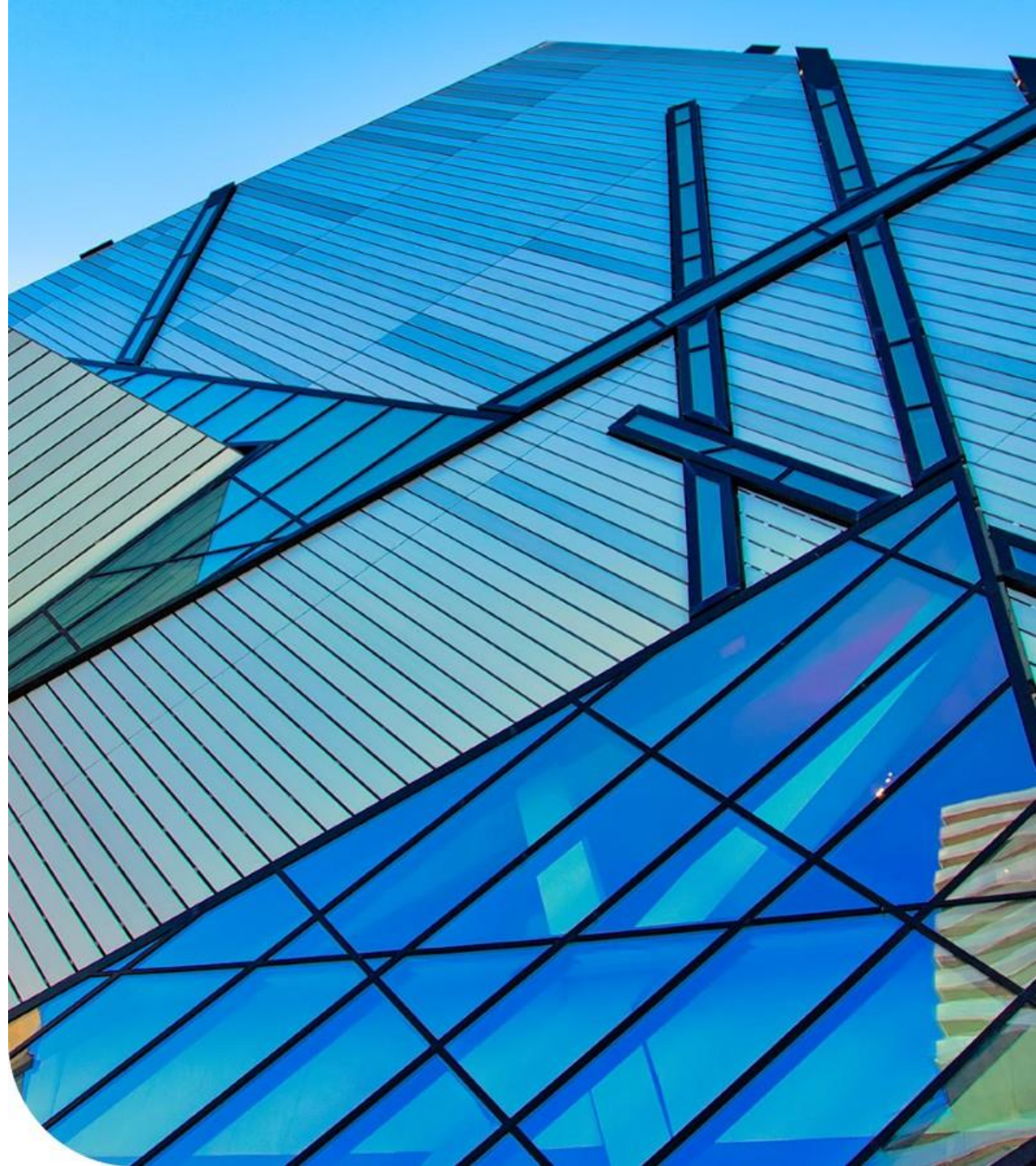


Warning Signs: What liquidators want you to know

- Presented to
Constructive 2026
- 3 September 2026



Agenda

Myth-busting and current market pressures

Key drivers of solvency issues

Minimising the fallout

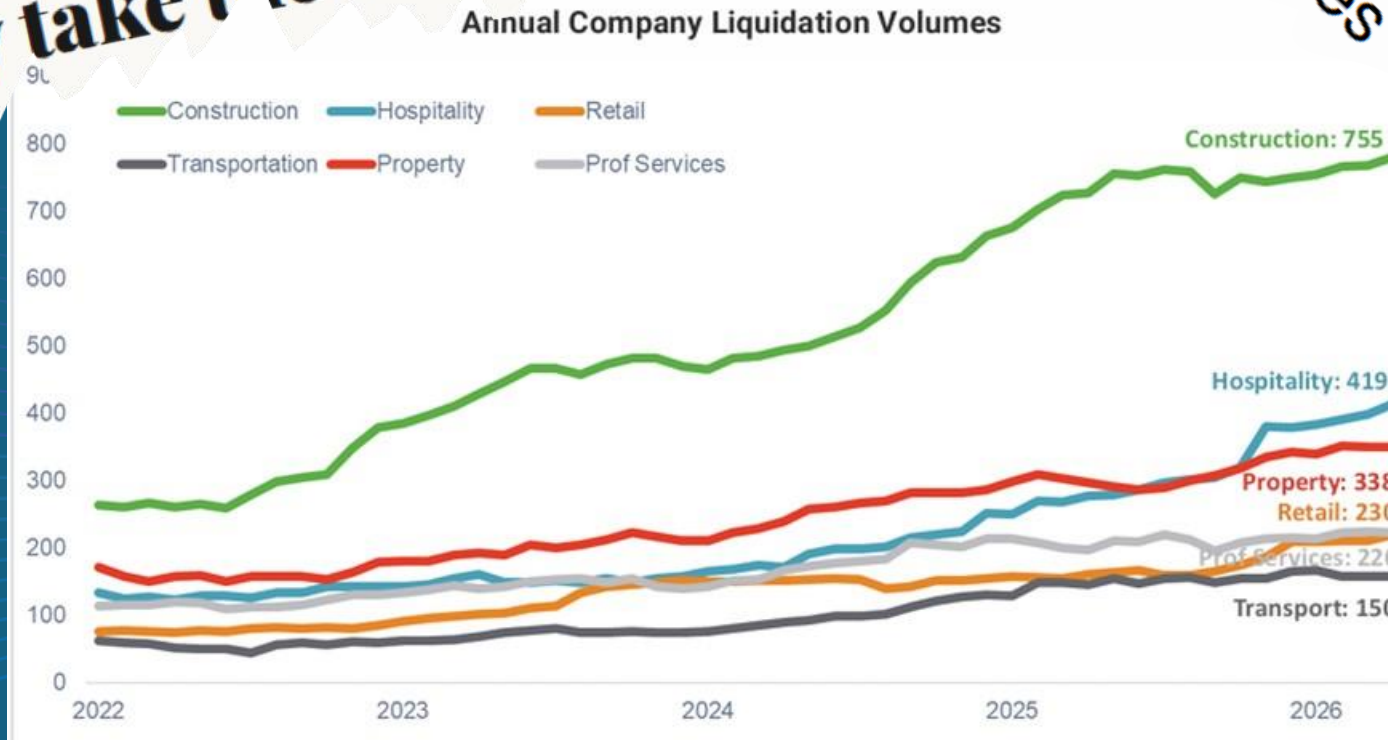
Recap

Questions?

Myth-busting – the narrative

New Zealand company liquidations climb to an 11-year high as construction and hospitality take the hardest hits

Construction sector struggles with deep "boom and bust cycle", high liquidation rates



Liquidations shoot through the roof, construction failures up 25%

Myth-busting – the reality

Recent stats on annual liquidations as a proportion of sector participants*

- Hospitality – 1.3%
- Construction – 0.9%
- Transport – 0.8%
- Retail – 0.5%
- Property – 0.3%
- Professional services – 0.2%

