

Promisia Healthcare Limited

2023 Annual
Shareholders' Meeting



Promisia



BOARD

HELEN DOWN

Acting Chair
Stepping down at the Annual Meeting

THOMAS BRANKIN

Executive Director

CRAIG PERCY

Independent Director
Standing for election

RHONDA SHERRIFF

Independent Director
Standing for election

JILL HATCHWELL

Nominated by the Board
Standing for election as an Independent Director

MANAGEMENT

KAREN LAKE

Group General Manager

VIRGINIA DYALL-KALLIDAS

General Manager Group Facilities

INTRODUCING KAREN LAKE, GROUP GENERAL MANAGER

- Commenced role with Promisia from 10 August 2023
- Over 15 years' experience in aged care and healthcare sectors, in senior leadership, clinical, quality and operational management roles
- Has worked for publicly listed providers, Oceania and Ryman Healthcare for a number of years - most recent position as Regional Operations Manager for Ryman Healthcare
- Expertise in areas that are a priority for Promisia, particularly in the delivery of high quality personalised care for senior New Zealanders.



AGENDA

- Presentations
- Shareholder Discussion
- Resolutions
- Other Business
- Close of the Meeting

CHAIR'S PRESENTATION

HELEN DOWN
Acting Chair

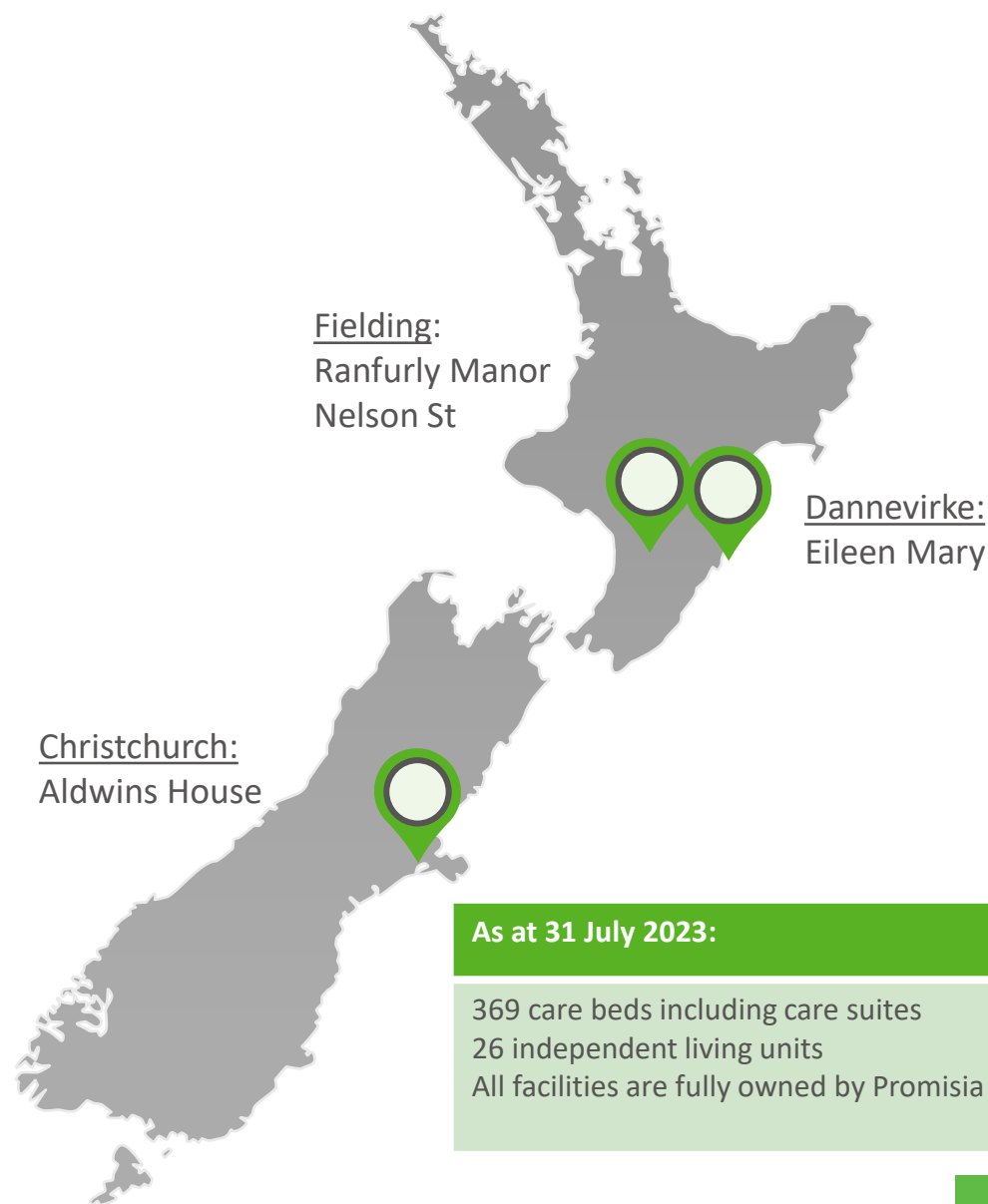


OUR PORTFOLIO

Our aim is to be the aged care provider of choice in our communities.

Promisia is a New Zealand based aged care and retirement living provider, with a focus on delivering quality personalised care.

- Own and operate four facilities that are each trading profitably, have strong brand recognition in our local communities and are delivering excellent care to our residents.
- Our facilities are located in well-established and well serviced towns and metropolitan areas, and integrated into local communities.
- Ranfurly Manor is the sixth largest aged care facility in New Zealand and Aldwins House is also in the top 30.



OUR STRATEGY

PROVIDING THE CARE PEOPLE NEED AS THEY AGE

At the heart of our business is our focus on providing personalised care that focuses on respecting and helping our residents who need more of a helping hand.



Stronger Business

Invest in our business and our people, creating a robust scalable platform for growth, with strong leadership and governance



Maximise Occupancy

Grow revenue through offering quality care to maximise occupancy at existing and future facilities; and repurposing beds as needed to meet market demand



Diverse Revenue Streams

Increase the focus on independent living options, broaden the range of services at each facility and increase the number of higher acuity beds



Network Expansion

Grow our network through strategically located value-accretive acquisitions, brownfield and greenfield developments

STRONGER BUSINESS

