Promisia
HEALTH AND CARE

Annual Report 2024

FOR THE YEAR ENDED 31 MARCH 2024

On behalf of the Board and Management of Promisia Healthcare Limited, we are pleased to present the Annual Report for the financial year ended 31 March 2024 (FY24). In this report we detail our performance over FY24, share our strategy for future growth, and highlight a few of the stories that make Promisia the aged care provider of choice in our communities, and a valued home for our residents.

Rhonda Sherriff
Chair

26 June 2024

Caring is our business.

Promisia is a New Zealand based aged care and retirement living provider, with a focus on delivering care that makes a difference.

Strategically located in well established communities, our retirement villages and aged care facilities offer residents a place they can call home.

Our commitment is to high quality personalised support, tailored to the unique needs of each individual. We provide a diverse range of living options, including retirement villas, care suites, rest home, and hospital care. Additionally, our specialised services encompass dementia care, palliative care, respite care, and support for young disabled individuals, offering invaluable assistance to families and communities alike.

Trust forms the cornerstone of our approach. We build strong, transparent relationships with our residents and their families, foster open communication and offer peace of mind. Integrity guides our actions as we uphold the trust placed in us by those under our care.

Our purpose is to provide care that makes a difference.

This guides our decision making as an organisation, from our Board and management through to our nurses, caregivers and support staff.

We are committed to:

- Delivering excellent skilled care regardless of a person's financial circumstances
- Respecting each resident's rights to be supported to live a good life
- Providing a safe environment for people to thrive in
- Communicating with good intent
- Acting with integrity in all we do

Community focused across New Zealand.

Our values are at the heart of all that we do.

Supportive: We work side by side with our residents and their whānau to support the choices they make during their time at Promisia

Integrity: We can be trusted to do what we say we will

Care: We treat our residents, their whanau and our colleagues with compassion, understanding and respect

Community: We foster caring, connected communities

Our strategy.

Building a stronger foundation for growth.

Our focus for FY24 was to build on the groundwork laid in preceding years to strengthen our business and create a robust scalable platform for growth, with strong leadership and governance.

We made excellent progress with the appointment of new Directors and a strengthened leadership team, in tandem with enhancements to our operating systems and bolstered financial resilience.

The demand for quality personalised care continues to escalate. With a strong foundation now in place, we are well positioned to capitalise on this continuing trend, through our existing facilities and with a landbank of potential development opportunities.

We are innovative in our approach and our size allows us to be move nimbly to take advantage of emerging opportunities. We look forward to the coming year with confidence, as we capitalise on the promise of growth ahead.

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

Commercial highlights & key events.

"We made excellent progress in FY24 as we prioritised the essentials and created a strong platform for growth."

383
Available care beds
(including care apartments)
FY23: 369

44
Village units
FY23: 26

$9,678
EBITDAF[1] per available care bed
FY23: $10,770

100%
Village unit occupancy
FY23: 100%

85%
Bed occupancy
FY23: 87%

312
Team members
FY23: 278

4
Facilities
FY23: 4

FY24 Snapshot

- Welcomed new Board leadership with the appointment of industry expert, Rhonda Sherriff, as Chair in July 2023
- Appointed Jill Hatchwell as an Independent Director and Chair of the Risk Assurance and Audit Committee in August 2023
- Restructured and strengthened the leadership team with appointment of Karen Lake as Group GM in July 2023, followed by recruitment of Francisco Rodriguez Ferrere as GM Finance and Blesster Saga as Clinical & Quality Manager
- Review of strategy and reset of objectives to drive commercial growth
- Successfully extended banking facilities and agreed improved terms

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

Financial snapshot.

Positive second half momentum following appointment of new leadership team.

- 10% year on year increase in operating revenue, up to $26.3m
- Underlying EBITDAF[3] of $3.8m, down 8% year on year
- Net profit after tax of $1.6m, up 136% year on year
- 18% increase in total assets to $84.3m
- 6% improvement in debt position as at 31 March, down to $29.2m, undrawn facilities and cash of $0.5m
- 37% increase in Net Tangible Assets per share to 0.126 cents

Financial highlights

	FY24 $000	FY23 $000
Total operating revenue	26,293	23,834
Fair value movement in property	3,641	47
EBITDAF[2]	3,639	3,535
Underlying EBITDAF[3]	3,759	4,107
Net profit for the period	1,635	692
Total assets	84,345	71,761
Cash and available facilities	118	2,059
Debt	29,155	30,872
Net operating cashflow	7,490	7,074

[2] EBITDAF is operating earnings before interest, tax, depreciation, amortisation and fair value adjustments and is a non-GAAP number.
[3] 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 $0.1m are included in the FY24 results. See page 20 for Non-GAAP to GAAP reconciliation.

Chair's report.

Rhonda Sherriff, Chair

"In FY24, Promisia made excellent progress on the fundamentals, putting the business in a strong position for growth."

The last year has been an important one for our business, as we built upon the work of preceding years to create a strong foundation for growth.

Notably, we refreshed and strengthened our Board and leadership team with the appointment of highly qualified, experienced and passionate individuals. At Board level, I was pleased to join as Chair of Promisia in July 2023, with Jill Hatchwell also joining at that time as an Independent Director and chair of Promisia's Risk Assurance and Audit Committee. I would like to acknowledge and thank Helen Down, who stepped in as Acting Chair for 12 months until my appointment, for her time, support and valued contributions to Promisia.

The resignation of Promisia's previous CEO in June last year provided the opportunity for the Board to consider the structure and executive needs of our business. We appointed Karen Lake as Promisia's new Group General Manager in August 2023. Karen has extensive experience in the aged care, retirement and healthcare sectors, having worked for NZX listed providers, Oceania and Ryman Healthcare for a number of years. She brings a passion for excellence, innovative thinking and extensive industry knowledge.

The Board also appointed Francisco Rodriguez Ferrere as the new GM Finance, where he has made significant improvements to our financial operations. Additionally, Blesster Saga was appointed to Clinical and Quality Manager. This newly created role separates clinical and operational management of our business, with long standing team member, Virginia Dyall-Kalidas, taking on the role of Group Operations Manager.

