

APL Kwikform Pty Ltd (Administrators Appointed) formerly trading as United Scaffolding Group

Voluntary Administrators' report
pursuant to section 239AU of the Companies Act 1993

6 May 2026



McGrathNicol

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Glossary

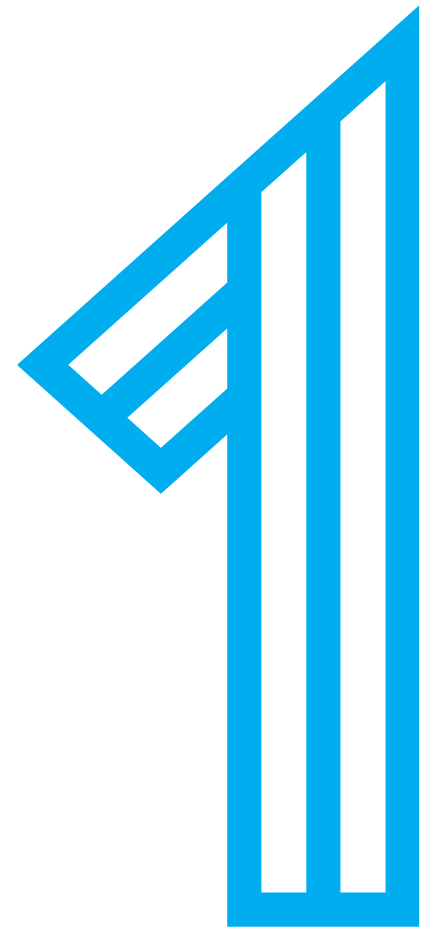
Act	Companies Act 1993 (of New Zealand)	IR	Inland Revenue
Administrators	Damien Pasfield and Kare Johnstone of McGrathNicol	m	Millions
Appointment Date	7 April 2026	NZ	New Zealand
Company/ APL Kwikform	APL Kwikform Pty Limited (Administrators Appointed)	NZCN	New Zealand Company Number
Directors	Directors of the Company, being Simon Humphrey and Michael Els	Purchaser	United Scaffolding Group Limited (formerly NZS Group A8 Limited)
DOCA	Deed of Company Arrangement	PMSI	Purchase Money Security Interest
First Creditors' Meeting	Creditors' meeting held on 17 April 2026, pursuant to section 239AN of the Act	PPSR	Personal Properties Securities Register
FYXX	Financial year ended 20XX	Watershed Meeting	The second creditors' meeting pursuant to section 239AT of the Act to be held at the office of Buddle Findlay on 13 May 2026 at 11:00am NZST
GST	Goods and Services Tax	WBS	WACO Business Services Pty Ltd

Disclaimer

Disclaimer

- The purpose of this report is to provide information to the creditors in accordance with section 239AU of the Act.
- This report has been prepared based on the information known to the Administrators at the date of this report.
- We reserve the right (but will be under no obligation) to review this report and, if we consider it necessary, to revise the report in the light of any information existing at the date of this report that becomes known to us after that date.
- We have not independently verified the accuracy of information provided to us, nor have we conducted an audit in respect of the Company. We express no opinion on the reliability, accuracy, or completeness of information provided to us and upon which we have relied.
- The Administrators do not accept responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction, or use of this report.

Key overview



1. Key overview

This section provides creditors with answers to key questions they may have in relation to the administration, the Administrators' findings and summarises other information in this report.

Questions	Answers
What is the purpose of this report?	<p>This report provides creditors with details of the business and financial circumstances of the Company in preparation for the Watershed Meeting.</p> <p>This report also informs creditors about the investigations undertaken by the Administrators, and the Administrators' opinion and recommendation on each of the options available to creditors to vote on at the Watershed Meeting.</p>
What is the Watershed Meeting?	<p>The purpose of the Watershed Meeting is for creditors to decide on the future of the Company.</p> <p>The options available for creditors to vote on are whether the administration should end and the Company returned to the control of the directors, a Deed of Company Arrangement (DOCA) should be executed or the Company be placed into liquidation. The Administrators note that, as at the date of this report, no DOCA has been proposed.</p>
Where and when is the Watershed Meeting?	<p>The Watershed Meeting will be held on 13 May 2026 at the offices of Buddle Findlay, Level 18, HSBC Tower, 188 Quay Street, Auckland at 11.00 am NZST and remotely via Teams.</p> <p>Observers are able to attend the meeting, however will not be entitled to participate, either by voting or by asking questions.</p>
What is APL Kwikform Pty Limited?	<p>APL Kwikform Pty Limited (trading as United Scaffolding Group) provided scaffolding and formwork to the residential, commercial and industrial sectors for hire operating from seven branches in both the North and South Islands.</p>
What is the status of the Company	<p>On 7 April 2026, Damien Pasfield and Kare Johnstone of McGrathNicol were appointed as Administrators of the Company. This means that the Company is in voluntary administration, which is a type of formal insolvency appointment. On 17 April 2026, the business and assets of APL Kwikform Pty Limited were sold to NZS Group A8 Limited now United Scaffolding Group Limited.</p>
Who controls the Company now?	<p>The Administrators remain in control of the Company whilst the business operations are being transitioned to the new owner.</p>

