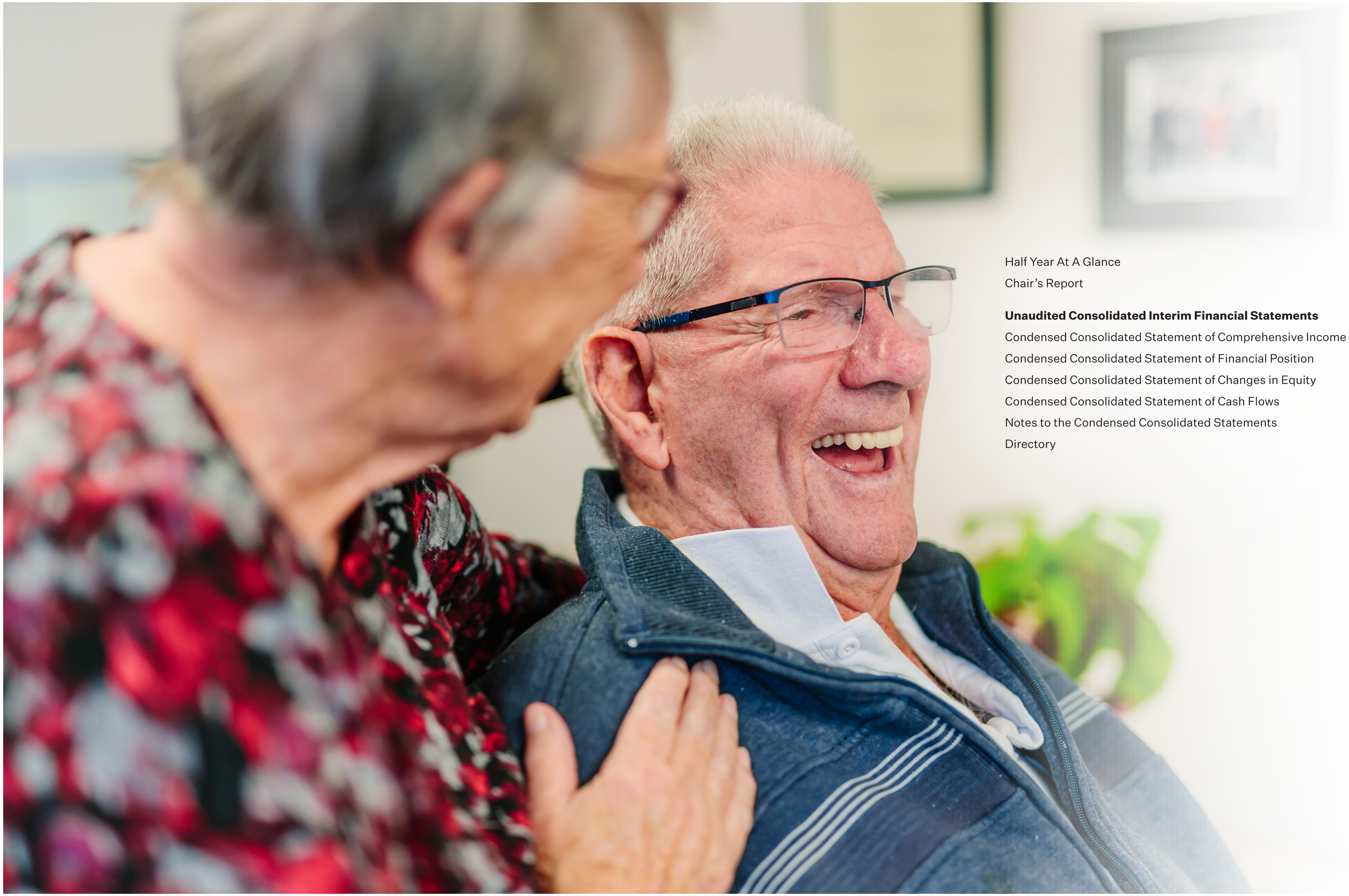
Promisia
HEALTH AND CARE

Interim Report

FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2024



Half Year At A Glance

For the six months ending 30 September 2024

Promisia is a New Zealand based aged care and retirement living provider, with a focus on delivering care that makes a difference. Our operational and financial performance is framed by our four strategic pathways: Creating a stronger business; Maximise occupancy; Diverse revenue streams; Network expansion.

The first half of the FY25 financial year has delivered a step change in Promisia's strategic growth and momentum is continuing.

Strategic Progress

- Acquisition of Golden View Lifestyle Village and Ripponburn Home and Hospital in Cromwell on 29 August 2024
- Sale of Eileen Mary care facility and village (settled in November 2024)
- Refinancing with BNZ with improved terms and tenure, and repayment of second-tier debt and Senior Trust loans
- Successful capital raise, share/warrant consolidation enabling growth and delivering improvement in key debt and liquidity measures

Financial Snapshot

- Record first half operating revenue of $13.0m, ▲ 18% on pcp
- Gain on purchase of Cromwell facilities of $5.2m
- Significant uplift in Net Tangible Assets (NTA) to 72 cents per share, ▲ 57% on pcp
- Profit after tax of $5.8m

FY25 guidance of a significant uplift in revenue, with earnings (EBITDAF[1]) expected to be upwards of $4.2m (FY24: $3.8m)

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

Chair's Report

Dear Shareholder

I am pleased to report to you on Promisia's strategic and financial performance over the first six months of the FY25 financial year.