Invest in our business and our people, creating a robust scalable platform for growth, with strong leadership and governance

- Investment into people and technology
- Launch of new payroll and rostering system
- Standardisation of IT platforms and systems across the group
- Focus on improved efficiencies across the group – Aldwins House now contributing profit, turning around FY22 lossmaking position
- Restructured the Senior Leadership Team – appointment of Karen Lake as Group General Manager from August 2023
- Opened new support office location in Christchurch
- Increased iwi engagement and integration

MAXIMISE OCCUPANCY

Grow revenue through offering quality care to maximise occupancy at existing and future facilities, and repurposing beds as needed to meet market demand

- Building occupancy at Aldwins House in Christchurch
- Early completion of Ranfurly Manor Village
- Strong demand and sales of new villas and care suites at Ranfurly Manor village
- Dual purpose beds, allowing rapid response to changing resident needs
- Ability to respond quickly and reconfigure facilities to meet needs of community

DIVERSE REVENUE STREAMS

Increase the focus on independent living options, broaden the range of services at each facility and increase the number of higher acuity beds

- Residential aged care funded by Government and resident payment
- Hospital care generates higher margins and remains a priority
- Purpose built care suites are a growing part of our portfolio of care, delivering higher margins
- Continuing to look at opportunities to develop independent living villas and care suites on new and existing sites
- Provide a range of additional services paid for by residents
- Gains on value of property resales

NETWORK EXPANSION

Grow our network through strategically located value-accretive acquisitions, brownfield and greenfield developments

- Focus on growing our network through acquisition and greenfield & brownfield developments
- Investment criteria including strategic objectives, risk profile, value accretive
- Assessed five potential acquisitions and greenfield development opportunities in FY23 – several discarded, others still under consideration
- Three small but strategically important land acquisitions in FY23, leveraging current investments and providing development opportunities

FY23 SUMMARY OF FINANCIAL PERFORMANCE

Profitable business with strong cashflows and balance sheet

Financial Year NZ \$000's	FY22	FY23
Operating Revenue	19,939	23,834 ¹
Fair value movement	(222)	47
EBITDAF ²	4,473 ³	3,535
Underlying EBITDAF ⁴	3,530	4,107
Net gain for the period	2,027	692
Total assets	51,535	71,761
Cash and cash equivalents	2,411	2,059
Debt	17,154	30,872
Net operating cashflow	4,791	7,074