Questions	Answers
What were the key events leading to the appointment of administrators?	<p>The directors have advised that they first became aware of the financial difficulties of the Company in November 2025 when the revised quarterly forecasts were submitted. The Directors attribute the downturn in trading on the poor state of the construction industry in New Zealand, which reflected the general decline in the New Zealand economy. APL Kwikform was part of the larger Waco Kwikform Group (refer structure diagram page 15). The Company relied on funding from its parent Waco Kwikform Ltd, which in turn held Letters of Funding Support from Waco International Holding (Pty) Ltd. These letters of support were withdrawn on 1 April 2026, which resulted in the Directors appointing Voluntary Administrators on 7 April 2026.</p>
What actions have the Administrators taken to date?	<p>Since the Appointment Date, the Administrators have:</p> <ul style="list-style-type: none"> ■ taken control of business operations; ■ liaised with employees and creditors by responding to various queries regarding the administration; ■ met statutory obligations, including preparing reports for, and convening, meetings of creditors; ■ held the first creditors' meeting; ■ applied to Court for, and obtained an extension to the period in which employment contracts must be terminated; ■ concluded the business and asset sale; and ■ conducted an investigations into the affairs of the Company.
Why do the Directors of the Company believe they became insolvent?	<p>APL Kwikform had a letter of support from its parent Waco Kwikform Ltd, and support was provided to fund the Company's cashflow. Waco Kwikform Ltd in turn held a Letters of Support from Waco International Holdings (Pty) Ltd. When financial support could no longer be provided, the Company could not meet its future commitments and accordingly the Board resolved to appoint administrators.</p>
Why do the Administrators believe the Company became insolvent?	<p>Based on the information available, the Administrators agree with the Directors' assessment of the cause of the Company's insolvency.</p>

1. Key overview (continued)

Questions	Answers
What was the date of insolvency?	<p>The Administrators' preliminary investigations indicate that the Company became insolvent when it became apparent further funding would not be available for the business.</p> <p>The directors had been actively trying to sell the business up to this point, and had obtained, and acted upon professional advice in the period leading up to the appointment of administrators.</p> <p>Additional investigations by a liquidator, if appointed, will consider further the date that the Company became insolvent.</p>
What claims have the Administrators identified that may be available to a liquidator?	<p>Potential claims available to a liquidator include (among others) insolvent trading, voidable transactions and breach of directors' duties.</p> <p>Whilst the Administrators have considered the underlying causes of the Company failure, investigations into any potential claims arising from the failure of the Company will be conducted by a liquidator. Section 7 of this report outlines the nature of investigations to be conducted by a liquidator.</p>
Has a DOCA been proposed?	<p>At the date of this report, no DOCA has been proposed. The Administrators have realised the Company's assets and business and all staff have been terminated and trading operations handed to the new owner.</p>
Will employees and other preferential creditors be paid?	<p>The Administrators expect realisations from debtors and inventory balances (net of related costs) to be sufficient to enable preferential creditors, such as employees and Inland Revenue, to be paid in full.</p>

Questions	Answers
Will the Secured Lenders be repaid its debt?	<p>Secured creditors rank ahead of unsecured creditors. The Administrators are currently assessing the claims of those creditors who have registered securities on the PPSR.</p>
Will unsecured creditors be paid a dividend?	<p>This is unknown at this time, and depends on asset realisations and the quantum of claims received from unsecured creditors, including intercompany claims.</p>
What do the Administrators recommend creditors vote for at the Watershed Meeting and why?	<p>In the absence of a DOCA proposal, and with the Company being insolvent, the Administrators recommend that creditors vote for the Company to be placed in liquidation as there are no other viable options at this time.</p>
As a creditor, what do I need to do?	<p>You are not required to do anything. But if you are a creditor you are entitled to vote at the Watershed Meeting, either by postal vote, attending in person or by appointing a proxy.</p>

Introduction



2. Introduction

2.1 Overview

This section provides information on the objectives of the administration, the purpose of this report, meetings of creditors and the Administrators' relevant relationships.

Appointment of Administrators

- Damien Pasfield and Kare Johnstone of McGrathNicol were appointed joint and several administrators of APL Kwikform Pty Ltd on 7 April 2026 by a resolution of the Company's directors.
- Damien Pasfield and Kare Johnstone (**Administrators**) are Licensed Insolvency Practitioners pursuant to the Insolvency Practitioners Regulation Act 2019. You may obtain more information regarding the regulation of insolvency practitioners from the Registrar of Companies.
- Kare Johnstone is a member of the Restructuring Insolvency and Turnaround Association of New Zealand (RITANZ) and accordingly is bound by the RITANZ Code of Professional Conduct, a copy of which can be located on RITANZ's website (www.ritanz.org.nz).

Objective of a 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 interests, informing the creditors prior to voting at the Watershed Meeting (refer Section 8).

First creditors' meeting

- Section 239AN of the Act requires an administrator to convene a first creditors' meeting within eight business days of being appointed.
- The first creditors' meeting for the Company was held on 17 April 2026, with no nominations received to appoint an alternative administrator.
- Creditors resolved at the meeting to appoint a Creditors' Committee to the Company, however no nominations were received for committee members and accordingly no creditors committee was formed.

Convening period

- Section 239AT of the Act requires that the Administrators convene the Watershed Meeting within the convening period, being 20 business days of being appointed. The Watershed Meeting has been convened for 13 May 2026.
- Attached is a notice convening the Watershed Meeting of the Company.
- If the Administrators receive a DOCA proposal, or sufficient certainty that a DOCA proposal could be presented, prior to the Watershed Meeting, then the Administrators are, under section 239AZ of the Act, able to adjourn the Watershed Meeting for a period of not more than 30 working days to enable time for consideration of a DOCA proposal. The Administrators would require agreement of the majority of creditors attending the meeting that are able to vote to adjourn the meeting.
- A DOCA has not been submitted to the Administrators for consideration at the time of writing this report. As the business and assets of the Company have been sold, the Administrators do not expect to receive a DOCA proposal.

