relevant time period (as prescribed under the Act), taking into consideration the “relation back day”. The relation back day for the Group is 22 May 2024 being the date the Directors resolved to appoint the Voluntary Administrators as determined by Section 91 of the Act. As discussed at **Section 7.4**, we believe that 22 May 2024 should also be considered the relation back date for Proform Admin noting Administrators were appointed on 6 June 2024.

8.1 Summary of potential antecedent transactions

We have identified through our preliminary investigations that a liquidator would likely to investigate potential antecedent transactions up to \$570,000. These potential antecedent transactions relate to Proform Gourmet. At this stage, no potential antecedent transactions have been identified in any of the other Proform entities.

Potential recovery item	Value \$
Unfair preferences	Up to \$570,000
Unreasonable director-related transactions	To be confirmed

8.2 Unfair preferences – section 588FA

An unfair preference payment is a transaction, generally occurring in the six months prior to the relation back day, between the company and a creditor, resulting in the creditor receiving from the company, in respect of an unsecured debt that the company owes to the creditor, more than the creditor would receive from the company in respect of the debt if the transaction were set aside and the creditor were to prove for the debt in a winding up of the company. This period is extended up to four years for transactions entered into with a related entity.

A transaction can only be considered an unfair preference if the company was insolvent at the time the transaction took place, or the company became insolvent as a result of the transaction.

To date, we have identified payments up to \$570,000 that were made by Proform Gourmet to 8 creditors during the relation back period which appear to potentially represent unfair preferences.

It would appear that these creditors had reasonable grounds for suspecting the Group was insolvent due to the following:

- Lump sum payments made during the relation back date; and/or
- Repayment plan arrangements being entered into with the Group.

Unfair preference payments are voidable against a liquidator, and further investigations would need to be undertaken in any future liquidation to determine the likelihood of action for the recovery of unfair preference payments being successful. We note that successful action for unfair preference payments includes establishing the date of insolvency, and the costs of pursuing an unfair preference payment can sometimes outweigh the potential returns.

8.2.1 Unfair preferences – defences

The creditor may defend an unfair preference claim brought by a liquidator if it proves that it became a party to the transaction in good faith and, at the time when the person became a party to the transaction:

- the creditor had no reasonable grounds for suspecting that the company was insolvent at that time or would become insolvent because of entering into the transaction or a person doing an, or making an omission, for the purpose of giving effect to the transaction; and
- a reasonable person in the creditor's circumstances would have had no such grounds for so suspecting; and
- the creditor provided valuable consideration under the transaction or has changed his, her or its position in reliance on the transaction.

8.3 Uncommercial transactions – section 588FB

An uncommercial transaction is a transaction which a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefits (if any) to the company entering into the transaction
- the detriment to the company of entering into the transactions
- the respective benefits to other parties to the transaction of entering into it
- any other relevant matters

A liquidator will investigate transactions to determine if they are uncommercial, where those transactions have occurred in the period two years prior to the date of liquidation.

Based on the books and records in our possession we have not identified any transactions which would constitute uncommercial transactions.

8.4 Unfair loans – section 588FD

A liquidator will investigate any loans to the company which may be considered unfair due to extortionate interest rates or charges.

Based on the books and records in our possession we have not identified any transactions which would constitute unfair loans to the Group.

8.5 Unreasonable director-related transactions – section 588FDA

Section 588FDA of the Act refers to “unreasonable director-related transactions” and requires the liquidator to investigate such transactions, having regard to the detriment to the company (if any) suffered as a consequence of the transaction.

The transaction must satisfy the criteria set out in section 588FDA, and have been entered into, or an act was done for the purpose of giving effect to it, during the four years prior to the relation back day, regardless of the solvency at the time the transaction occurred. Unreasonable director-related transactions can potentially include payments by the company to, dispositions of property by the company to, issuances of securities by the company to and incurrence of obligations by the company in favour of:

- a director of the company;
- a close associate of a director of the company; or
- a person on behalf of, or for the benefit of, a director of the company or a close associate of a director of the company.