Not only has the leadership team been reinvigorated, but a number of new roles and appointments have also been made to the facilities management teams, which ensures a more specialised focus on those areas that are important to us – quality care, positive clinical outcomes, and staff, resident and family satisfaction.

We took the opportunity of new leadership to revisit our strategy and commercial objectives. We have reconfirmed our four strategic pathways and management has set out a strong plan to achieve our goals, which has been endorsed by the Board.

Increasing strength and performance

The work we have been doing is resulting in improved resident and employee satisfaction, an enhanced reputation and growing occupancy.

In particular, we saw positive traction in the second half of the year with the new leadership team at the helm.

Revenue and profit increased year on year, and Underlying EBITDAF (which is a key metric for the company) significantly improved in 2H 2024 and was up 27% on the first half.

Following the rebuilding of the finance team in Q2 FY24, solid progress has been made to strengthen Promisia's financial footing, with a focus on lowering debt, enhancing cashflow and improving reporting. Notably, Promisia has successfully extended its banking facilities with improved terms, enabling the repayment of all second-tier lending on the Aldwins Road land acquisitions in 2023 and reduced interest costs.

The valuations for the Group's four facilities increased 13% overall. Net Tangible Assets per share increased by 37% in the year to 0.126 cents.

More information on financial performance can be viewed on page 20.

Strategic progress

Stronger business

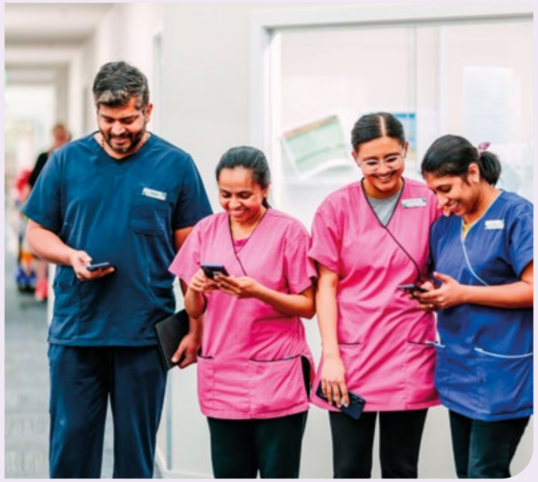
While the first half of the year was a time of transition as new leadership was recruited, the second six months has been an intense period of activity. Much of this was carried out behind the scenes, as financial and operating processes and systems were improved and efficiencies enhanced.

The recent appointment of a Quality Project Manager supports the senior management team to deliver on Promisia's strategic goals to enhance clinical and quality standards, raise brand and profile awareness, increase employee skill and knowledge base, deliver on initiatives to promote village sales and raise overall occupancy levels, and to contribute to the realisation of financial projections.

The Promisia Roster

Over the past six months, a particular focus has been on implementing a Promisia Roster, attached to the Primary Nursing Care Model, into Aldwins House. This is already showing improved resident and staff satisfaction. Under this model, nurses and caregivers are assigned to a particular group of residents, building trust and creating stronger relationships and improved care outcomes. Rostering schedules have been aligned to the new system, resulting in better schedules for staff, increased efficiency and significant savings.

The call system has also been revamped with investment into a digital call system that directs calls to smart devices assigned to the resident's specific group of care providers. Hallway enunciators have been silenced and care staff are only alerted to the calls from their group of residents and to emergency calls.



Maximising occupancy

We have good levels of occupancy across our facilities, with strong local demand from residents who wish to remain close to family and in the communities in which they live. One of our key strengths is the ability to respond and reconfigure our facilities to meet the needs of our communities. Many of our beds are dual purpose, allowing us to quickly adapt to provide for a range of care needs, from low level to high needs and other specialist care services.

We invested in increased sales resource in 2023, resulting in strong sales of the new villas at Ranfurly Manor, which are now all sold and occupied or under contract.

Building occupancy at Aldwins House in Christchurch has also been a focus. Innovative thinking is what we do best and we recently extended our care offering with certification for Young Person Disability services for 40 of the 144 beds for both permanent and respite care. These beds also remain certified for aged residential care to enable flexibility of admission in accordance with the need in the community.

The quality innovation members of the senior leadership team are currently working on other initiatives to maximise occupancy in all villages.

New Zealand's Ageing in Place policy has now been operating for over 20 years, supporting people to remain living at home instead of entering residential care.

This means that many of our residents are older, frailer or requiring higher levels of care when they come into our facilities. This trend will continue and we expect increasing levels of demand for higher level hospital care.

We have an amazing team of carers, who possess a remarkable blend of compassion, expertise and dedication. They not only provide physical assistance but emotional support and companionship during the most vulnerable moments, while ensuring dignity and comfort for their residents. They approach their work with empathy and sensitivity, and make an invaluable difference to the lives of our residents and their loved ones.

Diverse revenue streams

Aged care funding remains challenging, with cost inflation and continuing wage competition for registered nurses from the public sector. Pay equity with the public health sector is essential to attract and retain these vital and qualified members of our team. Without them and our other dedicated carers, we would be unable to deliver the high levels of care we believe all older New Zealanders deserve.

We continue to work closely with the aged care sector to encourage appropriate funding which will allow older people to receive quality care where and when they need it. Although a funding increase was received from Manatū Hauora Ministry of Health in 2023 to enable pay parity, a pay increase to public sector nurses shortly after has subsequently led to yet another wage gap.

We offer a competitive rate to our registered nurse workforce and find that many of them prefer the culture and environment of working in one of our facilities.

Given the funding challenges, it is critical that we continually consider additional or new revenue streams that reduce our reliance on government funding. For example, in addition to our standard care and accommodation offers, we offer premium care suites, which carry an additional supplement in return for greater space, amenities and aesthetics.