It has been a very busy period, as we have continued to deliver on our strategic pathways. In particular, we have achieved a step change in our growth plans, with the expansion of our network in line with our strategy to acquire larger scale aged care facilities in regions with growth populations.

We are incredibly excited about the addition of two Cromwell facilities to our portfolio, which have been value accretive since day one. These are in a region with high demand and a strong resales pipeline is in place. We are moving quickly to integrate the facilities into our group and realise synergies. This will allow Promisia to realise its future growth aspirations for the Central Otago region.

We were also pleased to recently conclude the sale of the Eileen Mary facility in Dannevirke for $6.1m, which allowed capital to be recycled into our Cromwell acquisitions through bridge financing with BNZ. The Masonic Villages Trust is a very experienced aged care provider and will be a quality owner for staff and residents.

We have made strong progress on our other strategic pathways – building a stronger business, diversifying revenue streams, and maximising occupancy. Our growth strategy is delivering on its potential, with significant value uplifts across our Ranfurly Manor and Aldwins Road facilities as at 31 March 2024. With a continued focus on operating efficiency, we can unlock further value.

All new villas at Ranfurly Manor have now been sold, completing the payback of initial ORA proceeds to the developer. All future resales of these villas will contribute to Promisia's cashflows.

The share register was strengthened following the capital raise in July 2024 and a 500:1 share/warrant consolidation in September. This has benefited shareholders, with the introduction of a strategic investor to our register and increased market liquidity.

Delivering Quality Care

There is no doubt that the landscape for seniors in New Zealand is changing and under-funding by Health NZ is presenting the aged care sector with serious challenges. Promisia is not alone in needing to ensure its business model is sustainable.

We remain committed to delivering quality, personalised care to meet the needs of our clients. We have continued to invest in our people, clinical training, systems and processes as we prioritise the ongoing enhancement of our care delivery.

Financial Performance

The HY25 results include one month contribution from the Cromwell facilities and have been restated to exclude Eileen Mary, which was being held for sale and has since sold. A $5.2m gain was realised on the purchase of the Cromwell facilities and is treated as revenue in the HY results.

For the six month period, operating revenue (excluding the gain on purchase) grew 18% to $13.0m. This was driven by an improvement in bed occupancy across the group as a result of continuously improving clinical standards and quality of care, as well as achievement of Young Persons Disability (YPD) certification in early 2024 for Aldwins House.

Total costs increased 12% on prior comparative period (pcp) to $12.8m, mainly as a result of increased occupancy across the group. Administration costs have decreased significantly in the period, down 20%, with a continued focus on disciplined cost management.

Excluding the gain on purchase, EBITDAF of $1.9m was a pleasing 56% increase compared to pcp. Net profit before tax also returned to positive territory, with a $0.7m improvement on pcp to $0.3m for the six months.

Including the gain on purchase, profit before tax was $5.5m for the six months with a profit after tax of $5.8m (HY24: $(0.2)m).

Net assets including the new Cromwell facilities and Eileen Mary were $35.2m at period end (up 77% on pcp), with borrowings increasing to $46.8m as a result of the Cromwell transaction. Liquidity has improved, with cash and undrawn facilities of $1.5m at period end. Net Tangible Assets per share increased to 72 cents per share, up 57% year on year. The share register was strengthened following the capital raise in July 2024 and a 500:1 share/warrant consolidation in September.

Governance

There have been several changes to the Board with the appointment of Tony Mortensen as a non-independent director, and Jill Hatchwell being reappointed while your Board undertakes a considered recruitment process. Our view is that five directors, with a diverse range of skills that will best enable execution of PHL's growth strategy, is appropriate. Director Craig Percy's role has been expanded to provide operational support to Promisia, with a particular emphasis on integrating the newly acquired Cromwell facilities into the Group.

Outlook

The priority focus for the second half of our financial year is integration of the two Cromwell facilities into the group. Efficiencies and cost savings are expected as synergies are realised. There is strong demand in the wider Central Otago region and we are currently assessing future growth and development opportunities.

We will continue to focus on bed occupancy, particularly at Aldwins House as we build on the strong base established over the last 12 months.

To this end, we expect a significant uplift in earnings in 2H25, with double digital earnings growth from existing operations and further gains from the addition of the Cromwell facilities. Group EBITDAF is expected to be upwards of $4.2m for FY25 (FY24: $3.8m).

Shareholders will also benefit from operational improvements underway which are expected to have a positive impact on valuations.