An unreasonable director related transaction must be a transaction which a reasonable person in the company’s circumstances would not have entered into, having regard to:

- the benefits (if any) to the company of entering into the transaction;
- the detriment to the company of entering into the transaction;
- the respective benefits to other parties to the transaction of entering into it; and
- any other relevant matter.

Based on the books and records in our possession, we have identified several potential transactions that may constitute unreasonable director-related transactions. An update will be provided in our supplementary report noting any potential claims in respect of these transactions would be subject to further investigations by a liquidator.

8.6 Voidable charges

A circulating security interest is void, as against the company’s liquidator, if the security interest was created during the six months ending on the relation back day except so far as it secures:

- an advance paid to the company, or at its direction, at or after the it was created and as consideration for the creation of the circulating security interest;
- interest on such an advance;
- the amount of a liability under a guarantee or other obligation undertaken at or after that time on behalf of, or for the benefit of, the company;
- an amount payable for property or services supplied to the company undertaken at or after that time on behalf of, or for the benefit of, the company; or
- interest on an amount so payable.

Based on the books and records in our possession, we have not identified any voidable charges.

8.7 Arrangements to avoid employee entitlements

Part 5.8A of the Act aims to protect the entitlements of a company’s employees from agreements that deliberately defeat the recovery of those entitlements upon insolvency. Under Section 596AB(1) of the Act, it is an offence for a person to enter into a transaction or relevant agreement with the intention of, or with intentions that include the intention of:

- avoiding or preventing the recovery the entitlements of employees of a company; or
- significantly reducing the entitlements of employees of a company that can be recovered.

The Administrators have not identified any contravention of Part 5.8A of the Act.

8.8 Directors' ability to pay a liquidator's claims

At this stage the Administrators have not made any assessment as to the financial capacity of the Directors to meet any potential liquidator action. Such an assessment would be carried out by a liquidator should the Group enter liquidation.

8.9 Reports to the ASIC

Section 438D of the Act requires an administrator of a company to lodge a report with ASIC (and give ASIC such information, and access to and facilities for inspecting and taking copies of documents, as ASIC requires) should it appear to the administrator that:

- a past or present officer or employee, or a member, of the company may have been guilty of an offence in relation to the company; or
- a person who has taken part in the formation, promotion, administration, management or winding up of the company:
 - may have misapplied or retained, or may have become liable or accountable for, money or property (in Australia or elsewhere) of the company; or
 - may have been guilty of negligence, default, breach of duty or breach of trust in relation to the company.

We have not identified any offences that require reporting to the ASIC pursuant to Section 438D of the Act.

Creditors should be aware that any report lodged pursuant to Section 438D (or an investigative report lodged by a liquidator pursuant to Section 533 of the Act) is not available to the public.

9 Estimated return to creditors

In this section the Administrators ordinarily presents the estimated outcome for creditors in both Liquidation and DOCA (where applicable). As the Administrators are still in negotiations relating to the going concern sale or recapitalisation of the Group, the estimated outcome is not yet known.

We are also unable to present the estimated outcome in liquidation as this information is commercially sensitive and may prejudice negotiations with interested parties.

As such, we recommend that the Second Meeting be adjourned for up to 45 business days and the Administrators present estimated returns to creditors in a supplemental report prior to the reconvened meeting.

10 Statement by Administrators

Given the current status of the sale process we consider that it would be in the creditors' best interests to adjourn the Second Meetings of Creditors for a period not exceeding 45 business days.

Pursuant to IPR 75-225(3)(b), we are required to provide creditors with a statement setting out our opinion on whether it is in creditors' interests for each entity within the Group:

- to execute a DOCA.
- be wound up; or
- their respective administrations to end.

Each of these options is considered below. In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect and the likely costs under each option.

10.1 Administration to end

Each entity within the Group is insolvent and unable to pay its debts as and when they fall due. Accordingly, returning control of the Group to its Directors would be inappropriate and is not recommended.

10.2 DOCA

At the time of writing, the sale process is ongoing and we are therefore not in a position to confirm whether a DOCA capable of acceptance by creditors will ultimately be put forward for consideration.