* Source – Centrix Credit Insights Report July 2026

Key drivers of solvency issues



01 Material turnover changes

02 Uncontrolled shifts from core business (typology / region)

03 Poor visibility of cash flow requirements

04 The race to the bottom

05 Ostrich syndrome

Minimising the fallout



01 Timing is everything

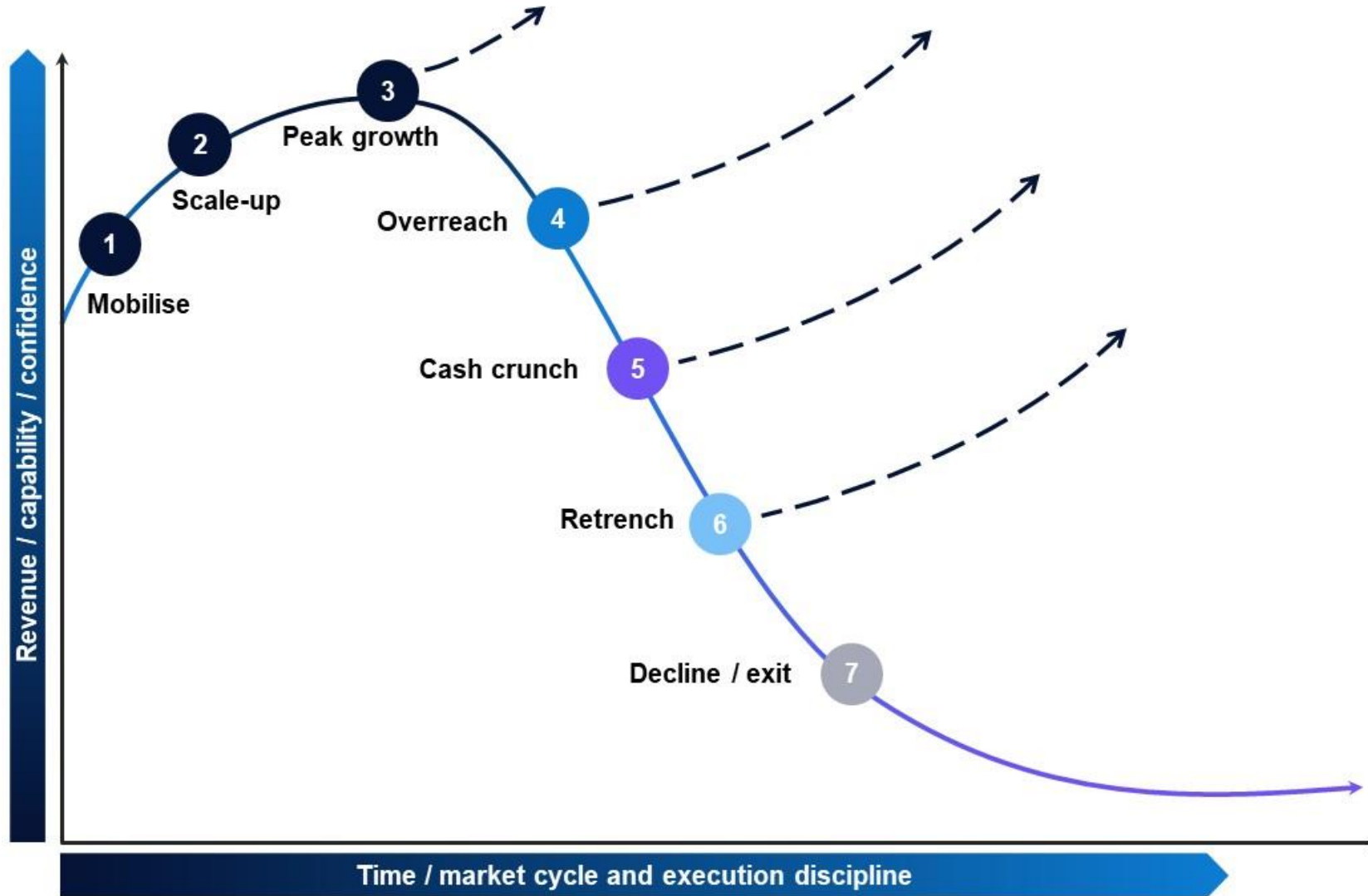
02 Impacts of insolvency

03 Insolvency demystified

04 Minimising risk

05 If insolvency occurs

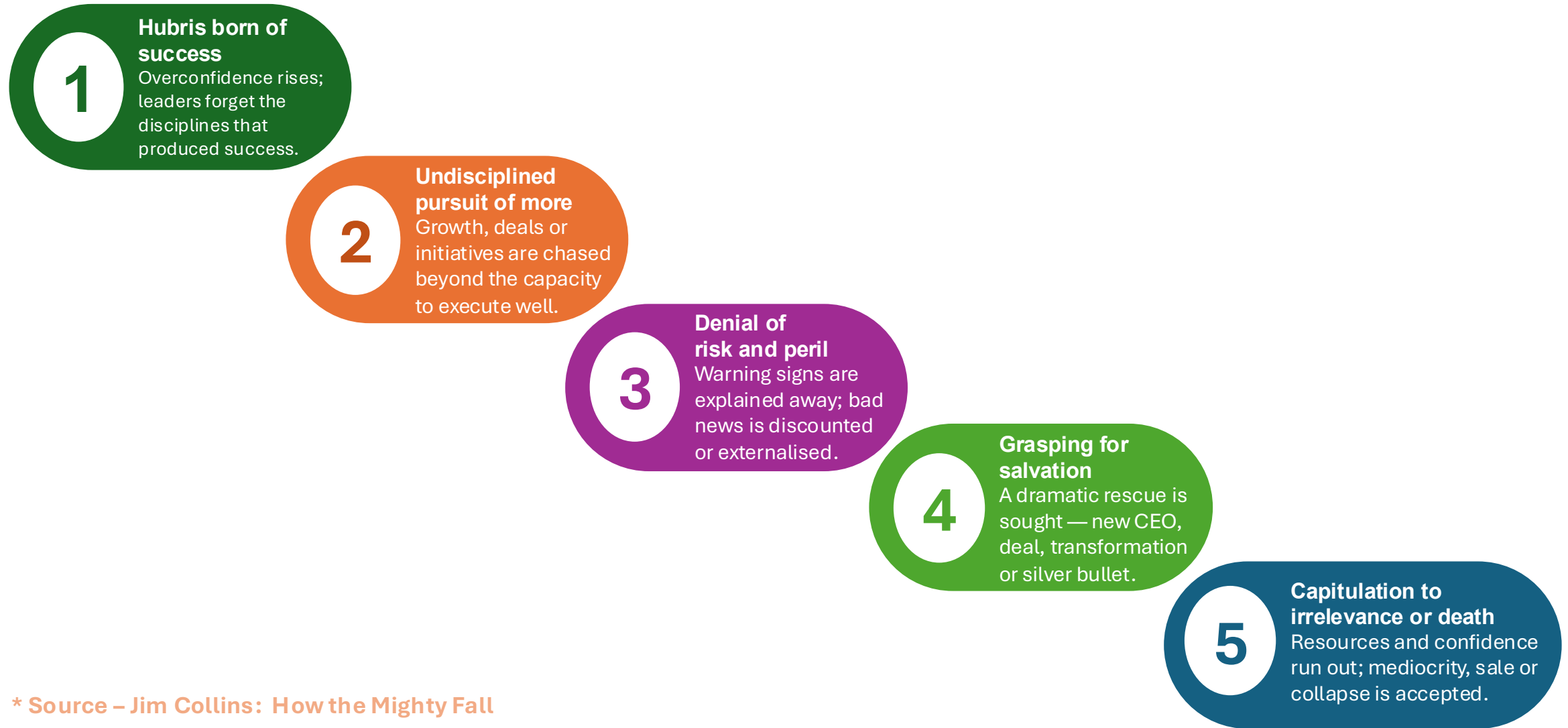
Timing is everything – the corporate demise curve



Resilience Opportunity

- 1 **High** – set up with a view to future aspirations
- 2 **High** – if agreed parameters for controlled growth
- 3 **Med-High** – Optionality to adapt and manage risk to stabilise still available
- 4 **Medium** – Quality/outcome risk increased but options remain if strong relationships
- 5 **Med-Low** – Market/financier credibility risk (quality & supply chain relationships)
- 6 **Low** – Funding facilities tighten; ability to win work impacted, staff morale / retention risk.
- 7 **Very Low** – Restructuring options unlikely, insolvency process may be only option remaining

Timing is everything – the five stages of decline



* Source – Jim Collins: How the Mighty Fall

Recap

- 1 • **Visibility of working capital requirements**
- 2 • **Realistic forecasting – contingency planning**
- 3 • **Act early and maintain strong relationships**
- 4 • **Seek independent views**
- 5 • **If insolvency occurs – look forward**

Questions?



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