Ngā mihi

Rhonda Sherriff
Chair

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Note	30 September 2024 UNAUDITED $ '000	30 September 2023 (Re-presented)* UNAUDITED $ '000
Revenue and other income			
Revenue		13,046	11,059
Gain on a bargain purchase		5,181	-
		18,227	11,059
Less: expenses			
Administration expenses		(1,466)	(1,832)
Operational expenses		(9,727)	(8,036)
Depreciation		(156)	(379)
Finance costs		(1,431)	(1,199)
		(12,780)	(11,446)
Profit / (loss) before income tax expense / (benefit)		5,447	(387)
Income tax expense		(97)	(13)
Net profit / (loss) from continuing operations		5,350	(400)
Net profit from discontinued operations	12(a)	435	248
Profit / (loss) for the period		5,785	(152)
Other comprehensive income		-	-
Total comprehensive income / (loss)		5,785	(152)
Earnings per share (cents per share)			
Basic earnings per share from continuing operations	8	23.4810	(1.8610)
Diluted earnings per share from continuing operations	8	22.4137	(1.8610)
Basic earnings per share from discontinued operations	8	1.9092	1.1538
Diluted earnings per share from discontinued operations	8	1.8224	1.1538

*Comparative information has been re-presented due to a discontinued operation and the earnings per share has been restated due to a share consolidation of 500 to 1.

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Note	30 September 2024 UNAUDITED $ '000	30 September 2023 UNAUDITED $ '000	31 March 2024 AUDITED $ '000
Assets				
Cash and cash equivalents		61	364	118
Trade receivables and other assets		2,573	2,279	1,890
Related party advances	10	-	145	-
Current tax assets		8	7	6
Assets classified as held for sale	12(c)	10,046	-	-
Property, plant and equipment	2	22,262	17,701	21,319
Investment properties	3	158,392	52,646	61,012
Deferred tax assets		-	472	-
Total assets		193,342	73,614	84,345
Liabilities				
Trade and other payables		4,603	3,453	3,584
Revenue received in advance		2,728	1,649	2,288
Related Party Payables	10	175	175	175
Liabilities directly associated with assets classified as held for sale	12(c)	8,352	-	-
Borrowings	4	46,810	30,431	29,155
Deferred tax liabilities		2,433	-	2,251
Occupation right agreements	5	87,004	17,970	22,012
Convertible notes	6	6,000	-	-
Total liabilities		158,105	53,678	59,465
Net assets		35,237	19,936	24,880

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Note	30 September 2024 UNAUDITED $ '000	30 September 2023 UNAUDITED $ '000	31 March 2024 AUDITED $ '000
Equity				
Share capital	7	82,039	77,426	77,467
Reserves		3,066	(50)	3,066
Accumulated losses		(49,868)	(57,440)	(55,653)
Total equity		35,237	19,936	24,880
Net tangible asset backing per share (dollars)		0.72	0.46*	0.63*

*Comparative information has been restated due to a share consolidation of 500 to 1.

Signed on behalf of the board of directors, dated 25 November 2024

Director: ______________________ Director: ______________________

Rhonda Sherriff Thomas Brankin

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Note	Contributed equity $ '000	Reserves $ '000	Accumulated Losses $ '000	Total equity $ '000
Consolidated					
Balance as at 1 April 2023		77,426	(50)	(57,288)	20,088
Loss for the period		-	-	(152)	(152)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(152)	(152)
Balance as at 30 September 2023 (UNAUDITED)		77,426	(50)	(57,440)	19,936
Balance as at 1 April 2024		77,467	3,066	(55,653)	24,880
Profit for the period		-	-	5,785	5,785
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	5,785	5,785
Transactions with owners in their capacity as owners:					
Contributions	7	4,572	-	-	4,572
Total transactions with owners in their capacity as owners		4,572	-	-	4,572
Balance as at 30 September 2024 (UNAUDITED)		82,039	3,066	(49,868)	35,237

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Note	30 September 2024 UNAUDITED	30 September 2023 UNAUDITED
		$ '000	$ '000
Cash flow from operating activities			
Receipts from residents for care fees and services		14,559	12,512
Receipts of residents' loans from new sales		1,186	4,033
Payments to suppliers and employees		(12,851)	(12,247)
Repayments of residents' loans		(161)	(883)
Interest paid		(1,318)	(1,339)
Income tax received / (paid)		67	(2)
Net cash provided by operating activities		1,482	2,074
Cash flow from investing activities			
Payment for property, plant and equipment		(193)	(177)
Payment for investment property		(978)	(3,326)
Payment for acquisition of subsidiaries, net of cash acquired		(13,778)	-
Net cash used in investing activities		(14,949)	(3,503)
Cash flow from financing activities			
Net proceeds from share issue	7	4,572	-
Net proceeds from / (repayment of) borrowings		8,838	(266)
Net cash provided by / (used in) financing activities		13,410	(266)
Reconciliation of cash			
Cash at beginning of the financial period		118	2,059
Net decrease in cash held		(57)	(1,695)
Cash at end of financial period		61	364

The accompanying notes form part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2024

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements presented are those of Promisia Healthcare Limited (the Company), and its subsidiaries (the Group). Promisia Healthcare Limited is a profit-oriented entity incorporated in New Zealand. Promisia Healthcare Limited's principal activities are the ownership and operation of retirement villages, rest homes, and hospitals for the elderly within New Zealand.