10.3 Winding up of the Group

Should the Group be placed into Liquidation, a liquidator would be unable to consider any DOCA(s) which might be submitted during the period of the proposed adjournment. In this regard we do not currently recommend creditors resolve to liquidate the Group given the possibility of the recapitalisation / restructure of the Group through a DOCA process.

10.4 Adjournment of the Second Meeting

In view of our comments above, we consider that it would be in the creditors' best interests to resolve to adjourn the Second Meetings of Creditors for a period not exceeding 45 business days as it would:

- Allow sufficient time for the Administrators to conclude the going concern sale process;
- Preserve the opportunity to consider any offer to recapitalise / restructure the Group; and
- Report back to creditors with sufficient information to accurately determine whether entering a DOCA (if submitted) provides a better return to creditors as compared to an immediate winding up of the Group.

We note that there is no certainty that a DOCA will be received. That said, in our opinion while there are costs associated with adjourning the Second Meetings of Creditors and the risk that a proposal is not ultimately received, there is substantial benefit to creditors in delaying a potential liquidation of the Group in maintain optionality for a DOCA proposal as part of the current going concern sale process. These benefits and options will only be possible if the Second Meetings of Creditors is adjourned for a period of not more than 45 business days.

An adjournment at this time would be consistent with the "spirit" and objectives of Section 435 of the Act, which provides that Voluntary Administrators facilitate a process whereby a company's affairs are managed in a way that:

- Maximises the chances that the company, or as much as possible of its business, continuing in existence; or
- If that is not possible for the company or its business to continue in existence – results in a better return for the company's creditors and member(s) than would result from an immediate winding up of the company.

We intend to include a statement setting out our opinion on the three options available to creditors in our supplementary report to creditors which will be issued prior to the reconvening of the Second Meetings of Creditors.

11 Further information and enquiries

ASIC has released several insolvency information sheets to assist creditors, employees and shareholders with their understanding of the insolvency process. You can access the relevant ASIC information sheets at www.asic.gov.au.

We will advise creditors in writing of any additional matter that comes to our attention after the release of this Report, which in our view is material to creditors' consideration.

Should you have any enquiries, please contact proformgroup@kpmg.com.au

Dated this 18th day of June 2024



James Dampney
Joint and Several Administrator

Annexures

A – Statutory information on Group entities

Proform Food Group Pty Ltd (Administrators Appointed) (“Proform Food Group”)

Proform Group	
ACN	651 562 971
Registered address/principal place of business	38 BEAUMONT ROAD MOUNT KURING-GAI NSW 2080

Source: ASIC

Proform Food Group’s officers over the past 3 years were:

Name	Role	Appointment date	Resignation date
MATTHEW STEPHEN DUNN	Director	01/07/2021	Current
NATHAN DUNN	Director	21/03/2022	Current
ANDREW FRANCIS MITCHELL	Director	07/12/2022	Current
ELIZABETH ANN MCCALL	Director	15/05/2023	Current
MATTHEW STEPHEN DUNN	Secretary	01/07/2021	Current
GREGORY ARTHUR LEWIN	Director	21/03/2022	15/02/2024
RICHARD LOUIS KOHNE	Director	21/03/2022	14/02/2024
MARSHAL DE SAXE	Director	21/03/2022	09/01/2024
STEPHEN LEONARD DUNN	Director	21/03/2022	15/05/2023
RODNEY FRANCIS JAMES	Director	21/03/2022	13/02/2023

Source: ASIC

A search of the National Personal Insolvency Index maintained by the Australian Financial Security Authority shows that Proform Food Group’s current directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966 (Cth).