2. Introduction

2.2 Watershed meeting and this report

The Watershed Meeting for the Company is to be held at the offices of Buddle Findlay, Level 18, HSBC Tower, 188 Quay Street, Auckland at 11:00am NZST on 13 May 2026. Creditors will be also able attend the meeting remotely through Teams.

Watershed Meeting

- The Watershed Meeting for the Company is to be held at the offices of Buddle Findlay, Level 18, HSBC Tower, 188 Quay Street, Auckland at **11:00am NZST on 13 May 2026 and remotely via Teams**. If you wish to attend the meeting remotely, please email vcastilho@mcgrathnicol.co.nz to receive a Teams invite.
- A copy of the notice of meeting is attached to this report.
- The purpose of the Watershed Meeting is for creditors to resolve what option to take in relation to the future of the Company under administration. The options available (under section 239AU of the Act) are whether:
 - the Company should execute a DOCA;
 - the administration should end and be returned to its director(s); or
 - the company should be placed in liquidation.
- In respect of these options, given the Company is insolvent, the business and assets have been sold, and no DOCA has been proposed, the Administrators' opinion is that, the only option is for the Company to be placed in liquidation.
- As previously noted, if the Administrators receive a DOCA proposal, or sufficient certainty that a DOCA proposal could be presented, prior to the Watershed Meeting, then the Administrators are, under section 239AZ of the Act, able to adjourn the Watershed Meeting for a period of not more than 30 working days to enable time for consideration of a DOCA proposal.

Purpose of this report

- Section 239AU of the Act requires the Administrators to provide a report (**Report**) to all creditors ahead of the Watershed Meeting, containing:
 - details about the business, property, affairs and financial circumstances of the Company 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.
- The Report has been prepared in respect of the Company and informs creditors about the investigations undertaken by the Administrators to date.

Context of the Report

- In reviewing the Report, creditors should note the following:
 - References to the Company are to APL Kwikform Pty Limited (Administrators Appointed).
 - The Report and the statements herein are based on our investigations to date. Any additional material issues identified subsequent to this Report may be the subject of a further written report and/or tabled at the Watershed Meeting.
 - The investigations of the Administrators into the Company' affairs have been limited to the financial status of the Company. It is clear from management accounts provided to the Administrators and information provided by the Directors that the Company is insolvent.
 - The statements and opinions given in the Report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information that may be provided to us between the date of this Report and the date of the Watershed Meeting.
 - In considering the options available to creditors and formulating our recommendation, the Administrators have relied upon management accounts and representations from the Directors.
 - Amounts in this report are in New Zealand dollars, unless otherwise stated and may not sum exactly due to rounding.

2. Voluntary Administrators' Interests Statement

2.3 Declaration of independence, relevant relationships and indemnities

Declaration of independence, relevant relationships and indemnities

- The Administrators tabled the declaration of independence dated 10 April 2026 at the First Creditors' Meeting (**10 April 2026 Declaration**).
- Subsequent to the 10 April 2026 Declaration being tabled, the directors of Waco Business Services Pty Limited (**WBS**) resolved to appoint Damien Pasfield, Melissa Smith and Jason Preston as Joint and Several Administrators of WBS, which is a related entity of the Company.
- The Administrators confirm that there have been no circumstances, relationships, or other facts that could create, or reasonably be perceived as creating, a conflict of interest for the Administrators in relation to their independence, including anything that would have disqualified them from appointment, arising since the 10 April 2026 Declaration that should be disclosed.

Damien Pasfield
Administrator

Kare Johnstone
Administrator

Background information



3. Background information

APL's background, ownership structure and status of the business sale is set out below and on the following page.

Overview


- APL Kwikform Pty Ltd (trading as United Scaffolding Group) is an amalgamation of Auckland Propping Limited in the North Island and United Scaffolding Limited in the South Island.
- Both companies were established in the 1970s and were acquired by APL Kwikform in 2014.
- APL Kwikform was incorporated in Australia on 14 March 1988 and was registered on the overseas company register in New Zealand on 30 March 2005.
- APL Kwikform is a member of the wider Waco International Holdings Proprietary Limited group. A company structure diagram is set out on the following page.
- A number of entities within the group based in Australia and New Zealand (**Waco Australasia**) were placed into administration at the same time as the Company.
- Waco Australasia is a major provider of scaffolding, formwork and shoring solutions. Services include civil, commercial, residential, industrial and infrastructure construction projects across both Australia and New Zealand.
- Waco Australasia trades under several well-known banners, including;
 - Wako Kwikform and Star Scaffold in Australia; and
 - United Scaffolding Group in New Zealand.
- Revenue is derived from a mix of project-based works, long-term hire arrangements, labour supply and maintenance contracts.
- Waco Australasia employs more than 650 employees across its Australian and New Zealand operations, with APL Kwikform employing 110 full time staff, supplemented by 30 – 50 casual staff as demand requires.
- On 7 April 2026 Waco Australia directors appointed Damien Pasfield, Jason Preston and Melissa Smith of McGrathNicol Australia as Joint and Several Voluntary Administrators of the Waco Group entities in Australia, and the APL Kwikform directors appointed Damien Pasfield and Kare Johnstone as Joint and Several Voluntary Administrators of APL Kwikform Pty Limited.

