ECOVIS® KGA
CHARTERED ACCOUNTANTS

28 September 2026

Association of Professional and Executive Employees
By email: omar@cns.org.nz

Report on NZ Healthcare Investments Ltd

In accordance with our letter of engagement dated 3 September 2026, we have undertaken a financial review of the 2024 and 2025 financial statements of NZ Healthcare Investments Ltd (NZH, or the Group) to assist with your pay settlement negotiations.

Our review is limited to the following:

- Review of the trading position of the Group.
- Review of the amortisation adjustments including how the intangible assets arose.

It is important to note that our review is limited to the 2024 and 2025 financial statements of the Group, we have not had access to any additional financial statements. I note that the Group reporting includes subsidiaries that provide non-human pathology services and other services that we understand are not part of your settlement negotiations.

The financial performance of the Group entities that are not involved in your settlement negotiations could have a material impact on the Group accounts and our conclusions.

As you are aware we undertook a similar review of the NZH 2023 – 2024 financial statements in May 2025. We are not aware of any material changes to the NZH business since our original report.

1. Conclusion

We conclude that the Group trading cash profit (EBITDA) as reflected in the table below for 2024 and 2025 was not only significant at some $77m for 2025 but was also some $9m greater than the prior year.

	2024 $M	2025 $M
Ebitda -Trading Cash Profit	67.87	77.13
Net Profit (Loss) - after non cash charges & tax	- 15.85	- 2.17

We have been advised that you are proposing the following wages increases for your members:

	1	1.11.26 - 30.4.27	$ 1,250,000	
	2	1 .5.27 - 31.10.27	$ 2,050,000	
	3	1.11.27- 1.5.28	$ 2,870,000	
			$ 6,170,000	

And that the annual increase will be $5,740,000 from 1 May 2028.

If NZH continues to perform at the 2025 level, then we consider that the proposed Apex wage increases are sustainable at a Group level.

We note that following our May 2025 report, NZH agreed to a cumulative 9.2% salary increase for the period 17 July 2025 to 31 October 2026 at a time when they said that they were trading at a loss. Our analysis at the time reflected a 2024 Ebitda of $67.87m some $9m less than the 2025 position.

As noted above, the Group trading profit is for the Group, and we expect that this is greater than the individual companies that are parties to your settlement negotiations.

We also note that the accounting policies include note N on provisions and in particular Onerous Contracts.
This policy states:

Present obligations arising under onerous contracts are recognised as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the contractual obligations exceed the economic benefits estimated to be received.

We have not identified any provisions in the 2024 or 2025 financial statements for onerous contracts. If the Awanui contracts were not financially sustainable then we would expect to see a provision in the accounts.

2. *The Trading Position.*

In our May 2025 report, we noted that the Group had indicated that it is trading at a loss, and that the Apex proposal is not viable or sustainable.

The following table summarises the 2024 and 2025 trading position of the Group.

NZ Healthcare Investments Limited					
Restated Profit & Loss Account					
For the period ended 31 December 2025	**2025**		**2024**		**Movement**
	$'000's		**$'000's**		**$'000's**
Trading Revenue	335,943		322,595		13,348
Investment Revenue	21		17		4
Other Revenue	3,744		3,106		638
	339,708		325,718		**13,990**
Operating Costs					
Employee benefits expense	155,093	46%	154,292	48%	801
Consumables	58,654		57,466		1,188
Operating Expenses	48,834		46,086		2,748
	262,581		257,844		**4,737**
Ebitda	**77,127**	**23%**	**67,874**	**21%**	**9,253**
Non Operating costs					
Depreciation	19,422		19,234		188
Amortisation of intangibles	33,132		34,440		- 1,308
Finance Costs	26,436		29,957		- 3,521
Total Non Operating Costs	78,990		83,631		**- 4,641**
Net Profit before net gain (loss) from Financial instruments	- 1,863		- 15,757		13,894
Loss from Financial instruments	-1070		- 5,669		4,599
Profit /(loss) before Income tax	- 2,933		- 21,426		18,493
Income tax expense (Benefit)	-766		- 5,574		4,808
Profit (loss) and total comprehensive income / (loss)	**- 2,167**		**- 15,852**		**13,685**
Ebitda	**77,127**		**67,874**		**9,253**
Less Finance Costs	26,436		29,957		- 3,521
Cash Profit	**50,691**		**37,917**		**12,774**
Non Cash charges & financial instruments	53,624		59,343		- 5,719
Income tax expense (Benefit)	- 766		- 5,574		4,808
Profit (loss) and total comprehensive income / (loss)	**- 2,167**		**- 15,852**		**13,685**

This summary indicates an increase of some $13m in trading revenue for the Group over the 2024 - 2025 period.