- Total income of \$23.8m, up 20% on prior year
- Careful cost management helping to mitigate increased costs (inflation and workforce)
- Underlying EBITDAF up 16% year on year
- Total assets \$71.8m, including cash and cash equivalents of \$2.1m
- Total comprehensive income (including fair value increase to properties not classed as investment properties) of \$1.4m
- Increase in net debt to \$30.9m reflects acquisition of Aldwins House and other properties

1. Includes gain on sale of investment properties of \$0.4m

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

3. Includes FY22 adjustment for gain on lease termination of \$0.9m

4. Underlying EBITDAF is EBITDAF excluding transactions considered to be non-trading in nature or size. Excluding these transactions from normalised earnings can assist users in forming a view of the underlying performance of the Group. Non-trading adjustments of \$0.44m are included in the FY23 results.

NETWORK EXPANSION

TOM BRANKIN
Director

We will pursue acquisition opportunities based on quality, geographic and cultural fit, demand for services, growth potential and contribution to profitability.

BROWNFIELD DEVELOPMENT: Expand or enhance existing facilities and maximise development opportunities

GREENFIELD DEVELOPMENT: Acquire new sites that offer the potential to build new facilities

FACILITY ACQUISITION: Further growth opportunities through the acquisition of other aged care facilities, particularly in provincial New Zealand.

FUNDING: PHL expects additional lending/capital will be required to fund acquisitions and expects to debt fund at least 50% of any purchase price

STRATEGIC APPROACH TO NETWORK EXPANSION

- Five potential acquisitions and greenfield development opportunities were assessed over the FY23 year
- Any acquisition must meet Promisia's investment criteria, including strategic objectives and risk profile, and be value accretive for shareholders
- Being small but entrepreneurial, we also consider different finance and partnership options for each potential acquisition
- Continue to assess new opportunities to either switch accommodation types within our facilities, build on existing land we own; or acquire new sites to develop
- Also see opportunities to grow through the acquisition of existing aged care facilities with development potential or that offer strong returns develop.