Sales process

- Prior to our appointment, management had been conducting multiple concurrent sales processes for the different business units within Waco Australasia.
- The sale of APL Kwikform was well progressed at the time the Administrators were appointed.
- Following our appointment, we engaged with the Purchaser to finalise the sale of the business and assets. The sale of the business concluded on 17 April 2026.
- The Purchaser will conduct operations from all former Company premises with the exception of the Auckland and Wellington sites.
- The majority of the Company's staff have been offered employment with the Purchaser.
- The Administrators have entered into a Transitional Sales Agreement to allow the Purchaser time to establish new trading accounts with suppliers.
- The business will continue to be traded under the administration to 15 May 2026 when the Purchaser will take full control of operations.
- The sale of the business is an extremely positive outcome for all stakeholders, which has enabled the business to continue in existence and resulting in the majority of staff being offered employment by the Purchaser.


Source: Management accounts.

Legend


 Entity subject to VA appointment


 Entity not subject to VA appointment

 NZ entity subject to VA

 Administrators Melissa Smith, Jason Preston and Damien Pasfield appointed on 15 April 2026

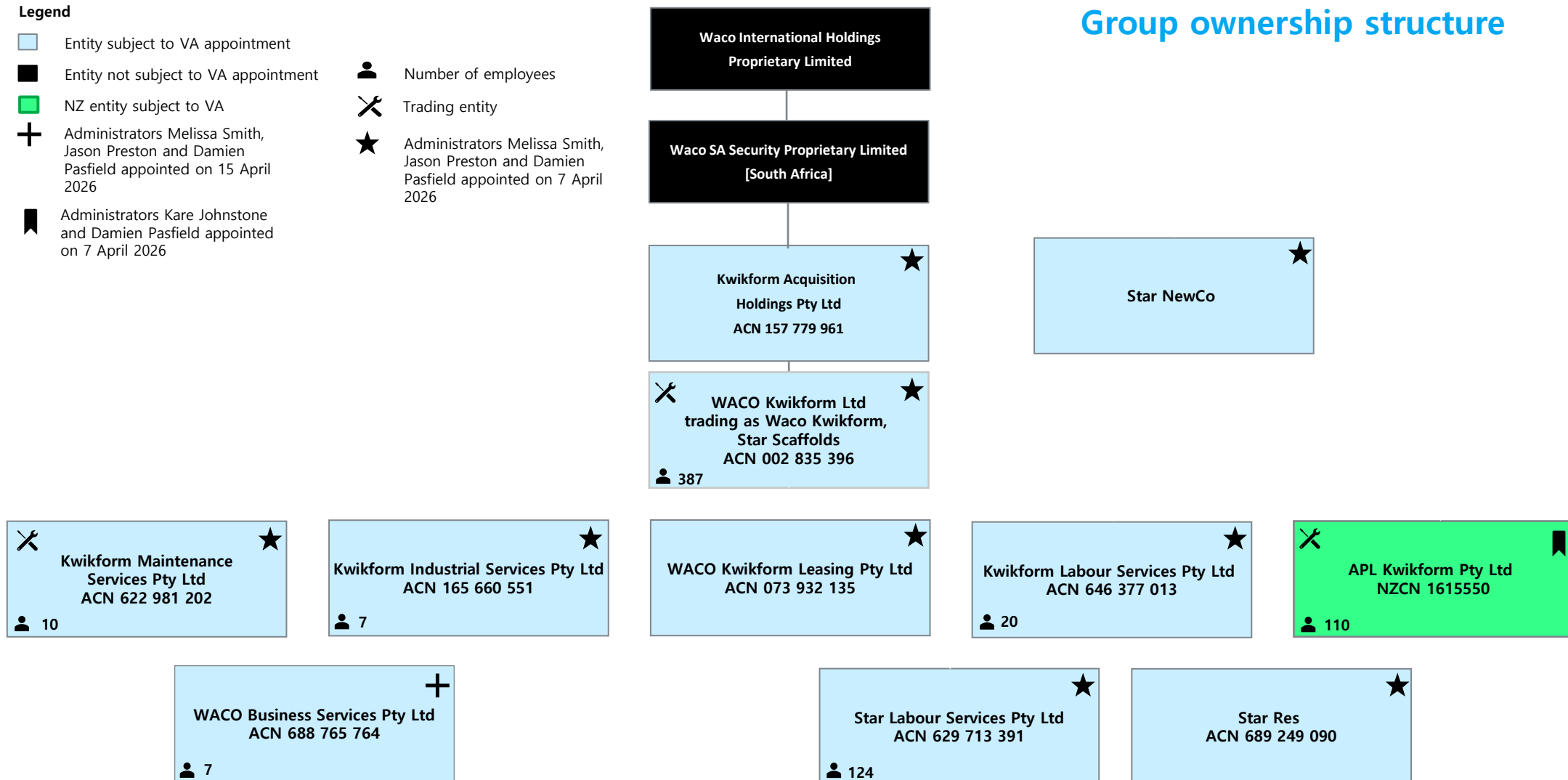
 Administrators Kare Johnstone and Damien Pasfield appointed on 7 April 2026