We also benefit from the sale of occupational rights agreements for independent living units, additional services paid for by the resident, and deferred management fees. The new YPD service is another example of our strategy to create diverse revenue streams for our business.

Government funding
$16.1m
61% of revenue

Private payment
$8.4m
32% of revenue

ORA resale and DMFs
$1.9m
7% of revenue

Dementia care – meeting a growing need

We are looking at ways to respond to the national demand for more specialist dementia care services. While the Government's Ageing in Place strategy has supported older New Zealanders to remain in their own homes for longer, the demand for dementia care services is increasing.

New Zealand's ageing population means more Kiwis will require specialist dementia care. As Alzheimer's New Zealand reports, nearly 70,000 already live with dementia mate wareware, with that number projected to reach 170,000 by 2050.

The risk of dementia increases with age, doubling every five years after 65 (National Institute of Ageing). Statistics NZ predicts the over-65 population will hit one million by 2028. Coupled with New Zealand's average lifespan of 82 years, this paints a clear picture of the growing need in the years to come.

Promisia recognises that the shape of dementia care is changing globally with more consideration being given to enhancing quality of life, whilst balancing safety and a person's right to live a full and satisfying life with their diagnosis.

We are well placed to consider our care offering in this field further, with a high level of dementia care expertise at all levels of the organisation, from senior management to our invaluable team members who work alongside our residents on a daily basis.

Network expansion

As a group, Promisia has an innovative and entrepreneurial mindset with an ability to move quickly and take advantage of emerging opportunities. A focus on growth alongside confidence in the quality of our product puts us in an ideal position.

The development at Ranfurly Manor is now complete, with all new villas sold or under contract. Given the success of this development, we will continue to consider opportunities to develop more independent living options with occupational rights agreements (ORAs) and management fees paid for by the resident. We are also shifting to offering assisted living packages in the independent apartments to maximise sale of ORAs within the main building at Ranfurly. Residential care will continue to be offered in these apartments.

We announced three small but important greenfield sites abutting existing properties just prior to FY23 year end which offer development potential, and continued to identify and assess further potential acquisitions throughout the year.

Our team

Every day, our incredible team of carers, nurses and support staff provide our residents with joy, friendship and personalised care. Our team is a mix of local and international and we have a strong, long standing workforce which helps to create the family environment that is such an important part of who we are.

We value our people and work hard to provide an enjoyable and rewarding workplace. The addition of two new roles to our management team has enhanced our focus on quality, clinical care and continuous training, and the planned recruitment of a new Human Resources Manager will provide further support for our team.

Health and Safety of our team is of paramount importance and we are doing all we can to protect both our own people and others who are a part of our communities.

We continue to invest in training for our Caregiving staff through Careerforce and the development of inhouse education to imbue Promisia values and culture consistently in the practice of all team members. We have supported International Registered Nurses through the CAP courses and our Registered Nurses through internal and external training. Three of our Facility Managers are enrolled in the Business Diploma course through Careerforce and there is also an extensive internal education programme available for staff. A member of our Leadership Team is also currently undertaking a Masters of Nursing.

160
Incredible caregivers

40
Trusted registered nurses

112
Invaluable support and administration staff

Creating a sustainable business

While a smaller business, we still take sustainability seriously, whether that be investing in our people, supporting our communities, or looking after our environment. This is not just a moral imperative but also makes good business sense.

Community minded

Our biggest focus is on our people – we believe that if we invest in and look after our people, they in turn will deliver excellent care and service to our residents. Ultimately, this will drive demand for the services and accommodation we offer, creating a positive cycle where the success of our business aligns seamlessly with the fulfilment of our social responsibilities.

Our facilities are an important part of their local communities and we actively encourage engagement with both families and friends, and the wider community alike. At Aldwins House in Christchurch, a close partnership with the local high school sees students engaging with residents on a weekly basis. Students are currently working a business initiative with residents where they are collaborating to develop artwork for tote bags, with sharing of sale proceeds. Both residents and students are benefiting from this relationship.

Environmentally conscious

Promisia is not a climate related reporting entity under the New Zealand climate reporting regime, however, environmental care is important to us. We separate waste and recycling, dispose of chemical waste in line with protocols, and have initiatives supporting a circular economy within our facilities, such as Market Days where residents can swap and sell clothing and other items.

Our primary source of carbon emissions stems from electricity consumption, which is exclusively generated from renewable sources. Our largest waste product is single use continence products (pads) which are sent to landfill. There is limited availability of commercially viable products which reduce the environmental impact relating to production and disposal, however, we will continue to assess new products as they come to market.

When designing and creating new accommodation and facilities, we will keep sustainability in mind, working with contractors to enable the reduction of construction waste where possible, and looking to embed sustainable elements into our designs, such as solar panels and grey water recycling.

Sector dynamics and Promisia's outlook

Like many countries around the world, New Zealand has an ageing population, with a growing proportion of people aged 65 years or older, and increasing life expectancy. Many older people live with a disability and as they age, demand for aged care services, including residential care, increases. New facilities will need to be built to meet demand and existing facilities expanded.

Promisia is positioning itself to meet this need with a particular focus on care, while also offering an attractive independent living environment with support and services for residents.

During FY24, we established a strong foundation for our business. Over the next year, we will continue to strengthen our business platform, while investing in growth. The work already done this year and the strong focus on occupancy, quality of care and financial rigour, gives the Board and management confidence in our continued momentum.

We remain committed to building value for our shareholders and expect double digit growth in operating earnings in FY25 as we deliver on our strategy.

On behalf of the Promisia Board and management, we'd like to thank our shareholders, residents and partners for your support and belief in our future. We'd also like to thank Promisia's team for helping us deliver a successful year.

Rhonda Sherriff
Chair

Fresh leadership for new times.

Promisia's leadership team has been refreshed and strengthened over the last year with the appointment of experienced executives with significant expertise and knowledge of the sector.

