

## PROMISIA HEALTHCARE 1H23 INTERIM RESULTS

Promisia Healthcare Limited (NZX: PHL, “Promisia”) has announced its unaudited results for the six months ended 30 September 2022 (1H23). The company has reported an uplift in both revenue and profit as it continues to strengthen the business foundation and position itself for future growth.

New CEO of Promisia, Stuart Bilbrough, said that good progress had been made over the six months, as management focused on ensuring the appropriate foundations were in place for Promisia’s growth journey.

“We are investing in systems and our people, while continuing to focus on efficiencies across the business. Our thanks go to our incredible team of carers and support staff, who are committed to providing the best possible care to our residents every day. Promisia’s villages play an important part in our local communities, providing a supportive and welcoming home for senior New Zealanders.

“The investments we are making today are positioning our company to take advantage of the growth and higher value revenue opportunities we have identified. Our focus on growth and development, such as at Ranfurly Manor, is delivering valued new retirement living options to our communities and is underpinned by local demand. We are expecting continued earnings growth in 2H23 as strategic initiatives are progressed.”

### 1H23 Financial Performance

Revenue of \$11.7 million for the six months, was a 33% increase on the prior comparative period (pcp). Across Promisia’s two villages offering villas and care suites, there were five new sales and four resales of occupation rights agreements (ORAs) completed during the period.

Earnings excluding fair value movements (EBITDAF<sup>1</sup>) increased by 56% year on year to \$1.8 million for the period. Promisia has reported a net profit after tax of \$0.4 million. The company is reinvesting into its growth strategy and no interim dividend has been declared.

As at 30 September 2022, total assets were \$65.9 million, an increase of \$8.9 million, and included cash and cash equivalents of \$2.2m, with debt increasing to \$29.8 million. The increase in assets and debt is due to the acquisition of Aldwins House which successfully settled on 1 April 2022. Aldwins House has now moved into a profit-making position.

### Strategic progress

Promisia continues to execute on its strategy, with the focus increasingly moving to growth opportunities as the business foundation, people and systems are established.

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

- **Strengthening the business:** Stuart Bilbrough was appointed as CEO in May 2022. The leadership and support office team has been expanded, with a focus on value adding roles that will support and grow the Promisia business. Promisia has welcomed Simon Cheeseman as the new Facility Manager at Aldwins House in Christchurch, and Leanne Ramlose leading village unit and care suite sales at Ranfurly Manor in Feilding. Investment has been made into technology, with systems being standardised across the group and the rollout of a new payroll and rostering system planned for completion in early 2023.
- The Board appointed industry expert, Craig Percy, as an independent director in August 2022. Andrew Mitchell and Stephen Underwood stepped down from the Board at the Annual Shareholders' Meeting, with Helen Down taking on the role of Acting Chair. The company thanks Stephen and Andrew for their contributions. In particular, Stephen provided significant value, leading the Board for a number of years and overseeing Promisia's transition into an aged care business in 2020. Promisia has engaged an external advisor and is undertaking a Board review to ensure the appropriate governance structure and skills to lead the company forward.
- **Continue to grow occupancy at existing facilities:** A priority for FY23 is to maximise occupancy at Aldwins House. Aldwins House is a significant new facility for Promisia and one of the top 30 largest aged care facilities in New Zealand. It is in a high demand area in Christchurch and offers a good mix of hospital, rest home and young people dependent care. Occupancy has increased to 91 of the 145 available beds at 30 September.
- **Broaden the revenue mix through the sale of retirement villas and increasing the range of services offered:** The Ranfurly Manor Village development is progressing well with strong local demand for the new villas and care suites. Sales are expected to be boosted further in 2H23, following the appointment of Leanne Ramlose as Village Sales Executive. Leanne is highly experienced, has worked in the industry for many years and is well known in the local community.
- The Ranfurly Manor Village 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. This funding model is proving successful, and the Board will consider a similar model for future developments. Promisia has strong cashflow and this will support future growth. The company is actively looking for and assessing development sites in provincial areas which are near to urban centres.
- Promisia is conscious of the restraints of Government funding for the aged care industry and future developments will support a shift towards retirement village and independent living which are less dependent on Government funding. The company continues to look at opportunities to develop independent living villas and care suites on new and existing sites.

## **Outlook**

The focus on building a strong business foundation will continue in 2H23. Revenue growth is expected to be driven by increasing sales of the new villas and care suites at Ranfurly Manor and the focus on increasing occupancy at Aldwins House.

Acting Chair, Helen Down, said: “While a smaller player in the NZX listed retirement and aged care sector, Promisia has ambitious goals and is well positioned for growth, with strong cashflows and growing balance sheet. Industry dynamics point to increasing demand for quality care options and Promisia is well positioned to build off its small base and grow. We have a clear strategy being led by a new CEO with many years’ industry experience and supported by an expanded management team. The Board thanks the dedicated teams in each of our facilities who are committed to delivering high quality, personalised care to senior New Zealanders in the communities that we operate.”

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](http://www.promisia.com)