 Number of employees

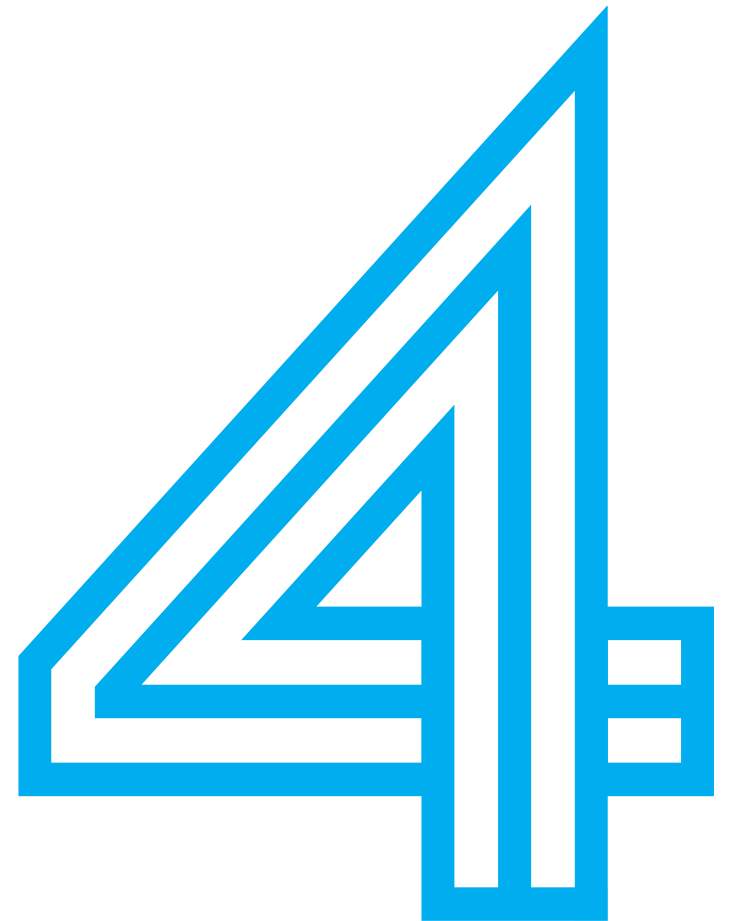
 Trading entity

 Administrators Melissa Smith, Jason Preston and Damien Pasfield appointed on 7 April 2026

Group ownership structure



Company financial information



4. Company financial information

4.1 Balance sheet

A summary of the Company's balance sheet at March 2026 is set out below. The management account values have been adjusted to reflect realisable values, reflecting that the Company is balance sheet insolvent.

Overview

- The directors have provided the Administrators with a statement of financial position as required under the Act, which will be tabled at the Watershed Meeting.
- The table opposite sets out the statement of financial position of the Company, based on the Company's books and records, adjusted to reflect a current estimate of the realisable value of the assets of the Company.
- The Company is balance sheet insolvent, with the financial position of the Company being a deficit of \$13.9m.

APL Kwikform Pty Ltd	Mar-26
Assets	\$
Cash	369,284
Accounts Receivable	2,432,943
Sundry Receivables	72,843
Total Current Assets	2,875,070
Fixed Assets	28,523
Equipment held for hire	2,402,952
Total Non-Current Assets	2,431,475
Total Assets	5,306,545
Liabilities	
Accounts Payable	560,868
Employee entitlements	532,602
IRD debt	496,641
Total Current Liabilities	1,590,111
Long Term Debt - Intercompany	17,707,283
Total Non-Current Liabilities	17,707,283
Total Liabilities	19,297,394
Net Assets/ (Liabilities)	(13,990,849)

Source: Company records and Directors Statement of Position

4. Company financial information

4.2 Secured creditors

This section summarises the creditors registered on the PPSR at 7 April 2026, being the date of the administration..

Security interests

- A search of the PPSR as at the date of the appointment of the Administrators showed 25 parties as having security interests registered against the Company, as summarised in the table adjacent.
- A total of seven registrations have been removed since the appointment of the Administrators.
- Subsequent to the sale of the business and assets, the Administrators have been working with the Purchaser to assign a number of leases secured by PPSR registrations to the Purchaser.
- The Administrators are currently working to return items subject to valid security not required by the Purchaser.

Registered security interests as at 7 April 2026

Secured party	Collateral
BOC LIMITED	Goods - Other
CARTERS BUILDING SUPPLIES LIMITED	All Present and After Acquired Personal Property
CENTRAL FORKLIFT GROUP LTD	Goods - Motor Vehicles
STEEL & TUBE HOLDINGS LTD	All Present and After Acquired Personal Property
CROWN EQUIPMENT LIMITED	Goods - Motor Vehicles (12 registrations)
DAYLE TIMBER LTD	Goods - Other
DYNATON LIMITED	All Present and After Acquired Personal Property
EASY ACCESS COMPANY (1999) LTD	All Present and After Acquired Personal Property
ELGAS LIMITED	All Present and After Acquired Personal Property
FLETCHER STEEL LIMITED	All Present and After Acquired Personal Property
HILTI NEW ZEALAND LIMITED	All Present and After Acquired Personal Property
KARCHER LIMITED	Goods - Other
LAYHER LTD	Goods - Other
MACREADY BUILDING SUPPLIES LTD	All Present and After Acquired Personal Property
NEW ZEALAND WOOD PRODUCTS LTD	Goods - Other
NZGT (FP) TRUSTEE LIMITED	Goods - Motor Vehicles (14 registrations)
PORTACOM NEW ZEALAND LIMITED	All Present and After Acquired Personal Property
R & S TRADE GROUP LIMITED	Goods - Other
REMARKABLE LABOUR LIMITED	All Present and After Acquired Personal Property
SAFESMART ACCESS LTD	All Present and After Acquired Personal Property
TELFER ELECTRICAL OTAGO LIMITED	All Present and After Acquired Personal Property
TOYOTA FINANCE NEW ZEALAND LIMITED	Goods - Motor Vehicles (27 registrations)
TR GROUP LIMITED	All Present and After Acquired Personal Property, Goods - Motor Vehicles (6 registrations)
WOODMART LIMITED	Goods - Other
COMPOSITE FLOOR DECKS LIMITED	All Present and After Acquired Personal Property

Source: Personal Properties Security Register

4. Company financial information

4.3 Preferential and unsecured creditors

This section summarises the preferential and unsecured creditors of the Company.