The ASIC databases disclose Proform Food Group’s shareholders to be:

Registered Owner	Shares held	Description	Fully paid	% Issued Capital
Dritex Pty Limited	25000400	Ordinary	Yes	42.81
HARVEST ROAD VENTURES PTY LTD	21000000	Ordinary	Yes	35.96

JAMPION PTY LIMITED	7000000	Ordinary	Yes	11.99
SAXE CAPITAL PTY LTD	2000000	Ordinary	Yes	3.42
FAROUK AND ASSOCIATES FZE	1000000	Ordinary	Yes	1.71
NICHOLAS RYAN	1000000	Ordinary	No	1.71
EZI RYAN SUPER PTY LTD	500000	Ordinary	Yes	0.86
CSW SUPER PTY LTD	400000	Ordinary	Yes	0.68
GRANNES INVESTMENTS PTY LTD	250000	Ordinary	Yes	0.43
BRETT ALAN WATKINS	250000	Ordinary	Yes	0.43

Source: ASIC

Proform Innovation Pty Limited (Administrators Appointed) (“Proform Innovation”)

Proform Innovation	
ACN	117 578 971
Registered address/principal place of business	38 BEAUMONT ROAD MOUNT KURING-GAI NSW 2080

Source: ASIC

Proform Innovation’s officers over the past 3 years were:

Name	Role	Appointment date	Resignation date
MATTHEW STEPHEN DUNN	Director	11/05/2023	Current
MATTHEW STEPHEN DUNN	Secretary	11/05/2023	Current
STEPHEN LEONARD DUNN	Director	15/12/2005	11/05/2023
STEPHEN LEONARD DUNN	Secretary	15/12/2005	11/05/2023

A search of the National Personal Insolvency Index maintained by the Australian Financial Security Authority shows that Proform Innovation’s current director is not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966 (Cth).

The ASIC databases disclose Proform Innovation’s shareholder to be:

Registered Owner	Shares held	Description	Fully paid	% Issued Capital
PROFORM FOOD GROUP PTY LTD	400	Ordinary	Yes	100

Source: ASIC

Proform Gourmet Pty Limited (Administrators Appointed) (“Proform Gourmet”)

Proform Gourmet	
ACN	167 199 813
Registered address/principal place of business	38 BEAUMONT ROAD MOUNT KURING-GAI NSW 2080

Source: ASIC

Proform Gourmet’s officers over the past 3 years were:

Name	Role	Appointment date	Resignation date
MATTHEW STEPHEN DUNN	Director	11/05/2023	Current
MATTHEW STEPHEN DUNN	Secretary	11/05/2023	Current
STEPHEN LEONARD DUNN	Director	11/12/2023	11/05/2023
STEPHEN LEONARD DUNN	Secretary	11/12/2023	11/05/2023

Source: ASIC

A search of the National Personal Insolvency Index maintained by the Australian Financial Security Authority shows that Proform Gourmet’s current director is not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966 (Cth).

The ASIC databases disclose Proform Gourmet’s shareholder to be:

Registered Owner	Shares held	Description	Fully paid	% Issued Capital
PROFORM INNOVATION PTY LIMITED	100	Ordinary	Yes	100

Source: ASIC

Proform Foods Pty Limited (Administrators Appointed) (“Proform Foods”)

Proform Foods	
ACN	136 915 341
Registered address/principal place of business	38 BEAUMONT ROAD MOUNT KURING-GAI NSW 2080

Source: ASIC

Proform Foods’ officers over the past 3 years were:

Name	Role	Appointment date	Resignation date
MATTHEW STEPHEN DUNN	Director	11/05/2023	Current
MATTHEW STEPHEN DUNN	Secretary	11/05/2023	Current
STEPHEN LEONARD DUNN	Director	4/05/2009	11/05/2023
STEPHEN LEONARD DUNN	Secretary	4/05/2009	11/05/2023

Source: ASIC

A search of the National Personal Insolvency Index maintained by the Australian Financial Security Authority shows that Proform Foods current director is not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966 (Cth).

The ASIC databases disclose ProForm Food’s shareholder to be:

Registered Owner	Shares held	Description	Fully paid	% Issued Capital
PROFORM INNOVATION PTY LIMITED	1000	Ordinary	Yes	100

Source: ASIC

Proform Admin Pty Limited (Administrators Appointed) (“Proform Admin”)

Proform Foods	
ACN	131 324 377
Registered address/principal place of business	UNIT 1 69 UNDERCLIFF ROAD FRESHWATER NSW 2096

Source: ASIC

Proform Admin’s officers over the past 3 years were:

Name	Role	Appointment date	Resignation date
MATTHEW STEPHEN DUNN	Director	11/05/2023	Current
MATTHEW STEPHEN DUNN	Secretary	11/05/2023	Current
STEPHEN LEONARD DUNN	Director	28/05/2008	11/05/2023
STEPHEN LEONARD DUNN	Secretary	28/05/2008	11/05/2023

Source: ASIC

A search of the National Personal Insolvency Index maintained by the Australian Financial Security Authority shows that Proform Admin’s current director is not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966 (Cth).

