

PROMISIA HEALTHCARE FULL YEAR RESULTS

Promisia Healthcare Limited (NZX: PHL) has reported its unaudited, preliminary results for the year ended 31 March 2022 (FY22), marking its first full year of operation as an aged care business, compared to five months in the previous financial year.

Income was \$21.0 million, including an increase in fair value movement of investment properties of \$0.8 million. Revenue is sourced primarily from Government funding (approximately 67%) with the remainder from private payment. There were 4 new sales and 13 resales of occupation rights agreements (ORAs) completed during the period.

Earnings excluding fair value movements (EBITDAF¹) were \$4.5 million for the period. The Group reported a net profit after tax of \$2.4 million.

At 31 March 2022, total assets were \$52.1 million, including cash and cash equivalents of \$2.4m. Debt was \$17.2 million, consistent with prior comparative period, and excludes debt associated with the acquisition of Aldwins House which occurred post-year end.

Positive progress on strategic initiatives

The company made good progress on its two primary areas of focus during the year - strengthening the operational platform of the business and the progressive opening of new beds and increasing occupancy at Aldwins House in Christchurch.

In March 2022, shareholders approved the acquisition of Aldwins House for \$13.0 million, which settled on 1 April 2022 and was funded by vendor finance and new and existing debt facilities. This purchase now means that all four of Promisia's facilities are fully owned by the company.

Aldwins House had been operating at a loss. New management, increased occupancy and the reduction in rental versus interest costs mean that it is now operating at a cashflow breakeven position. It is expected that a more positive cashflow outcome and trading profits will be realised in FY23 as occupancy increases.

Investment has been made into business infrastructure to integrate Promisia's four facilities and create a strong foundation for growth. This investment includes standardising systems across the group and investing in people and technology, particularly a new payroll and rostering system. This work is ongoing with continued investment planned in FY23.

In addition, the Ranfurly Manor Village development in Fielding has progressed well with the ten new care suites and four of the planned 32 villas now completed. The development is being undertaken on a fixed cost basis where the developer is repaid from the proceeds of each initial sale of an ORA for a new villa or care suite. Therefore, this development will not produce any significant income until the second sale of ORAs for these villas and care suites.

¹ EBITDAF is operating earnings before interest, tax, depreciation, amortisation and fair value adjustments and is a non-GAAP number.

The ongoing COVID-19 pandemic continues to impact on New Zealanders, particularly more vulnerable older people. Promisia's focus has been on staff and resident health and wellbeing and the systems and protocols put in place during 2021 have stood the company in good stead. Training, recruitment and retention of highly valued and qualified care staff remains a priority.

Chair of Promisia, Stephen Underwood, said: "The majority of our people live locally and play an essential role in creating the family environment that is such an important part of our facilities. We are incredibly proud of them and fortunate to have a team of such caring and committed people. On behalf of the Board and management, we acknowledge and thank every member of our team for their efforts and the amazing care they provide."

Following the financial year-end, in May 2022, Promisia was pleased to announce the appointment of experienced aged care executive, Stuart Bilbrough, as CEO. Stuart takes over the role from Chris Brown, who stepped down in March 2022. The Board thanks Chris for his contributions and efforts in establishing a strong operational platform for Promisia from which the company can continue to grow.

Outlook

New Zealand has an ageing population and there is increasing demand for quality care options, particularly in provincial New Zealand, that allow people to stay close to family and friends and the neighbourhoods they know and love. New facilities will need to be built to meet demand, particularly for higher needs and specialised care. These are areas which are often under-resourced in terms of aged care and are a particular focus for Promisia. In addition, increasing compliance is driving sector consolidation with smaller facilities finding it more difficult to remain viable.

In FY23, the company will continue to drive revenue through a focus on the following areas:

- Maximise occupancy at Aldwins House
- Broaden the revenue mix through the sale of retirement villas and increasing the range of services offered
- Delivering resident-centric care
- Pursue targeted acquisition opportunities that meet Promisia's criteria
- Continue the development at Ranfurly Manor

Stephen Underwood commented: "Promisia operates in a sector with attractive dynamics and is well positioned to build off its small footprint and grow. We have a carefully considered and diversified strategy and are putting the infrastructure in place to allow us to scale up in size. We have identified growth opportunities, both within our existing footprint and through acquisition, and look forward to delivering on these opportunities."

ENDS

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About Promisia Healthcare

Promisia operates four aged care facilities, specialising in high needs and specialised aged care (being rest home, hospital and dementia care). It also offers independent living in retirement villas and apartments. Promisia's facilities are located in well-established and well serviced towns with strong communities and close to main centres. The company has a diversified growth strategy that includes growing its portfolio, developing existing facilities and extending its revenue mix.

Promisia is listed on the NZX (NZX: PHL). www.promisia.com