Unfortunately, we are not able to establish the trading revenue by individual company or by industry sector including whether it was from pathology services or other services provided by the Group.

The above summary indicates that the Group incurred operating costs of $262m in 2025 of which $155m are reflected as Employee costs. This represent 46% of the Group trading revenue.

The summary indicates that the Group derived an EBITDA (earnings before interest, taxation, depreciation, and amortisation) of 23% of the trading revenue or $77.1M and $67.9M respectively.

The summary also reflects an EBITDA return over the cost of acquiring the investments of some 13% for 2025.

This return is greater than the cost of capital or bank debt.

The above analysis indicates that the Group did trade profitably at a cashflow level (EBITDA) and generated significant trading profits (2025 $ 77m) prior to the inclusion of interest and the non-cash expenses of depreciation and amortisation (2025 $ 78.9M). The inclusion of these non operating costs creates a reported loss of $2.1m for the 2025 year. I discuss these non cash items further below.

We also refer to the consolidated statement of cashflows which reflects for the 2025 & 2024 years that the group generated net cash from operations after interest and taxes of $42m and $44m respectively.

3. *Non Operating Costs*

As noted above, the NZH financial statements include non-operating costs of $78.9m for the 2025 year.

These are made up of:

Non Operating costs - $M	**2025**	**2024**
Depreciation	19.4	19.2
Amortisation of intangibles	33.1	34.4
Finance Costs	26.4	29.9
Total Non Operating Costs	**78.9**	**83.5**

The depreciation and amortisation charges are non-cash charges that in general terms charge the cost of the certain assets against the profitability of the Group over the estimated useful life of the asset.

These charges are consistent with generally accepted accounting policies and reporting standards.
The useful life of a fixed asset is generally easier to determine than that of an intangible asset.

Note J and 15 of the consolidated notes to the 2025 accounts records the following intangibles:

NZ Healthcare Investments Limited

Note 15: Intangibles - (abbreviated)

December 2025 $'000

	Goodwill	Brands	Contracts Mgmt rights	Contract-Customers	Other	Total
Opening Cost	349,066	32,900	247	188,640	20,370	591,223
Additions					1,927	1,927
Opening Accm Amortisation	0	0	168	132,096	15,610	147,874
Current Yr Amortisation			41	30,232	2,859	33,132
Closing Accm Amortisation	0	0	209	162,328	18,469	181006
Written Down Value	349,066	32,900	38	26,312	1,901	412,144

The most significant Intangible is Goodwill; this represents the excess of the cost of acquisition over the fair value of the assets and liabilities acquired. The Group does not amortise Goodwill, but they do test for impairment which is recognised in the profit and loss account.

Where a business is considered to be not viable or not profitable it is not unusual to see a Goodwill Impairment.

There was no Goodwill impairment in 2024 or 2025.

The Intangibles also include contracts with Customers. Note 15 reflects that these cost $188M although there is no explanation as to how this cost was determined or which companies it relates to.

We expect that it may represent a value that was specifically identified as relating to the contract value in the purchase of the trading operations of the various subsidiary companies.

These costs may include contracts that do not relate to pathology services.

These contracts with customers have been amortised at $30.232M per year. This suggests that the estimated life of the contracts is some six years.

Note J states:

Customer Contract Costs represents costs including Contract Management Rights, Contract costs and Contracts with Customers that were capitalised as part of establishing the contract to provide laboratory services. The capitalised costs are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the expected life (initial Term) of the contract to which the costs relate. The estimated life and amortisation method are reviewed at the statutory reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

We note that the estimated useful life calculations are based on the initial term of the contract. This may lead to an overstatement of the amortisation cost especially if the contract is extended beyond the initial term, equally there may be an early termination clause which could also impact the impairment calculation.

4. Other Financial Statement matters

We note that there was a slight reduction of $2m in the total equity position as at 31December 2025 to $147m and that during the year there was a debt reduction of $20m, leaving a balance of $293m.

No dividends were declared in either 2024 or 2025.

Yours faithfully



C R Bish
Director
EcovisKGA Limited