Promisia Healthcare Limited is a Financial Markets Conduct Act reporting entity under the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

These condensed consolidated financial statements have been approved for issue by the Board of Directors on 25 November 2024.

(a) Basis of preparation of the condensed financial report

The condensed consolidated financial statements comprise the following: condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, and condensed accounting policies and notes to the condensed consolidated financial statements.

These condensed consolidated financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting, and should be read in conjunction with the Groups' last consolidated financial statements as at and for the year ended 31 March 2024 ('last annual financial statements'). These do not include all of the information required for a complete set of NZ IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Groups' financial position and performance since the last consolidated financial statements.

The Group's accounting policies have been applied consistently to all periods presented in these condensed financial statements.

The information is presented in New Zealand dollars, the Group's functional and presentation currency, and rounded to the nearest thousand dollars unless stated otherwise.

There is no seasonality or cyclically of the operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors are comfortable that based on the historic performance, detailed cash flow projections, and the support provided by shareholders, the Group will be able to meet its cash flow requirements as they fall due.

It is the continuing opinion of the board of directors that there are reasonable grounds to believe that its operational and financial plans in place are achievable, and accordingly the Group is able to continue as a going concern and meet its debts as and when they fall due. Accordingly, use of the going concern assumption remains appropriate in these circumstances.

(c) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is measured at its acquisition date fair value.

Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer’s previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer’s previously held equity interest, the difference is immediately recognised as a gain in profit or loss.

Acquisition related costs are expensed as incurred.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2024

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Assets & liabilities of disposal group held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probably that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and the fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(e) Discontinued operations

A discontinued operation is a component of the Group that has been disposed of in the current, or prior, reporting period or is classified as held for sale at the reporting date, and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are disclosed separately in the condensed consolidated statement of comprehensive income.

(f) Segment reporting

The Group operates a number of rest homes and retirement villages. These facilities all provide a similar product to a similar customer in the same regulatory environment.

The Group operates in one operating segment being the provision of aged care in New Zealand. The chief operating decision maker, the Board of Directors, reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results and cash flows as a whole.

Therefore, it is appropriate to report solely on the Group performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

	Note	30 September 2024 UNAUDITED $ '000	30 September 2023 UNAUDITED $ '000	31 March 2024 AUDITED $ '000
NOTE 2: PROPERTY, PLANT AND EQUIPMENT				
Land and buildings				
At fair value		21,209	17,262	21,185
Accumulated depreciation		(1,135)	(927)	(1,135)
		20,074	16,335	20,050
Plant and equipment				
At cost		3,188	1,901	2,013
Accumulated depreciation		(1,000)	(535)	(744)
		2,188	1,366	1,269
Total property, plant and equipment		22,262	17,701	21,319

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial period

	Note	30 September 2024	30 September 2023	31 March 2024
Land and buildings at fair value				
Opening carrying amount		20,050	16,547	16,547
Additions		24	5	25
Net amount of revaluation increments less decrements		-	-	3,899
Depreciation expense		-	(217)	(421)
Closing carrying amount		20,074	16,335	20,050
Plant and equipment at cost				
Opening carrying amount		1,269	1,363	1,363
Additions		169	172	300
Disposals		-	-	(13)
Acquisitions through business combinations		979	-	-
Depreciation expense		(156)	(169)	(381)
Reclassified as held for sale or held in disposal	12	(73)	-	-
Closing carrying amount		2,188	1,366	1,269

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2024

NOTE 3: INVESTMENT PROPERTIES

During the period, investment properties have increased from $61.012m at 31 March 2024 to $158.392m at 30 September 2024 being an increase of $97.380m (2024: Increased from $49.320m at 31 March 2023 to $52.646m at 30 September 2023 being an increase of $3.326m). This movement relates to the Cromwell acquisitions (refer note 11), assets classified held for sale (refer note 12).

	30 September 2024 UNAUDITED $ '000	30 September 2023 UNAUDITED $ '000	31 March 2024 AUDITED $ '000
NOTE 4: BORROWINGS			
Current			
Unsecured liabilities			
Other loans	2,400	1,430	6,613
Secured liabilities			
Bank loans	8,233	9,500	11,015
	10,633	10,930	17,628
Non-current			
Secured liabilities			
Bank loans	21,321	9,001	7,527
Other loans	14,856	10,500	4,000
	36,177	19,501	11,527
	46,810	30,431	29,155

BNZ Loans

Term loans are secured by first mortgage security over the aged care facilities. BNZ loans consist of the following facilities:

Maturity date	Interest rate	Facility ($'000)	Drawn ($'000)	Undrawn ($'000)
As at 30 September 2024				
31 March 2025	8.62%	7,500	7,500	-
30 October 2025	2.29%	784	784	-
9 March 2026	8.57%	700	700	-
14 August 2026	8.28%	1,170	1,170	-
14 August 2026	7.13%	7,500	7,500	-
20 August 2026	7.59%	11,900	11,900	-
		29,554	29,554	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

NOTE 4: BORROWINGS (CONTINUED)

Maturity date	Interest rate	Facility ($'000)	Drawn ($'000)	Undrawn ($'000)
As at 30 September 2023				
20 October 2023	9.79%	9,500	9,500	-
31 March 2025	9.25%	7,500	7,500	-
30 October 2025	2.29%	1,501	1,501	-
		18,501	18,501	-

Maturity date	Interest rate	Facility ($'000)	Drawn ($'000)	Undrawn ($'000)
As at 31 March 2024				
18 October 2024	9.77%	9,500	9,135	365
31 March 2025	9.25%	7,500	7,500	-
30 October 2025	2.29%	1,207	1,207	-
9 March 2026	9.17%	700	700	-
		18,907	18,542	365

There is an all obligations unlimited interlocking company guarantee between the following entities in the Group; Eileen Mary Age Care Limited, Promisia Healthcare Limited, Aged Care Holdings Limited, Ranfurly Manor Limited, Nelson Street Resthome Limited, Aldwins House Limited and Aldwins Retirement Village Limited, Golden View Care Limited, Thyme Care Limited and Thyme Care Properties Limited.

Other Loans consists of:

Insurance premium funding

Funding was provided by Hunter Premium Funding for the payment of insurance premiums.

Vendor loan

On acquisition of Golden View Care and Golden View Lifestyle Village, a term loan of $13.350m was entered into with the vendor. The loan is interest free and comprises a non-refundable deposit of $8.640m to be paid in 48 monthly installments of $0.180m and a final payment of $4.710m to be paid on completion date (refer note 11). On the acquisition date, $0.180m of the loan was repaid. The balance of the loan at 30 Sept 2024 was $12.990m.

Senior Trust Retirement Village Income Generator Limited

A term loan of $6.500m held with Senior Trust Retirement Village Income Generator Limited was repaid in full during the period.

Teltower Limited Loan

A term loan of $3.900m (30 Sept 2023: $4.000m, 31 March 2024: $4.000m) is held with Teltower Limited. This loan has an interest rate of 6.0% p.a. (30 Sept 2023: 6.0% p.a, 31 March 2024: 6.0% p.a). Principal repayments are effective from 1 April 2024 at $20,000 per month, with full repayment of the residual balance on 1 April 2027. The loan is secured by the present properties at 56 McPhee Street, Dannevirke and 62 Aldwins Road, Phillipstown.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2024

	Note	30 September 2024 UNAUDITED	30 September 2023 UNAUDITED	31 March 2024 AUDITED
		$ '000	$ '000	$ '000
NOTE 5: OCCUPATION RIGHT AGREEMENTS				
Opening		22,012	15,459	15,459
New occupation right agreements issued		2,300	3,815	10,215
Occupation right agreements exited		(1,114)	(930)	(1,798)
Deferred management fees (per contract)		(788)	(374)	(1,864)
Occupation right agreements acquired in business combinations	11	67,413	-	-
Occupation right agreements held for sale	12	(2,819)	-	-
At reporting date		87,004	17,970	22,012

NOTE 6: CONVERTIBLE NOTES

	Number on issue (000's)	Nominal value $'000
Opening balance at 1 April 2024	-	-
28 August 2024 - Tranche 1	2,500	2,500
28 August 2024 - Tranche 2	3,500	3,500
Closing balance at 30 September 2024	6,000	6,000

As part of the consideration for the Cromwell Acquisition (and approved by Promisia shareholders on 31 July 2024), Promisia Healthcare Limited has issued 6 million unquoted convertible notes to Rivercrest Cromwell Limited, the vendor of the Golden View Lifestyle Village. The Unquoted Convertible Notes (the 'Notes') were issued in part payment of the purchase price under the Sale and Purchase Agreement with Rivercrest Cromwell Limited for the acquisition of Golden View Lifestyle Village.

Conversion

The Notes are convertible into ordinary shares at an initial conversion price of $0.001 per share at issuance. Following the share consolidation of 500:1, the conversion price has been adjusted to $0.50 per share.

The Notes can be converted into ordinary shares at the discretion of the noteholder from the date of the issue of the notes (the "grant date') on the following terms:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

NOTE 6: CONVERTIBLE NOTES (CONTINUED)

Terms	Exercise period	Maturity Date
Tranche 1	Any time before the one-year anniversary date of the Grant Date	28 August 2025
Tranche 2	Any time before the four-year anniversary of the Grant Date	28 August 2028

Any shares in Promisia Healthcare Limited issued on the conversion of the Notes will rank equally in all respects with all other shares in Promisia Healthcare Limited.

Any Notes not converted prior to the respective maturity date will be redeemed by Promisia Healthcare Limited at the issue price and those Notes will be cancelled.

