

FREQUENTLY ASKED QUESTIONS – EMPLOYEES

18 JULY 2018

IT'S BUSINESS AS USUAL

Who are the Administrators and why have they been appointed?

Morgan Kelly and Peter Gothard were appointed Voluntary Administrators (**the Administrators**) of Sumo Group Australia Pty Ltd and its associated entities (**the Group**) on 18 July 2018.

The Administrators have been appointed because the Group is having difficulties in meeting its financial commitments.

What is the Administrator's role?

The Administrator's role is to take full control of the business and investigate options to resolve the financial position quickly. The Voluntary Administration process is designed to provide companies with breathing space from creditors and permit time to explore rescue options.

Voluntary Administration is also designed to maximise the prospects of the business continuing as a going concern. We will urgently be exploring rescue options, including:

- Reaching a compromise with creditors (known as a Deed of Company Arrangement); or
- Exploring a sale of business as a going concern

The Administrators will then present options to creditors for them to vote on any potential rescue package.

The Administrators are:

- In control of the business;
- Continuing to trade on a 'business as usual' basis; and
- Working closely with the Group's management to resolve the financial distress as quickly as possible

How does the appointment of the Administrators affect my employment?

The business will continue to trade as usual during the voluntary administration period and your employment with the Group will continue. The Administrators are personally liable for any wages incurred post appointment (i.e. from 18 July 2018) onwards.

Post appointment wages will be paid by the Administrators in the ordinary course.

What about any pre-appointment wages and other entitlements as at 18 July 2018?

We understand that there is one day of pre-appointment wages outstanding for Tuesday, 17 July 2018. This will be paid by the Administrators in the ordinary course.

All other entitlements accrued prior to the appointment of the Administrators (e.g. annual leave and long service leave) are frozen at the date of appointment and are a priority unsecured debt of the Group.

Will my outstanding entitlements be paid?

In the event of a successful Deed of Company Arrangement or sale, your employment may continue, in which case your employee entitlements will transfer to the purchaser or new operator of the business.

If a rescue package cannot be secured and the Group is placed into liquidation a Federal Government Scheme exists, known as the **Fair Entitlement Guarantee (FEG), which provides a safety net arrangement for eligible employees.**

FEG provides eligible applicants with compensation for employee entitlements including unpaid wages, outstanding annual leave, long service leave, pay in lieu of notice and redundancy to a maximum limit in accordance with the scheme. FEG does not provide funds in respect of superannuation.

Please note that the eligibility of each claim is determined by the Department of Employment.

Please go to the FEG website at www.employment.gov.au/fair-entitlements-guarantee-feg for more information.

Annual leave

Leave days taken by employees of the Group during the period of the voluntary administration will need to be taken as leave without pay, notwithstanding that annual leave may have been approved prior to the appointment of the Voluntary Administrators.

How long will the Administrators trade the business?

At this stage, we anticipate that the process to assess rescue options may take 4-5 weeks, however it is too early to provide a definitive timeframe.

We will keep you updated as soon as there are any key developments.

What will happen at the first meeting of creditors?

The Administrators must hold a first meeting of creditors within 8 business days of appointment. The first meeting of creditors will be held on Monday, 30 July 2018.

The meeting is procedural in nature and its purpose is to confirm the Administrator's appointment and decide whether to appoint a committee of inspection.

Do I have to attend the creditors meeting?

As you are a creditor you are entitled to attend and vote at creditor meetings. However, you are not obliged to attend the meetings. If you wish to attend you may do so in person or nominate someone to attend on your behalf using a proxy form.

Your claim against the Group is not prejudiced by your attendance or absence from the meeting of creditors.

We will organise for an employee representative to attend the meeting and subsequently provide an update to employees.

Will there be any operational changes?

There may be some minor changes to operational protocols (such as the process for approval of purchase orders), however we will communicate any changes in due course.

Where do I direct any media queries?

Please do not attempt to answer any media queries yourself. Please direct all media enquiries to Ferrier Hodgson (contact details below).

If I have questions who should I call?

Please contact Ferrier Hodgson with any queries:

Hotline: (02) 9286 9873

Email: sumo.group@fh.com.au

We thank you for your assistance and will keep you updated as information becomes available.

Morgan Kelly
Administrator