Left to Right:
Virginia Dyall-Kalidas, Francisco Rodriguez Ferrere, Karen Lake, Blesster Saga, Mary van der Veldt

Karen Lake
Group General Manager

Karen has extensive experience in the New Zealand aged residential care and retirement village industry. She has held Operations, Clinical, and Quality senior leadership positions for large retirement village providers over the last 15 years. With proven industry experience together with a strong commercial background in strategy development and operation management in the healthcare section, she is in a strong position to grow the business and shareholder value.

Blesster Saga
Clinical and Quality Manager

Blesster Saga comes to Promisia with an impressive track record of excellence in care delivery. Blesster has been working in aged residential care for several years and most recently as a Clinical Manager, for a village with a strong reputation for excellence in care delivery. He has a Bachelor of Bachelor of Science in Nursing; a post Graduate Diploma in Health Sciences and is currently undertaking a Masters in Health Science (Nursing) through Massey University.

Mary van der Veldt
Quality Innovation Manager

Mary has significant nursing and aged care industry experience. Her prior experience includes setting up care centres and dementia care wings, care centre managerial responsibility, and involvement in the clinical design of a bespoke care planning system. In the new role of Quality Innovation Manager, Mary will be focused on realising Promisia's strategic goals through quality innovations and enhancement of brand, profile, reputation, and clinical standards.

Francisco Rodriguez Ferrere
General Manager Finance

Francisco is a chartered accountant with over 10 years of financial and managerial experience in both New Zealand and London. Francisco has worked in chartered accounting firms and, most recently, has worked for British Land PLC, one of Europe's largest publicly listed real estate investment companies. As the GM Finance, Francisco leads and operates the Group's finance function, including risk management, corporate structure and investment support functions.

Virginia Dyall-Kalidas
Group Operations Manager

Virginia has a long career in health having started her career as a nurse and moving into senior management roles in the private sector, including aged care. Her experience managing retirement villages ensures that she understands how to run a successful village that complies with legislation. She is well placed to support our village and facility managers to do the same, under the cohesive Promisia umbrella. Virginia also has a strong background in Maori Health roles, including advisory positions.

Our Board.

Rhonda Sherriff RGON

Independent Chair | Appointed 13 July 2023

Rhonda has worked in the aged care sectors for over 30 years in governance, senior leadership, clinical, quality, and operational management roles. Rhonda is currently a Board member of the New Zealand Aged Care Association and is also co-owner of Chatswood Retirement Village in Opawa, Christchurch. Rhonda commenced her career as a registered nurse and regularly consults to the industry, providing support and advice to a number of industry providers.

Craig Percy BMS

Independent Director | Appointed 19 August 2022

Craig has had over 20 years' experience in the aged care and retirement village sectors, in both New Zealand and the United Kingdom. This includes holding the role of Chief Operating Officer at LifeCare Residences in London and the role of General Manager at ElderCare New Zealand Limited, now part of NZX-listed Oceania Healthcare. Separately from his role as a Director of Promisia, Craig also has an ownership in a retirement village in Greytown.

Thomas Brankin Dip Agriculture & Dip Farm Management

Executive Director | Appointed 7 May 2013

Tom has been involved in building and operating aged care facilities and retirement villages for the last 30-plus years. He is currently the majority shareholder and an executive Director of Promisia. His other interests include commercial and residential property and farm management software.

Jill Hatchwell BCom

Independent Director | Appointed 28 August 2023

Jill is a professional director with management and governance experience encompassing both public and private sector entities across a range of industries. She is a Chartered Member of the Institute of Directors NZ and is currently serving on the boards of a number of entities including Chatham Rock Phosphate and Aorere Resources. Jill is the chair of Promisia's Risk Assurance and Audit Committee.

Financial performance.

Results for the FY24 financial year reflect the transition to new leadership in Q2 2024, with a notable improvement in performance in the second half of the year.

Income for the year increased by 10.3% to $26.3m (H1: $12.9m, H2: $13.4m). This increase was driven by increased government-funded bed rates from 1 July 2023, and an increase in deferred management fees from villa sales.

Revenue is sourced primarily from Government funding (approximately 61%) with the remainder from private payment. Promisia is strategically shifting the mix of revenue to generate a greater share from private payment for care suites, assisted and independent living units. During the year, there were 17 new sales and 13 resales of occupation rights agreements (ORAs) completed.

Administration expenses increased by $1.0m to $3.7m (H1: $2.0m, H2: $1.7m), however a large portion of the increase is considered to be one-off in nature as it relates to the recruitment of the leadership team and additional consultant costs during the transition period.

Operating expenses were 7.9% higher, in an environment of inflationary pressure.

Earnings excluding fair value movements (EBITDAF) were $3.6m for the year (H1: $1.6m, H2 $2.0m), an increase of 2.9% on FY23. Underlying EBITDAF, which excludes non-trading and one-off transactions, was down 8.5% to $3.8m, reflecting one-off costs incurred during the leadership transition period.

The Group reported a FY24 net profit after tax of $1.6m, an increase of $0.9m year on year. There was a further fair value increase to properties, not classed as investment properties, of $3.1m bringing comprehensive income for the year to $4.8m.

At 31 March 2024, total assets increased by 17.5% to $84.3m, reflecting the completion of the Ranfurly Manor Village expansion and subsequent recognition of villas following the successful sale of newly created occupational rights agreements. In addition, valuations for the Group's four facilities increased 13.4% overall.

Cash and cash equivalents were $0.5m as at 31 March 2024, with debt of $29.2m, a 5.6% reduction from last year.

As at 31 March 2024, Net Tangible Assets per share were 0.126 cents, an increase of 37.0% year on year.

	FY24 $000	FY23 $000
EBITDA	**7,280**	**3,582**
Fair value movement in property	(3.641)	(47)
EBITDAF	**3,639**	**3,535**
Discretionary Executive Director Payment	120	250
Holiday pay provision	-	322
Underlying EBITDAF	**3,759**	**4,107**

Promisia's strengths.

Our primary focus is on providing personalised quality care for senior New Zealanders who need higher levels of specialised care and support.