There is no nominal interest on the Notes.

NOTE 7: SHARE CAPITAL

	30 September 2024 UNAUDITED		30 September 2023 UNAUDITED	
	Number (000's)	$ '000	Number (000's)	$ '000
Opening balance	21,475,642	77,467	21,434,975	77,426
Shares issued and paid	4,796,166	4,796	-	-
Share consolidation of 500:1	(26,219,264)	-	-	-
Transaction costs relating to shares issued, net of tax	-	(224)	-	-
	(21,423,098)	4,572	-	-
At reporting date	52,544	82,039	21,434,975	77,426

The Group's share capital includes fully paid shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2024

NOTE 7: SHARE CAPITAL (CONTINUED)

Capital raise

In July 2024, the Group undertook a capital raise to raise funds to finance the acquisition of Golden View Lifestyle Village and Ripponburn Home and Hospital. The capital raise consisted of a combination of placements and a share purchase plan to all existing shareholders at an offer price of $0.001 per share in Promisia Healthcare Limited, raising a total of $4.725 million. For every one share allotted under the capital raise one Warrant was allotted for no additional consideration.

Share based payments

On 9 April 2024, 40.667m shares were issued upon the conversion of restricted share units in Promisia Healthcare Limited issued under the 2023 Promisia Healthcare Limited Senior Executive Restricted Share Plan Rules. The shares were satisfied with non-cash consideration provided in the form of services rendered by the senior executives of Promisia Healthcare Limited at a value of $0.001 per share which equates to $0.041m, which is recognised as employee benefit expense in the profit and loss.

On 15 August 2024, 30.500m shares were issued upon the conversion of restricted share units in Promisia Healthcare Limited issued under the 2023 Promisia Healthcare Limited Senior Executive Restricted Share Plan Rules. The shares were satisfied with non-cash consideration provided in the form of services rendered by the senior executives of Promisia Healthcare Limited at a value of $0.001 per share which equates to $0.031m, which is recognised as employee benefit expense in the profit and loss.

Share consolidation

During the period the board resolved to consolidate Promisia Healthcare Limited's shares and warrants on 26 September 2024. Under the consolidation every 500 shares became 1 share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

	30 September 2024 UNAUDITED $ '000	30 September 2023 UNAUDITED (Re-presented)* $ '000
NOTE 8: EARNINGS PER SHARE		
Profit/(loss) attributable to ordinary shareholders (basic & dilutive)		
Profit/ (loss) from continuing operations	5,350	(400)
Profit from discontinued operations	435	248
	Cents per share	**Cents per share (Re-presented)***
Cents per share		
Basic earnings per share		
Basic earnings per share from continuing operations	23.4810	(1.8610)
Basic earnings per share from discontinued operations	1.9092	1.1538
Diluted earnings per share		
Diluted earnings per share from continuing operations	22.4137	(1.8610)
Diluted earnings per share from discontinued operations	1.8224	1.1538
	Number of shares 000's	**Number of shares 000's (Re-presented)***
Weighted average number of shares for basic EPS	22,784	21,494
Effect of conversion of convertible notes	1,085	-
Weighted average number of shares (diluted)	23,869	21,494

*Comparative information has been re-presented due to a discontinued operation and the earnings per share has been restated due to a share consolidation of 500 to 1.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2024

NOTE 8: EARNINGS PER SHARE (CONTINUED)

The calculation of basic earnings per share is based on the gain/(loss) from continuing/discontinued operations attributable to ordinary shareholders and the weighted average of total ordinary shares on issue during the period. The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

At 30 September 2024, 28,350 warrants were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. The average market value of the Group's shares for the purpose of calculating the dilutive effect of warrants was based on quoted market prices for the period during which the warrants were outstanding.

NOTE 9: WARRANTS

	Number on issue 30 September 2024 UNAUDITED (000's)	Number converted to ordinary shares
Opening balance at 1 April 2024	-	-
5 August 2024- allotment	4,000,000	-
30 August 2024- allotment	725,000	-
26 September 2024 - allotment	9,450,000	-
27 September 2024 Consolidation 500:1	(14,146,650)	-
Closing balance at 30 September 2024	28,350	-

Warrants were issued during the period ended 30 September 2024 (30 September 2023: nil, 31 March 2024: nil).

Capital raise

In July 2024, the Group undertook a capital raise to raise funds to finance the acquisition of Golden View Lifestyle Village and Ripponburn Home and Hospital. The capital raise consisted of a combination of placements and a share purchase plan to all existing shareholders at an offer price of $0.001 per share in Promisia, raising a total of $4.725 million. For every one share allotted under the capital raise one warrant was allotted for no additional consideration.