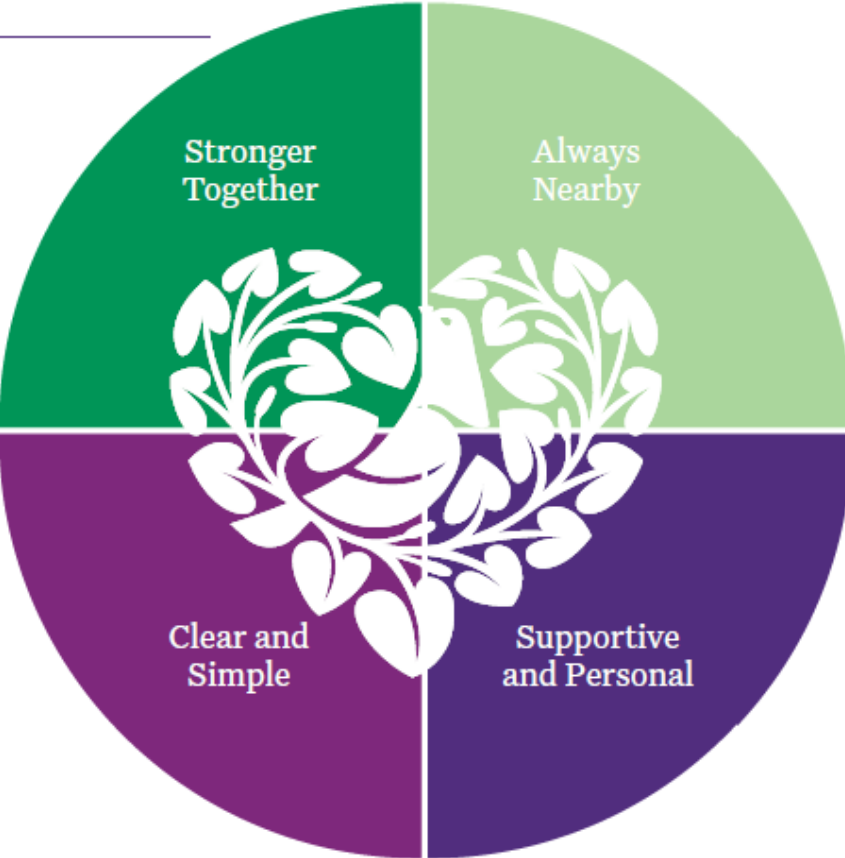
EXISTING LANDBANK AND FACILITY DEVELOPMENT OPPORTUNITIES

- **Ranfurlly Manor:** All 32 Villas completed and selling strongly. 14 care suites also completed and selling
- **Eileen Mary:** Acquisition of adjoining property secures a development opportunity to scale up, leverage the existing infrastructure, meet latent demand with potential to build 5 villas
- **Aldwin's Road, Christchurch:** Acquisition of two properties adjoining Aldwin's House in March 2023. Provides opportunity to expand Aldwin's House in the future to offer a broader continuum of care



We embrace personal care with genuine compassion and empathy and our team go the extra mile to ensure every resident feels valued and cherished, and receives the respect, attention and support they deserve.

Our values



FOCUS ON CARE

KAREN LAKE
Group General Manager

WHAT'S IMPORTANT

- Prioritising quality care
- Strong relationships
- Respecting all members of the communities that we foster
- Strong financial performance
- Enhancing brand and culture
- Compliance and risk





Ranfurly Manor Fielding	
Resthome/Hospital	74
Resthome – dementia care	25
Apartments	62
Villas	38



Eileen Mary Dannevirke	
Resthome/Hospital	39
Care suites	19
Villas	5



Nelson Street Fielding	
Resthome	49



Aldwins House Christchurch	
Resthome/Hospital	145

OUTLOOK



ATTRACTIVE SECTOR OPPORTUNITY

Strong demand underpinned by favourable population demographics

The number of people in New Zealand aged over 65 rose from 12% to 16.4% of the population between 2001 and 2022. It is expected to reach between 21% and 25% by 2048. The aged care facilities currently available in New Zealand cannot accommodate the expected increase in demand and new facilities will need to be built.

Growing demand for high needs and specialist aged care, particularly in regional New Zealand

12% of people over 75 are in care. 3,000 new care beds are required in New Zealand each year. There are insufficient beds being built to cater for the demand, particularly in regional New Zealand

Increasing compliance driving sector consolidation

Smaller owner operator facilities (fewer than 50 beds) are closing as they lack the ability to remain profitable and compliant without significant capital investment.

Variety of care and business models in the sector, with different care offerings

Business models range from companies focused on building retirement villages with villas and apartments which do not provide care (independent living), through to higher needs care providers. Growing demand for continuity of care with higher care offerings on site.

OUTLOOK

Your Board and Management are preparing for another year of increased earnings and business growth in FY24, as Promisia continues to deliver high quality care and positions itself to be the aged care facility of choice in each of our communities.

- Pleasing progress being made against strategy as we continue to focus on delivering quality personalised care to our residents
- Positioned well to take advantage of market trends
- Investment into business expected to deliver efficiency gains and benefits from FY24 onwards
- Continued focus on growth pathways



OUR PEOPLE

Our thanks go to our incredible team of carers, nurses and support staff who provide our residents with care, friendship, joy and respect every day.





SHAREHOLDER DISCUSSION

RESOLUTIONS

Resolution 1: To record the re-appointment of William Buck New Zealand as auditor of the Company and to authorise the Directors to fix the auditor's remuneration for the ensuing year.

Resolution 2: That Craig Percy, who was appointed as a Director by the Board during the year, be elected as a Director of the Company.