- We have a diverse revenue mix underpinned by stable recurring revenue from Government funded care
- Our facilities are an important part of our local communities, made up of our people, our residents and their whānau
- Our locations outside of the main centres offer lower land costs, generally lower operating costs and strong average occupancy rates given there are usually fewer facilities in the area
- We have a carefully considered growth strategy with existing opportunities, and a strong business foundation to support growth
- Our preference is to own the land and buildings – all our current facilities are owned
- We have strong management and governance structures
- We add value for our residents, people, communities and shareholders

Attractive sector dynamics

- Strong demand underpinned by favourable population demographics
- Growing demand for high needs and specialist aged care, particularly in regional New Zealand
- Increasing compliance driving sector consolidation
- Variety of care and business models in the sector, with different care offerings

Financial Statements

FOR THE YEAR ENDED 31 MARCH 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

		2024	2023
	NOTE	$000	$000
Revenue and other income			
Revenue from contracts with customers	5	25,518	23,465
Gain on signing new occupancy right agreement		775	369
Fair value gain on investment property	13	3,641	47
		29,934	23,881
Less: expenses			
Administration expenses	6	(3,708)	(2,746)
Operating expenses	6	(18,946)	(17,553)
Depreciation expense		(802)	(838)
Borrowing costs		(2,686)	(2,281)
Impairment	6	(194)	-
		(26,336)	(23,418)
Profit before income tax expense		3,598	463
Income tax (expense)/benefit	7	(1,963)	229
Profit for the year		1,635	692

		2024	2023
	NOTE	$000	$000
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Revaluation of property, net of tax	21	3,116	667
Total comprehensive income		4,751	1,359
Earnings per share		**Cents per share**	**Cents per share**
Basic and diluted earnings per share	20	0.0076	0.0032

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		2024	2023
	NOTE	$000	$000
Assets			
Cash and cash equivalents	8	118	2,059
Receivables	10	1,341	1,435
Current tax assets		6	6
Other assets	11	549	537
Property, plant and equipment	12	21,319	17,910
Investment properties	13	61,012	49,320
Deferred tax assets	7	-	494
Total assets		84,345	71,761
Liabilities			
Payables	15	3,759	3,870
Revenue received in advance	16	2,288	1,472
Occupancy rights agreement	17	22,012	15,459
Borrowings	18	29,155	30,872
Deferred tax liabilities	7	2,251	-
Total liabilities		59,465	51,673
Net assets		24,880	20,088

		2024	2023
	NOTE	$000	$000
Equity			
Share capital	19	77,467	77,426
Reserves	21	3,066	(50)
Accumulated losses		(55,653)	(57,288)
Total equity		24,880	20,088
Net tangible asset backing per share (cents)		0.126	0.092

Signed on behalf of the board of Directors, dated 26 June 2024

Thomas Brankin
Director

Rhonda Sherriff
Director

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	NOTE	CONTRIBUTED EQUITY $000	RESERVES $000	ACCUMULATED LOSSES $000	TOTAL EQUITY $000
Consolidated					
Balance as at 1 April 2022		77,276	(717)	(57,980)	18,579
Profit for the year		-	-	692	692
Other comprehensive income for the year		-	667	-	667
Total comprehensive income for the year		-	667	692	1,359
Transactions with owners in their capacity as owners:					
Contributions	19	150	-	-	150
Total transactions with owners in their capacity as owners		150	-	-	150
Balance as at 31 March 2023		77,426	(50)	(57,288)	20,088

	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
Profit for the year		-	-	1,635	1,635
Other comprehensive income for the year		-	3,116	-	3,116
Total comprehensive income for the year		-	3,116	1,635	4,751
Transactions with owners in their capacity as owners:					
Contributions	19	41	-	-	41
Total transactions with owners in their capacity as owners		41	-	-	41
Balance as at 31 March 2024		77,467	3,066	(55,653)	24,880

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	NOTE	2024 $000	2023 $000
Cash flow from operating activities			
Receipts from residents for care fees and services		24,371	23,533
Receipts of residents' loans from new sales		10,475	6,881
Payments to suppliers and employees		(22,985)	(19,796)
Repayments of residents' loans		(1,798)	(1,263)
Interest paid		(2,573)	(2,281)
Net cash provided by operating activities	9	7,490	7,074
Cash flow from investing activities			
Payment for property, plant and equipment		(325)	(13,886)
Purchase of investment property		(7,276)	(6,733)
Acquisition of Aldwins Retirement Village Ltd		-	(525)
Net cash used in investing activities		(7,601)	(21,144)

	NOTE	2024 $000	2023 $000
Cash flow from financing activities			
Net (repayment of) proceeds from borrowings		(1,830)	13,718
Net cash (used in)/provided by financing activities		(1,830)	13,718
Reconciliation of cash and cash equivalents			
Cash at beginning of the financial year		2,059	2,411
Net decrease in cash held		(1,941)	(352)
Cash at end of financial year		118	2,059

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2024.

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements cover Promisia Healthcare Limited and its consolidated entities (the "Group"). Promisia Healthcare Limited is a company limited by shares, incorporated and domiciled in New Zealand. Promisia Healthcare Limited is a for-profit entity for the purpose of preparing the consolidated financial statements. Promisia Healthcare Limited's principal activities are the ownership and operation of retirement villages and rest homes 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.

The following are the material accounting policies adopted by the Group in the preparation and presentation of the consolidated financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the consolidated financial statements

Compliance with IFRS

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). These consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Historical Cost Convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for investment properties and certain classes of property, plant and equipment.

Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires the use of certain estimates and judgements in applying the Group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the consolidated financial statements.

(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 Group has a significant working capital deficit as at 31 March 2024, primarily due to borrowings which are due for repayment within the next 12 months totalling $24m.

The Group has entered into discussions with its principal lender, BNZ, to secure additional financing and amend existing credit facilities to provide sufficient liquidity for its ongoing operations. Management believes that these discussions will result in a successful outcome, thereby alleviating concerns regarding the Group's ability to continue as a going concern.