The warrants are classified as equity instruments under NZ IAS 32, as they meet the "fixed-for-fixed" criterion (fixed number of shares for a fixed price). As such, they were recorded in equity at fair value on initial recognition with no subsequent re-measurement. The fair value of the warrants was assessed as immaterial, given that the exercise price aligned with the share price, resulting in limited intrinsic value at issuance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

NOTE 9: WARRANTS (CONTINUED)

Warrant consolidation

During the period the board resolved to consolidate Promisia Healthcare Limited's shares and warrants on 26 September 2024. Under the consolidation every 500 warrants became 1 warrant.

Exercise of warrants

The warrants are transferrable, with each warrant giving the warrant holder the right, but not the obligation, to subscribe for one additional share at any time before the expiry date of 24 March 2027 for an exercise price of $0.50 post consolidation ($0.001 pre-consolidation).

NOTE 10: RELATED PARTY TRANSACTIONS

Related Party	Relationship
Brankin Family Interest Trust	Related to a shareholder and a director of the Group
Design Care Group Limited	Related by common directors
Crafted Solutions Limited	Related by common directors

(a) Transactions with related parties

	30 September 2024 UNAUDITED $ '000	30 September 2023 UNAUDITED $ '000
Directors fees	(143)	(100)
Consultancy fees paid to Design Care Group Limited	(176)	-
Consultancy fees paid to Crafted Solutions Limited	(17)	-

(b) Balances with related parties

At reporting date $nil was receivable from Brankin Family Interest Trust (30 September 2023: $0.145m and 31 March 2024: $nil).

During the year ended 31 March 2023 the Brankin Family Interest Trust paid taxes on behalf of the group amounting to $0.175m. At reporting date $0.175m was payable (30 September 2023: $0.175m and 31 March 2024: $0.175m).

No balances with related parties were written off or forgiven in the period (30 September 2023: $nil and 31 March 2024: $nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2024

NOTE 11: BUSINESS COMBINATIONS

Golden View Care and Golden View Lifestyle Village

On 28 August 2024, the Group acquired 100% of the assets and liabilities of Golden View Care and Golden View Lifestyle Village, a provider of rest home and hospital care for the elderly and a retirement village in Cromwell.

Since the acquisition took place one month before reporting date, the initial accounting for the business combination is yet to be finalised and the amounts reported are provisional.

The primary reason for the business combination was to expand Promisia's network, with an additional 60 care beds, including a specialist dementia unit, and 121 independent living villas and apartments.

Details of the purchase consideration

	Note	$ '000
Cash paid		9,820
Deferred consideration - vendor loan	4	13,350
Convertible notes issued		6,000
Total purchase consideration		29,170

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business combination were:

	Note	Recognised on acquisition at fair value $ '000
Assets and liabilities held at acquisition date:		
- Property, plant and equipment		825
- Investment properties		95,604
- Intercompany loan payable		(825)
- Occupation right agreements	5	(62,254)
Net identifiable assets acquired		33,350
Add: Bargain purchase		(4,180)
Total purchase consideration		29,170

Currently the Golden View Lifestyle Village and recreational facilities are being leased from Rivercrest Cromwell Limited (the Vendor). The Vendor currently receives 40% of the occupation right agreements net proceeds from Golden View Lifestyle Village in lieu of rent. This right of use asset is deemed to be an investment property.

Transfer of ownership of these investment properties is expected to be in August 2028 on completion of the repayment of the Vendor loan of $13.350m and the conversion of the $6.000m capital notes to shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

NOTE 11: BUSINESS COMBINATIONS (CONTINUED)

Contribution since acquisition

Since the acquisition date, of Golden View Care Limited and Golden View Lifestyle Village, they have contributed revenue of $0.485m and operating profit before tax of $0.189m.

Bargain purchase

The business combination resulted in a gain on business acquisition as the fair value of assets acquired and liabilities assumed exceeded the total of the fair value of consideration paid. Golden View Care facility & village were acquired from Rivercrest Cromwell Limited for a $29.170m purchase price. The latest valuation as at 31 March 2024 recorded a fair value of $33.350m which resulted in a $4.180m gain.

Rippon Home and Hospital

On 28 August 2024, the Group acquired 100% of the share capital of Ripponburn Home and Hospital Limited, a provider of rest home and hospital care for the elderly in Cromwell.

Since the acquisition was one month before reporting date, the initial accounting for the business combination is yet to be finalised and the amounts reported are provisional.

The primary reason for the business combination was to expand Promisia Healthcare Limited's network, with an additional 46 care beds, including a specialist dementia unit, and 16 independent living villas.

Details of the purchase consideration

	$ '000
Cash paid	4,000
Total consideration	4,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2024

NOTE 11: BUSINESS COMBINATIONS (CONTINUED)

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business combination were:

	Note	Recognised on acquisition at fair value $ '000
Assets and liabilities held at acquisition date:		
- Cash & cash equivalents		42
- Accounts receivable		366
- Property, plant and equipment		154
- Investment properties		10,450
- Deferred tax liability		(4)
- Intercompany loan receivable		101
- Accounts payable		(117)
- Provisions		(581)
- Occupation right agreements	5	(5,159)
- Deferred management fee		(251)
Net identifiable assets acquired		5,001
Add: Bargain purchase		(1,001)
Total purchase consideration		4,000

Contribution since acquisition

Since the acquisition date Ripponburn Home and Hospital Limited has contributed revenue of $4.423m and operating profit before tax of $0.350m.