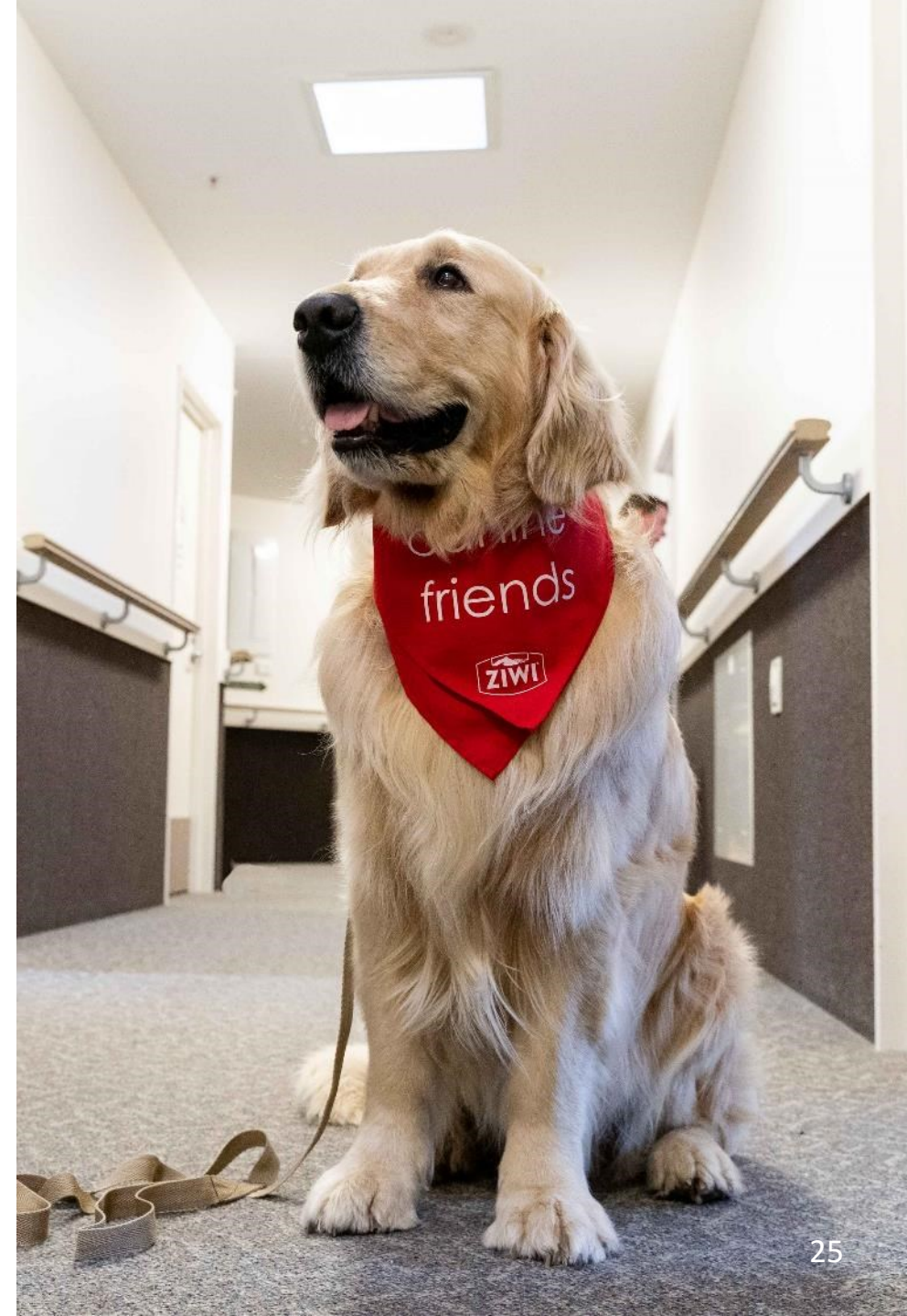
Resolution 3: That Rhonda Sherriff, who was appointed as a Director by the Board during the year, be elected as a Director of the Company.

Resolution 4: That Jill Hatchwell, who has been nominated by the Board, be elected as a Director of the Company

All voting will be by way of a poll.

**OTHER
BUSINESS**

**CLOSE OF THE
MEETING**



NON-GAAP RECONCILIATION

\$000	FY22	FY23
EBITDA	4,251	3,582
Fair value movement in property	222	(47)
EBITDAF	4,473	3,535
Gain on termination of lease	(943)	-
Discretionary executive payment	-	250*
Holiday pay provision	-	322
Underlying EBITDAF	\$3,530	4,107

*Payment made to Tom Brankin for services rendered during the financial year

Non-GAAP financial information: Promisia reports on several non-GAAP measures when discussing financial performance including EBITDAF and Underlying EBITDAF. The company believes that these measures provide useful information on the underlying performance of Promisia's business. They may be used internally to evaluate performance, analyse trends and allocate resources. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

Non-trading adjustments/Unusual transactions: The financial results for FY23 include transactions considered to be non-trading in either their nature or size. Unusual transactions can be as a result of specific events or circumstances or major acquisitions, disposals or divestments that are not expected to occur frequently. Excluding these transactions from normalised earnings can assist users in forming a view of the underlying performance of the Group. Non-trading adjustments of \$(0.6) million were included in the FY23 results.

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