The Directors are comfortable that based on the historic performance, detailed cash flow projections, and the support provided by Directors, the Group will be able to meet its cash flow requirements as they fall due. The Group has reported a net profit before tax of $3.598m (2023: $0.463m).

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) Material accounting policy information

The Group adopted *Disclosure of Accounting Policies (Amendments to NZ IAS 1)* from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements.

The supporting paragraphs in NZ IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

Management reviewed the accounting policies and made updates to the information disclosed in Note 1, Material Accounting Policy Information (2023: Significant accounting policies) in certain instances in line with the amendments.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(b) Management fee revenue recognition

Management fees are recognised as revenue on a straight-line basis. This requires management to estimate the period of occupancy for units.

If actual occupancy periods differ significantly from the estimates, village contributions and exit fees shown in the financial statements will be affected accordingly. However this is unlikely to cause a material adjustment.

(c) Fair value of investment property, freehold land and buildings

The fair value of the investment property, freehold land and buildings is appraised annually by an independent external valuer. The valuer has provided an assessment of the amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion. The valuer has also considered the highest and best use of the asset that is physically possible, legally permissible and financially feasible in its principle market.

Significant judgement is required relating to the assumptions made in order to assess the carrying value.

NOTE 3: FINANCIAL RISK MANAGEMENT

The Group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

(a) Interest rate risk

(b) Credit risk

(c) Liquidity risk

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

The Group holds the following financial instruments:

	2024	2023
	$000	$000
Financial assets		
- Cash and cash equivalents	118	2,059
- Receivables	1,341	1,435
- Other assets	20	20
	1,479	3,514
Financial liabilities		
- Payables	3,759	3,870
- Borrowings	29,155	30,872
- Occupancy rights agreements	22,012	15,459
	54,926	50,201

(a) Interest rate risk

The Group is exposed to interest rate risk in relation to its borrowings. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group manages it interest rate risk by maintaining a mix of variable rate and fixed rate borrowings.

The interest rates applicable to the bank loans are a mixture of a fixed and variable and are reviewed at maturity of each fixed term loan. There is $9.84m (2023: $13.87m) of bank debt that is floating interest rate. A 1% increase in interest rates would cost the Group an additional $0.098m (2023: $0.139m) in interest expenses annually.

Sensitivity

The Group is primarily exposed to interest rate risk.

If interest rates on all borrowing were to increase/decrease by 50 basis points from the rates prevailing at the reporting date, assuming all other variables remain constant, then the impact of profit for the year and equity would be as follows:

	2024	2023
	$000	$000
+ / - 50 basis points		
Impact on profit after tax	146	154
Impact on equity	-	-

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The Group does not have any material credit risk exposure to any single counterparty or group of counterparties under financial instruments entered into by the Group.

There is no significant concentration of credit risk as trade debtors are either individual residents or government agencies.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major New Zealand banks.

(ii) Trade receivables

Credit risk for receivables from contracts with customers is managed by transacting with a large number of customers, undertaking credit checks for all new customers and setting credit limits for all customers commensurate with their assessed credit risk. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk on occupancy advances through the contractual requirements in the occupancy rightly agreement. Following a termination of the agreement, the occupancy advance is repaid on receipt of the new occupancy advance from the incoming resident.

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities, and by regularly monitoring forecast and actual cash flows and maturity profiles of financial assets and liabilities.

The following table outlines the Group's remaining contractual maturities for non-derivative financial instruments. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the Group can be required to pay.

Year ended 31 March 2024	Less than 1 Year	1-2 Years	2-4 Years	5+ Years	Total contractual cash flows	Carrying amount
	$000	$000	$000	$000	$000	$000
Payables	3,759	-	-	-	3,759	3,759
Borrowings	25,873	3,367	2,060	-	31,300	29,155
Occupancy rights agreements	4,094	4,094	7,862	5,962	22,012	22,012
	33,726	7,461	9,922	5,962	57,071	54,926

Year ended 31 March 2023	Less than 1 Year	1-2 Years	2-4 Years	5+ Years	Total contractual cash flows	Carrying amount
	$000	$000	$000	$000	$000	$000
Payables	3,870	-	-	-	3,870	3,870
Borrowings	13,837	16,076	4,663	-	34,576	30,872
Occupancy rights agreements	3,140	3,140	5,924	3,254	15,458	15,459
	20,847	19,216	10,587	3,254	53,904	50,201

Occupancy rights agreements figures above have been calculated based on average occupancy years formulated by the valuer in determining investment property fair values at 31 March 2024.

The Group renews its facilities annually to ensure an appropriate portion matures on a regular basis.

NOTE 4: OPERATING SEGMENTS

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.

NOTE 5: REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024	2023
	$000	$000
Rest home, hospital & dementia fees	24,015	22,268
Deferred management fees	1,048	809
Village service fees	158	89
Other revenue	297	299
	25,518	23,465

Revenue recognition

Revenue is recognised in accordance with NZ IFRS 15. Deferred management fees and rental income are considered leases under NZ IFRS 16, and therefore excluded from the scope of NZ IFRS 15. None of the Group's revenue, as defined by NZ IFRS 15, contains significant financing components.

A contract for care fees is in place with all care residents by means of an admission agreement. The resident receives the benefit as the care is administered and each resident incurs a contracted daily care fee set each year by the Government. Rest home and hospital service fees are recognised at the point in time the services are received.

Deferred management fees are for the right to occupation and share in the use of community facilities and are payable by residents of the Group's units and apartments under the terms of their ORA. Deferred management fees are typically payable on of the ORA up to a maximum percentage of a resident's occupation license for the right to share in the and enjoyment of common facilities. The timing of the recognition of deferred management fees is a critical accounting estimate and judgment. The deferred management fees are recognised on a straight-line basis over the average expected occupancy of the relevant accommodation being:

Internal Apartments	3.7 - 4.0 Years (2023: 3.7 - 4.0 Years)
External Villas	6.8 - 7.0 Years (2023: 6.8 - 7.0 Years)

Estimates of expected occupancy are reviewed periodically. Where a change is made, it is the Group's policy to recognise the aggregate impact of this change in the period in which the change is estimate occurs.