The ASIC databases disclose ProForm Admin’s shareholder to be:

Registered Owner	Shares held	Description	Fully paid	% Issued Capital
STEPHEN LEONARD DUNN	2	Ordinary	Yes	100

Source: ASIC

B – Receipts & Payments

\$ (inc. GST)	Proform Food Group	Proform Innovation	Proform Gourmet	Proform Foods	Proform Admin
Receipts					
Cash at Bank	371,139	133	51,275	748	-
Trading receipts	-	-	188,577	-	-
Interest income	-	-	50,000	-	-
Intercompany	231	2	36	1	-
Total receipts	371,370	135	289,888	749	-
Payments					
Wages & Salaries	-	-	(155,792)	-	-
Payroll tax	-	-	(949)	-	-
Subcontractors	-	-	(16,115)	-	-
Raw Materials	-	-	(71,640)	-	-
Cleaning	-	-	(6,248)	-	-
Creditor payment arrangement	-	-	(11,000)	-	-
Employee expense claims	-	-	(991)	-	-
Food testing	-	-	(11,976)	-	-
Freight	-	-	(4,428)	-	-
Repairs and Maintenance	-	-	(4,145)	-	-
Data Room costs	-	-	(1,181)	-	-
Intercompany	(50,000)	-	-	-	-
Total payments	(50,000)	-	(284,464)	-	-
Cash at bank as at 14 June 2024	321,370	135	5,424	749	-

C – Notice of meeting of creditors

Notice of meeting of creditors

Insolvency Practice Rules (Corporations) 2016 (IPR), Section 75-225

Proform Food Group Pty Limited ACN 651 562 971

Proform Innovation Pty Limited ACN 117 578 971

Proform Gourmet Pty Limited ACN 167 199 813

Proform Foods Pty Limited ACN 136 915 341

Proform Admin Pty Limited ACN 131 324 377

(All Administrators Appointed)

(‘the Group’)

NOTICE is given that a meeting of creditors of the Group will be held virtually on 26 June 2024 at 2pm (AEST).

Agenda

1. To consider a statement by the Directors about the Group’s business, property, affairs and financial circumstances.
2. To consider the circumstances leading to the appointment of the Administrators to the Group, details of the proposed Deed of Company Arrangement (if any) and the various options available to creditors.
3. To consider the report of the Administrators.
4. To resolve that each entity within the Group:
 - Execute a Deed of Company Arrangement; or
 - Be wound up; or;
 - The Administration should end.
5. If it is resolved that the Group be wound up, and an alternate Liquidator is proposed, consider whether creditors wish to appoint the alternate Liquidator.
6. If it is resolved that the Group be wound up, consider whether a Committee of Inspection is to be appointed, and if so, the members of that Committee.
7. If it is resolved that the Group be wound up, consider whether, pursuant to Section 477(2A) of the Corporations Act 2001 (**the Act**), creditors authorise the Liquidators to compromise a debt owed to the Group up to a maximum limit of \$100,000.
8. If it is resolved that the Group be wound up, consider whether, pursuant to Section 477(2B) of the Corporations Act 2001, creditors authorise the Liquidators to enter into any agreement on the Group’s behalf where:
 - the term of the agreement may end; or
 - obligations of a party to the agreement may, according to the terms of the agreement, be discharged by performance; more than three months after the agreement is entered into.
9. If it is resolved that the Group be wound up, consider whether, subject to obtaining the approval of the Australian Securities & Investments Commission (**ASIC**) pursuant to Section 70-35 of Schedule 2 to the Act, the books and records of the Group and of the Liquidators may be disposed of by the Liquidators 12 months after the dissolution of the Group or earlier at the discretion of ASIC.
10. To fix the remuneration and internal disbursements of the Administrators.
11. If it is resolved that the Group execute a Deed of Company Arrangement and Creditors’ Trust, to fix the remuneration and internal disbursements of the Deed Administrators and Trustees’ of the Creditors’ Trust.
12. If it is resolved that the Group be wound up, to fix the remuneration and internal disbursements of the Liquidators.
13. Any other business that may be lawfully brought forward.