Preferential creditors

- Preferential creditors at the date of appointment comprised unpaid taxes and employee entitlements, totalling \$1.0m, as summarised in the adjacent table.

Unsecured creditors

- Unsecured creditors totalled \$18.3m at the date of appointment as summarised in the adjacent table.
- A formal claim adjudication process is performed by a liquidator, if appointed, should there be sufficient recoveries to enable a distribution to be paid to unsecured creditors.
- Based on the outcome of the sale process, and current debtors collections received to date, the Administrators expect there to be funds available from the administration to enable a distribution to be made to unsecured creditors in the event the Company is placed in liquidation.
- However, until all creditor claims are received and assessed it is difficult to determine the quantum of any distribution.

Preferential Creditors at date of appointment	
	\$'000
Preferential creditors	
IRD	497
Employees	533
Total preferential creditors	1,030

Source: Company and IRD records

Unsecured Creditors at date of appointment	
	\$'000
Unsecured creditors	
Trade creditors	560
Intercompany	17,707
Total unsecured creditors	18,267

Source: Company records

Events leading to appointment



5. Events leading to appointment

5.1 Overview

This section of the Report provides an overview of the circumstances that led the Board to appoint administrators. The withdrawal of parent company support, which was required to fund ongoing trading operations, led to the Directors resolving to appoint voluntary administrators.

Directors' opinion as to reasons for failure and statement of Company position

- The Directors have advised that they became aware of the extent of trading difficulties with the submission of revised quarterly forecasts in November 2025.
- The Company had suffered a decline in revenue resulting in trading losses due to the general downturn in the construction industry in New Zealand.
- As a result of incurring trading losses, the ability for the Company to continue to trade was dependent on continuing support from related companies.
- On 15 July 2025, a Letter of Comfort was provided by Kwikform Acquisition Holdings Pty Limited and Waco Kwikform Limited to meet the Company's short term trading obligations.
- The Letter of Comfort was drawn in the period November 2025 to March 2026 as funds were required from external sources to support trading operations.
- The Letter of Comfort was withdrawn on 1 April 2026, and the Company was no longer able to fund trading operations.
- As a result, the Directors resolved to appoint Voluntary Administrators on 7 April 2026.

Administrators' opinion as to reasons of failure

- Based on the Administrators review of the Company's financial information, the Administrators accept the Directors' assessment of the cause of the Company's insolvency.
- The Company was reliant on intercompany funding and when this was no longer available, the Company could not continue to meet obligations as they fell due.
- We note that:
 - the business was extremely capital intensive with a high fixed cost structure; and
 - inventory was underutilised as sales were in decline.

Administrators' actions to date



6. Administrators' actions to date

This section of the Report provides creditors with an overview of the key activities undertaken by the Administrators and their staff since the Appointment Date. In addition to stabilising the business and completing the sale of the Company's business and assets, the Administrators focus has been on meeting our statutory and general obligations, including attending to creditor queries.

Statutory and general obligations

- The Administrators initial focus has been to stabilise the business pending completion of the sale of the Company's business and assets.
- In addition, the Administrators have focused on performing key statutory requirements including:
 - Notifying trading banks of the appointment.
 - Attending to the Administrators' statutory duties including informing IR and various other statutory authorities of our appointment.
 - Holding meetings with the appointed Administrators of the group companies to understand the background, and operating structure of the Company.
 - Issuing requests to the Directors to complete a Statement of the Company's financial position as at 7 April 2026.
 - Liasing with the following key stakeholders, including issuing circulars and being available to answer queries regarding claims of:
 - > employees;
 - > Inland Revenue; and
 - > unsecured trade creditors.
 - Assessing employee entitlements.
 - Reviewing secured creditor claims.
 - Liasing with management/staff regarding the Company's assets.
 - Meeting statutory obligations, including preparing reports for, and convening and Chairing the First Meeting of creditors.
 - Preserving Company financial information.
 - Preparing a cashflow forecast and monitoring ongoing cash requirements for the administration period.
 - Establishing financial control processes for payroll and payment processing.
 - Liasing with the bank in relation to funds held and organising bank sweeps of funds held.

- Liasing with suppliers to establish new accounts and securing ongoing supply of services.
- Liasing with landlords.
- Assessing insurance requirements.
- Conducting an investigation into the affairs of the Company.
- Preparing the Administrators' Report pursuant to section 239AU of the Act, including:
 - > Undertaking an investigation into the affairs of the Company in order to make a recommendation to creditors;
 - > providing an opinion as to which of the three options is in the best interests of creditors; and
 - > convening the Watershed Meeting.
- Attending to queries from creditors and employees.
- Other general matters and statutory requirements.

Business sale completion

- The Administrators continued with sales negotiations that had commenced prior to the appointment of Administrators and negotiated with the preferred bidder. Final terms were agreed and the sale of the business and assets completed on 17 April 2026.
- Following the completion of the sale, the Administrators have assisted the Purchaser during the business transition period by continuing to employ staff, transferring asset leases and engaging with suppliers pending new Purchaser trading accounts being established.

Surplus asset realisation

- Additional stock and fixed asset sales have been negotiated and sold to the Purchaser outside of the sale of the business and assets..
- The Administrators have engaged auction agents to realise the residual stock not being sold or transferred as part of the business sale.