The Group has a contractual right to management fees in the first two years of occupancy. The timing difference in the contractual right to receive the management fees and the accounting recognition of the revenue over the estimated expected occupancy gives rise to a liability for revenue in advance. As at 31 March 2024 revenue received in advance of $2.29m (2023: $1.47m) was recorded, not yet released to the profit or loss. See Note 16.

Village service fees are charged to residents to recover a portion of the village operating cost associated with services provided including staff wages, rates, and electricity. Village services fees are recognised as services are rendered.

Other revenue

Other income includes other services to residents, training income for students, other rent received and administration income on the settlement of ORAs. This revenue is recognised as services are provided.

NOTE 6: OPERATING, ADMINISTRATION AND IMPAIRMENT EXPENSES

	2024	2023
	$000	$000
Profit before income tax has been determined after:		
Administration expenses		
- Legal expenses	218	246
- NZX listing and regulatory expenses	36	47
- Insurance	492	375
- Other administration costs*	2,949	2,078
- Net loss on disposal of property, plant and equipment	13	-
	3,708	2,746
Operating expenses		
- Employee benefits and other staff costs	14,861	13,891
- Property related expenses**	392	283
- Other operating costs	3,693	3,379
	18,946	17,553
Impairment***	194	-
Remuneration of auditors for:		
William Buck Audit (NZ) Limited		
Audit and assurance services		
- Audit of financial report	82	80

*Other administration costs include utility costs, advertising, directors' fees, consulting, audit fees and accounting fees.
**Property related expenses and other operating costs relate to costs associated with running a retirement village and aged residential care such as consumables, electricity, insurance, rates, and repairs and maintenance. These expenses are recognised as they occur.
***Impairment expense relates to work in progress written off in relation to consulting and legal fees previously capitalised for potential acquisition and development projects and that were presented as work in progress under other current assets in the prior year. These abortive projects were written off during the year.

NOTE 7: INCOME TAX

(a) Components of tax expense

	2024	2023
	$000	$000
Deferred tax	1,963	(229)
Income tax expense / (benefit)	1,963	(229)

(b) Income tax reconciliation

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

	2024	2023
	$000	$000
Prima facie income tax payable on profit before income tax at 28.0% (2023: 28.0%)	1,007	130
Add/less tax effect of:		
- Derecognition of tax cost base for buildings	2,539	-
- Non-deductible expenses	80	-
- Prior period adjustments	16	-
- Fair value gain on investment property	(1,237)	(103)
- Other non-assessable income	(20)	(13)
- Utilisation of past tax losses	(422)	(243)
Income tax expense/ (benefit) attributable to profit	1,963	(229)

(c) Deferred tax

Deferred tax relates to the following:

	2024	2023
	$000	$000
Deferred tax assets		
Deferred management fees	641	412
Holiday pay	411	427
Prepaid loan fees	(44)	-
Tax losses	433	-
	1,441	839
Deferred tax liabilities		
Depreciation	276	280
Change in commercial depreciation*	2,539	-
Fair value gain on property	877	94
Other temporary differences	-	(29)
	3,692	345
Net deferred tax (liabilities) / assets	(2,251)	494

*Deferred Tax Impact on changes to commercial building depreciation rates

A deferred tax liability of $2,538,570 was recognised, this was relating to a change in commercial building tax depreciation rates in the 2024 year. The Taxation (Annual Rates for 2023–24, Multinational Tax, and Remedial Matters) Act 2024 included the removal of commercial building depreciation from the 2024-25 income year onwards. The removal of depreciation on buildings has resulted in the tax base of those buildings reducing to zero under NZ IAS 12, while the accounting base remains at its previous value. A deferred tax liability arises on the tax effect of this amount. The deferred tax liability and deferred tax expense is recognised in the year ended 31 March 2024 as the law change was enacted on 28 March 2024, even though the law change will not be effective until 1 April 2024.

The deferred tax liability will not impact future cash outflows, and will only affect deferred tax expense when the deferred tax liability is derecognised in the future periods.

Deferred tax on investment property
Deferred tax on investment property is assessed on the basis that the asset value will be realised through use ("Held for Use").

The Group's ORAs compromise two distinct cash flows, being a ORA deposit upon entering the unit and the refund of this deposit, less deferred management fee, on exit. The Group considers it appropriate to recognise and measure the tax base and associated deferred tax based on the contractual entitlements over the ORA periods as this best represents the Group's liabilities to residents as at the reporting date.

(d) Deferred income tax related to items charged or credited directly to equity

	2024	2023
	$000	$000
Increase in deferred tax liabilities	783	94

NOTE 8: CASH AND CASH EQUIVALENTS

	2024	2023
	$000	$000
Cash at bank	38	2,019
Funds held on behalf of residents	80	40
	118	2,059

NOTE 9: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with profit after income tax

	2024	2023
	$000	$000
Profit after income tax	1,635	692
Adjustments and non cash items		
Depreciation	802	838
Net loss on disposal of property, plant and equipment	13	-
Impairment expenses on other assets	194	-
Gain on signing new occupancy right agreement	(775)	(369)
Fair value adjustment to investment property	(3,641)	(47)
Deferred tax	1,963	(229)
Changes in operating assets and liabilities		
Increase in receivables, prepayments and other assets	(1,240)	(342)
Increase in occupancy advances	8,677	5,618
(Decrease) / increase in payables	(138)	913
Cash flows from operating activities	7,490	7,074

NOTE 10: RECEIVABLES

		2024	2023
	Note	$000	$000
Trade receivables		1,340	1,028
ORA settlements owing		-	260
Staff loans		1	2
Related party advances	23	-	145
		1,341	1,435

Trade and other receivables

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are measured at amortised cost less an allowance for expected credit losses.
Loss allowances relate solely to expected credit losses arising from contracts with customers. The amount of credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.
An expected credit loss is determined based in historic credit loss rates, adjusted for other current observable data that may materially impact the Group's future credit risk, including customer specific factors, current conditions and forecast of future economic conditions.