Should you wish to attend the meeting, please click on the following link to register to attend – [Link to Meeting Registration Form](#). Once you have registered you will receive an automatic response providing you with a link to the meeting and dial in details.

Creditors wishing to vote at the meeting must complete and return a Proxy Form (and lodge a Proof of Debt form electronically via the Creditors' Portal if one has not already been lodged) by no later than 4pm on the last business day prior to the meeting by email to proformgroup@kpmg.com.au, by post to PO Box H67, AUSTRALIA SQUARE NSW 1215. A Proxy Form is enclosed.

The meeting will be held virtually and creditors wishing to vote or participate, must attend in person or by proxy. Creditors are not entitled to vote at the meeting unless they lodge particulars of the debt or claim via the Creditors' Portal before the meeting.

Dated this 18th day of June



James Dampney
Administrator

Note: In accordance with IPR Section 75-15(1)(c) please see effect of IPR Section 75-85 Entitlement to vote at meetings of creditors on the following page.

Effect of IPR Section 75-85 – Entitlement to vote at meetings of creditors

1. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
2. Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
3. A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
4. A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established;unless a just estimate of its value has been made.
5. A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
6. A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

D – ARITA creditor information sheet

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

A summary of offences that may be identified by the administrator:

Section	Offence
180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

E – Short guide to the Creditors’ Portal

We are using the Creditors’ Portal as the primary tool for communicating with creditors and managing claims.

We have prepared this short guide to assist you as a creditor to understand the process that you must undertake to ensure you are appropriately registered as a creditor of the Group.

Please note, the email registered on the Creditors’ Portal will receive all notifications including circulars and reports issued by the Administrators.

Please refer to the following link for further guidance on how to register, submit and manage a claim:
<https://creditors.accountants/Help>

Step 1: Register



- Register as a user at the following link: <https://creditors.accountants/> (use chrome, edge or firefox).
- You will receive a confirmation email to verify your account (verify your email address within 24 hours of registering as a user).
- Once verified, you will be redirected to the Portal.
- If you are already a registered user, please skip to “Login” below.

Step 2: Log in



- Log into the Portal using your username and password.
- You will be redirected to a screen where you need to input the following details:
 - Company creditor – an ABN; or
 - Individual creditor – first and last name.
- You will be prompted to make a declaration to confirm that you are authorised to act on behalf of the company or individual and agree on how you wish to receive future correspondence.

Step 3: Link creditor



- Once you have completed your declaration, you will be redirected to the Portal landing page where you can view the Company under “Recent Interactions”.
- If you cannot view the Company listed on the landing page you may need a creditor code to link your profile to the Company.
- Please contact the Voluntary Administrators for a unique code to register your claim.
- Once you receive your creditor code, log in and click on your user name in the top right hand side and click on “Creditor Admin” and input your code and click “Link”
- There will be an option to provide an ABN (if relevant) for company creditors, click “I do not have an ABN” (individuals) and then click “continue”

Step 4: View company and documents



- You will be able to view the Company on the landing page or under the “Debtors” tab and click “My debtors” or “My claims”. Click on “Details” to be directed to the Company.
- You will be able to view any documents uploaded under the “Documents” tab that relate to the Company.
- There are additional resources that you can also access under the “Resources” tab.

Step 5: Submit a Formal Proof of Debt Form (POD)



- You will be able to view the Company on the landing page or under the “Debtors” tab and click “My debtors” or “My claims”. Click on “Details” to be directed to the Company.
- Click on the “Proof of Debt” tab.
- Click on the “Submit” button and start completing the POD form.
- Tick “No” to the question “Is your proof of debt informal”. If you are an employee creditor, this will not be an option.
- Upload any supporting documentation for consideration.
- Press “Next” and “Submit”.