Investigations



7. Investigations

This section of the Report informs creditors about identified actions that may be available to a liquidator to pursue for the benefit of creditors.

Overview

- In order to focus on completing the sales process that had commenced prior to the appointment of administrators and enabling the transition of the business to proceed uninterrupted, the Administrators have conducted a limited review of the causes of the insolvency of the Company and the financial position of the Company.
- It is the role of the liquidator to identify whether there are any potential recoveries or actions available in a liquidation, or to identify any transactions that occurred prior to the liquidation (and administration) that may be voidable.
- Investigations into the financial position of the Company assists the Administrators to form an opinion on each of the three possible options available to creditors to vote at the Watershed Meeting, including an opinion as to which of the three options is in the best interests of creditors.
- The Administrators provide their recommendation as to the best course of action for creditors in section 8 of this report.
- Set out below is a summary of potential areas that may be available for a liquidator to investigate, should one be appointed to the Company.

Adequacy of books and records

- Pursuant to section 194 of the Act, the Board of a Company is required to ensure that accounting records are maintained that correctly record and explain the Company's transactions, financial position and performance, that would enable financial statements to be prepared and audited.
- If the board fails to maintain books and records in accordance with section 194 of the Act, each director commits an offence and is liable on conviction to a penalty not exceeding \$50,000 pursuant to section 374(3) of the Act.

Determining the date of insolvency

- An insolvent Company is one that is unable to pay its debts when they fall due for payment, or is one where its liabilities exceed its assets. It is important to understand the timing of insolvency, because it can provide opportunities for a liquidator to identify potential claims against parties that would not otherwise be available if the Company was solvent and not in liquidation.
- On 6 April 2026, the Directors resolved that, in their opinion, the Company was, or might become, insolvent and responded by appointing the Administrators. This is therefore the latest date, at this time, that we could determine that the Company became insolvent.

Cash flow solvency

- We are advised that leading up to the month preceding the appointment of the Administrators, creditors were generally paid as they fell due; however, the Company had entered into a debt repayment plan with the IRD. The Company required external funding for ongoing trading. As soon as it became apparent that external group funding was no longer available the Directors resolved to appoint Administrators.

Balance sheet solvency

- The balance sheet test specifies that a person or Company is insolvent if its total liabilities (including contingent liabilities) exceed the value of its total assets; i.e. there are insufficient assets to discharge its liabilities at a point in time.
- Summarised in section 4 is the Company's statement of financial position, as recorded in its management accounts as at March 2026 and as adjusted by the directors to estimate the realisable value of assets.
- As highlighted in section 4, the Company is balance sheet insolvent with a net deficit of \$13.9m. However, prior to the appointment of the Voluntary Administrators, the Company was able to continue to trade with the assistance of parent company funding.
- In the event that the Company is placed in liquidation, further analysis would be performed by the appointed liquidator in order to assess the date at which the Company became balance sheet insolvent.

7. Investigations

The Administrators' investigation to date, indicates that the Company may have become insolvent on the withdrawal of Letters of Support from related parties, at which point it was recognised that future payments to creditors could not be met.

Administrators' initial conclusions regarding solvency

- Solvency is a question of fact to be ascertained from a consideration of a Company's financial position as a whole.
- The Administrators' investigation to date, indicates that, up until the month prior to the date the Administrators were appointed, the Company was meeting liabilities as they fell due, albeit this was only possible due to funding provided by the parent Company.

Voidable transactions

- In the event that the Company is placed in liquidation, certain transactions that occurred prior to appointment where property of the Company was disposed of or dealt with, may be recovered by a liquidator. These are known as voidable transactions and include:
 - preferential payments, i.e. insolvent transactions;
 - transactions at an undervalue;
 - unreasonable director-related transactions;
 - creation of a charge over any property; and
 - transactions for the purpose of defeating creditors.
- For the purposes of voidable transactions, the "restricted period", being the relevant time period in which transactions may be deemed to be voidable transactions under the Act, is generally six months before the date a Company is put in liquidation (or the date an application is filed to place the Company in liquidation). For related parties however the relevant period extends to 24 months.

Voidable transactions (continued)

- There are a number of statutory defences available under the Act to counterparties of voidable transactions. Specifically, section 296(3) of the Act provides that a court must not order repayment by a party who proves that, when it received the payment:
 - it acted in good faith; and
 - there were no reasonable grounds to suspect, and it did not suspect, that the Company was, or would become, insolvent; and
 - it either gave value for the payment or altered its position in the reasonably held belief that the payment was validly made and would not be set aside.
- The Administrators are not aware of any creditors who suspected that the Company was insolvent at the time payments were received by creditors.
- As voidable transactions can only be pursued by a liquidator, further investigations would be required by the appointed liquidator, if any, to determine whether any voidable transaction claims exist, and whether or not they would be commercial to pursue.