Bargain purchase

The business combination resulted in a gain on business acquisition as the fair value of assets acquired and liabilities assumed exceeded the total of the fair value of consideration paid. The shares for the companies that own Ripponburn facility & village (i.e. Thyme Care & Thyme Care Properties Limited) were acquired for $4.000m. The latest valuation as at 31 March 2024 recorded a fair value of $5.001m which resulted in a $1.001m gain.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

NOTE 12: ASSETS AND LIABILITIES OF DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION

In September 2024, Promisia Healthcare Limited entered into a conditional sales and purchase agreement with The Masonic Village Trust to sell its Eileen Mary care facility and village in Dannevirk. The purchase price for the business is $6.100 million. The assets and directly associated liabilities have accordingly been presented as held for sale and Eileen Mary care facility and village has been classified as a discontinued operation.

No impairment losses have been recognised as the expected sale price of the care facility and village is in excess of the current carrying value of the care home assets.

Discontinued operations

See accounting policy in Note 1(e) for discontinued operations.

The Eileen Mary care facility and village was not previously classified as held-for-sale or as a discontinued operation. The comparative condensed consolidated statement of comprehensive income has been represented to show the discontinued operation separately from continuing operation.

The results of the discontinued operation for the period are:

	30 September 2024 UNAUDITED	30 September 2023 UNAUDITED
	$ '000	$ '000
(a) Financial performance information		
Revenue	1,967	1,867
Expenses	(1,520)	(1,610)
Profit before income tax	447	257
Income tax expense on discontinued operation	(12)	(9)
Operating profit from discontinued operations	435	248

	30 September 2024 UNAUDITED	30 September 2023 UNAUDITED
	$ '000	$ '000
(b) Cash flow information		
Net cash (used in) operating activities	232	268
Net cash (used in) investing activities	(2,050)	(780)
Net cash provided by financing activities	1,810	-
Net cash flow	(8)	(512)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2024

NOTE 12: ASSETS AND LIABILITIES OF DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION (CONTINUED)

	Note	30 September 2024 UNAUDITED $ '000	30 September 2023 UNAUDITED $ '000
(c) Carrying amounts of assets and liabilities of disposal group held for sale			
Assets held for sale			
Receivables		252	-
Deferred tax assets		69	-
Property, plant and equipment	2	73	-
Investment properties		9,652	-
		10,046	-
Liabilities directly associated with assets classified as held for sale			
Bank overdraft		1,700	-
Payables		641	-
Revenue received in advance		246	-
Borrowings		2,946	-
Occupation right agreements	5	2,819	-
		8,352	-

NOTE 13: CAPITAL COMMITMENTS

Ranfurly Residential Development

The Group had entered into a fixed price agreement for the development land surrounding the Ranfurly Residential Care Centre. The agreement, initially for 7 years was amended by a contract deed of variation on 6 December 2022, to a period of two years for the development of eight internal units, three 1-bedroom villas and twenty two 2-bedroom villas to be completed at a fixed price of $12.060m to be paid from ORA sale proceeds from individual units. The commitment as 30 September 2024 is $1.330m (30 September 2023: $6.290m and 31 March 2024: $2.200m).

As at 30 September 2024, all 1-bedroom villas and 2-bedroom villas had been completed and sold. One of the internal units has been sold.

NOTE 14: CONTINGENT LIABILITIES

There are no contingent liabilities at 30 September 2024 (30 September 2023: $Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

Eileen Mary Facility

The Group entered a sale and purchase agreement to sell its Eileen Mary care facility and village in Dannevirke on 13 September 2024.

Eileen Mary is non-core to Promisia's portfolio, as Promisia is seeking larger scale facilities in regions with a growing population as part of its strategy.

The selling price for the business and assets is $6.100 million plus GST (if any). The sale and purchase agreement is conditional on regulatory approval and consent to transfer a material contract. The sale and purchase was completed on 12 November 2024.

Other

There have been no other matters or circumstances, which have arisen since 30 September 2024 that have significantly affected or may significantly affect:

(a) the operations, in financial period subsequent to 30 September 2024, of the Group, or
(b) the results of those operations, or
(c) the state of affairs, in financial period subsequent to 30 September 2024, of the Group.

DIRECTORY

Registered office
Duncan Cotterill
Level 5, 50 Customhouse Quay
Wellington, 6011

Directors
Thomas Brankin
Craig Percy
Rhonda Sherriff
Jill Hatchwell (ceased 25 September 2024, reappointed 6 November 2024)
Tony Mortensen (appointed 30 August 2024)

Auditor
William Buck Audit (NZ) Limited

Bank
Bank of New Zealand
Kiwibank

Solicitors
Duncan Cotterill, Wellington

Promisia

HEALTH AND CARE

www.promisia.co.nz