Step 6: Be admitted for voting (performed by the Voluntary Administrators)



- Once you have submitted a POD with supporting documentation, we will evaluate your claim to admit for voting purposes at the online meeting .
- If necessary, the Voluntary Administrators will request further information with respect to your claim.
- The Voluntary Administrators will announce your admission status once the online meeting commences.

Step 7: Appoint a proxy (required for company creditors, optional for individuals)



- If you are a company creditor or individual that is appointing the Chairperson or an alternative person to vote (alternate email to the email registered initially) please complete a proxy form attached to the report to creditors and submit **via email** to the Voluntary Administrators.
- The Voluntary Administrators will provide the nominated proxy holder with a unique creditor code prior to the meeting for voting purposes only.
- The nominated proxy holder will need to register on the Portal (**Step 1 to Step 3**) to be provided with access to vote at the online meeting on behalf of the creditor.

Step 8: Voting at the online meeting



- You will only be able to vote from the time the online meeting commences (one hour before).
- Log into the Portal and click on “Open for voting” on the landing page or the “Debtors” tab and “My debtors” and click on the relevant company.
- You will be able to view the online meeting under the “Polls” tab.
- You will be able to view the resolutions on the screen with the option to vote “in favour, against or abstain”.
- If you are a nominated proxy holder, you will be able to view the resolutions and the creditor that you are acting on behalf of.
- The chairperson will read the resolutions, allow you to vote prior to locking the resolutions.
- Please ensure you click “Submit” after placing your votes.

F – Forms to be completed

Creditors should review the contents of this report and complete the following forms by **4:00pm on 25 June 2024**:

Form/ voting	Where to submit
Appointment of proxy -(form 532) (Annexure F1)	Email: awhittaker2@kpmg.com.au Post: PO Box H67, AUSTRALIA SQUARE NSW 1215

F1 – Appointment of proxy

Form 532 – Appointment of Proxy
Insolvency Practice Rules (Corporations) 2016, Section 75-25

Return no later than 4.00pm (AEST) on 25 June 2024 to:
KPMG PO Box H67, AUSTRALIA SQUARE NSW 1215
Tel: +61 2 9295 3957
Email: awhittaker2@kpmg.com.au

Indebted company of the Group:
(please select as appropriate)

- Proform Food Group Pty Limited (Administrators Appointed) ACN 651 562 971
- Proform Innovation Pty Limited (Administrators Appointed) ACN 117 578 971
- Proform Gourmet Pty Limited (Administrators Appointed) ACN 167 199 813
- Proform Foods Pty Limited (Administrators Appointed) ACN 136 915 341
- Proform Admin Pty Limited (Administrators Appointed) ACN 131 324 377

Date of Appointment: 22 May 2024

A. Name and contact details of Person or Entity Entitled to Attend Meeting

1
(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

2 of
(address)

3 Tel: _____ 4 Email: _____

B. Appointment of Person to Act as Proxy

Note: You may nominate "the Chairperson of the meeting" as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).

1 I/We, as named in Section A above, a creditor/employee/contributory/member of the Group, appoint

2
(name of person appointed as proxy)

3 _____ 4 or in his / her absence
(address of person appointed as proxy)

5
(name of person appointed as alternate proxy)

6 _____ 7 as *my / *our proxy
(address of person appointed as alternate proxy)

to vote at the meeting of creditors to be held on 26 June 2024 at 2pm AEST, or at any adjournment of that meeting in accordance with the instructions in Section C below.

C. Voting Instructions

¹ *My / *Our proxy, as named in **Section B** above, is entitled to act as *my / *our :

- ² **general proxy**, to vote on *my / *our behalf **and / or**
- ³ **special proxy**, to vote on *my / *our behalf specifically as specified on the respective resolution voting pages

D. Signature

¹ Dated:

.....
² Signature:

.....
³ Name / Capacity:

.....