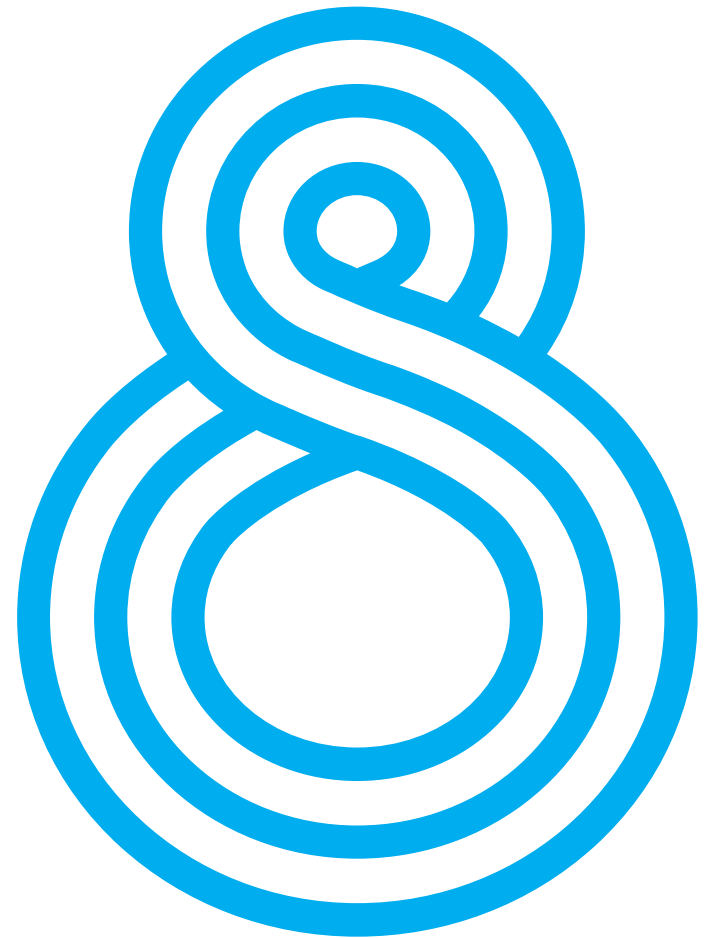
7. Investigations

The Administrators' preliminary investigations have not identified any evidence of potential breaches pursuant to the Act. In the event that liquidators are appointed to the Company, further investigations will need to be undertaken pursuant to the statutory duties liquidators have under the Act.

Directors' and officers' responsibilities

- Sections 131 to 138 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 best interests of the Company. These include duties of:
 - care, diligence and skill;
 - good faith; and
 - acting in the best interests of the Company.
- If identified, an Administrator must, as soon as practicable, report to the Registrar any misconduct of a director, officer or shareholder of the Company, pursuant to section 239AI of the Act.
- The Administrators' investigations to date, have not identified any evidence of potential breaches pursuant to the Act. In the event that liquidators are appointed to the Company, further investigations will need to be undertaken pursuant to the statutory duties liquidators have under the Act.

Options available to creditors



8. Options available to creditors

8.1 Recommended course of action: liquidation

The purpose of this section is to advise creditors of their options at the Watershed Meeting and highlight the Administrators' recommended option. In the absence of a DOCA proposal, and given that the business and assets have been sold and the Company is insolvent, the only viable option is for the Company to be placed in liquidation. If an option of a viable DOCA proposal arises prior to the Watershed Meeting, the Administrators can, with agreement of the majority of creditors attending the meeting and able to vote, adjourn the meeting for 30 working days to provide time to assess the potential DOCA and provide their recommendation to creditors.

Alternative courses of action

- The primary purpose of the Watershed Meeting is for creditors to vote on the future of the Company. The Administrators are required to provide their opinion as to whether it would be in the creditors' interests for:
 - the Company to execute a DOCA; or
 - the administration to end, with control of the Company reverting to the directors; or
 - a liquidator be appointed.
- The Administrators are of the opinion that, in the absence of a DOCA proposal, and given that the business and assets have been sold and the Company is insolvent, the creditors vote for the third option, to appoint liquidators to the Company, for the reasons set out below.

Deed of Company Arrangement (DOCA)

- A DOCA is a binding arrangement between a Company and its creditors governing how the Company's affairs will be dealt with. It aims to maximise the chances of the Company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate liquidation.
- To date, no DOCA proposal has been put forward to the Administrators for their consideration. As such, there is currently no DOCA proposal on which the Administrators can report or provide an opinion on, or on which creditors can vote. Therefore, at the date of this report this option is not available.
- The Company's business and assets have been sold and all staff have been given notice of termination of their employment. Accordingly, there is no business operations remaining in the Company.

Administration to end

- Creditors may consider ending the administration and returning control of the Company to the directors. We do not believe this to be a commercially viable option, given the business assets have been sold and the Company has insufficient funds to meet creditor liabilities and it is insolvent.
- In our opinion, it is **not** in the best interests of creditors to vote for the administration to end.

That a liquidator be appointed

- An administrator would usually recommend that creditors vote for an insolvent company to be placed in liquidation in the absence of an acceptable DOCA proposal. The liquidation of the company would involve:
 - investigations into potential insolvent trading and voidable transactions; and
 - adjudicating creditor claims and payment of funds, if any, to creditors.
- Given the Company is insolvent, the business and assets have been sold, and no DOCA has been proposed:
the Administrators recommend that creditors vote in favour of the Company being placed into liquidation.
- In the event a DOCA is proposed prior to the Watershed Meeting, the meeting may be adjourned under section 239AZ of the Act if creditors entitled to vote, vote in favour of such an adjournment.

Return to creditors

- Preferential creditors rank ahead of secured and unsecured creditors for distribution purposes against the net proceeds of realisation from pre-appointment cash at bank and accounts receivable. Given these balances were substantial as at the date of appointment of administrators we believe preferential creditors will be paid in full.
- Until the Administrators receive a final account of proceeds from collection of debtors/potential claims we cannot comment on the likely funds available for unsecured creditors.
- Accordingly, full recovery for unsecured creditors may be dependent on the any actions that may become available in the liquidation, such as voidable transactions claims or legal actions. Such claims will be investigated by the liquidator if appointed.