Trade and other receivables arise from the Group's transactions with its customers. The amounts are unsecured and are normally settled within 30 days.

Debtors are non-interest bearing, although the Group has the right to change interest on overdue settlements of occupancy advances or overdue care fees. Trade receivables principally compromise amounts due for care fees.

NOTE 11: OTHER ASSETS

	2024	2023
	$000	$000
Prepayments	368	387
Work in progress	161	130
NZX deposit	20	20
	549	537

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	$000	$000
Land and buildings at fair value	21,185	17,261
Accumulated depreciation	(1,135)	(714)
	20,050	16,547
Plant and equipment at cost	2,013	1,724
Accumulated depreciation	(744)	(361)
	1,269	1,363
Total property, plant and equipment	21,319	17,910

(a) Reconciliations

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

	2024	2023
	$000	$000
Land and buildings at fair value		
Opening carrying amount	16,547	3,161
Additions	25	13,249
Net amount of revaluation increments less decrements	3,899	762
Depreciation expense	(421)	(625)
Closing carrying amount	20,050	16,547
Plant and equipment at cost		
Opening carrying amount	1,363	939
Additions	300	637
Disposals	(13)	-
Depreciation expense	(381)	(213)
Closing carrying amount	1,269	1,363

Property

Freehold land and buildings are measured at revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses. The carrying amount at which both freehold land and buildings would have been carried had the assets been measured under historical costs is $15.29m (2023: $15.79m).

The carrying value of freehold land and buildings is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Ltd as at 31 March 2024 using a combination of:

- the capitalisation of proforma net cash flow profit/EBITDAR; and
- direct comparison approach based on value per bed.

The major assumptions used are as follows:

- Capitalisation rates: 12.5% to 13.25% (2023: 12.0% to 12.5%)
- Average occupancy: 90.0% to 95.6% (2023: 95.0% to 96.0%)

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Class of fixed asset	Useful lives	Depreciation basis
Buildings	2%	Diminishing value
Plant and equipment	8-80%	Diminishing value

NOTE 13: INVESTMENT PROPERTIES

	2024	2023
	$000	$000
Investment property at fair value		
Opening carrying amount	49,320	42,015
Additions - subsequent expenditure	7,276	4,510
Additions - acquisitions from purchases	-	1,624
Additions - acquisitions from business combinations	-	755
Gain on signing new occupancy right agreement	755	369
Fair value gain on investment property	3,641	47
Closing carrying amount	61,012	49,320

The carrying value of investment property is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Ltd as at 31 March 2024. This report combines discounted future cash flows and occupancy advances received from residents for retirement villages units, for which there is a licence to occupy.

Key assumptions

The fair values were based on a discounted cash flow model applied to expected future cash flows generated by the investment properties and by a direct comparison approach based on value per bed.

The major assumptions used are as follows:

Growth rates	2.73% to 3.86% (2023: 1.96% to 2.39%)
Target IRR	16.0% to 18.0% (2023: 16.5% to 18.0%)
Average occupancy	75.7% to 86.4% (2023: 86.5% to 89.5%)
Discounted cash flow period	20 years (2023: 20 years)
Capitalisation rates	12.0% to 13.5% (2023: 12.0% to 13.0%)

Sensitivity

A 0.5 percent decrease in the capitalisation rate would result in a $0.48 million higher fair value measurement (2023: $0.15 million). Conversely, a 0.5 percent increase in the capitalisation rate would result in a $0.45 million lower fair value measurement (2023: $0.14 million).

Other inputs used in the fair value measurement of the Group's investment property portfolio include the average age of residents and the occupancy period. A significant increase in the average age of entry of residents or the long-term nominal house-price inflation rate would result in a significantly higher fair value measurement. Conversely, a significant decrease in the average age of entry of residents or the long-term nominal house-price inflation rate would result in a significantly lower fair value measurement.

Security

Residents make interest-free advances (occupancy advances) to the retirement villages in exchange for the right to occupy retirement village units, refer Note 17. Under the terms of the occupancy agreement, the resident receives a first mortgage held over the individual title by the statutory supervisor.

A reconciliation summary between the valuation amounts and the amount recognised on the Statement of Financial Position as investment property is as follows:

	2024	2023
	$000	$000
Operator's interest at fair value	12,708	7,868
Unsold stock at fair value	2,555	600
Development land at fair value	2,687	2,200
Occupancy rights agreements	22,012	15,459
Care business freehold going concern	21,050	20,800
Purchases	-	2,393
Total investment property at fair value	61,012	49,320

NOTE 14: FAIR VALUE MEASUREMENT

(a) Fair Value Hierarchy

The following table provides the fair value classification of those assets and liabilities held by the group that are measured either on a recurring or non-recurring basis at fair value or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

	Level 1	Level 2	Level 3	Total
2024	$000	$000	$000	$000
Recurring fair value measurements				
Non financial assets				
Land and buildings at fair value	-	-	20,050	20,050
Investment property at fair value	-	-	61,012	61,012
Total non financial assets	-	-	81,062	81,062
2023				
Recurring fair value measurements				
Non financial assets				
Land and buildings at fair value	-	-	16,547	16,547
Investment property at fair value	-	-	49,320	49,320
Total non financial assets	-	-	65,867	65,867

Investment properties are not depreciated and are at fair value. Freehold land and buildings are measured at revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses. As the fair value of investment property, freehold land and buildings are determined using inputs that are unobservable, the Group has categorised investment property, freehold land and buildings as Level 3 under the fair value hierarchy in line with NZ IFRS 13 Fair Value Measurements.

NOTE 15: PAYABLES

		2024	2023
	Notes	$000	$000
Trade payables		1,497	1,428
Employee entitlements		1,743	1,988
Accommodation rebate payable		344	279
Related party payables	23	175	175
		3,759	3,870

Employee entitlements includes $100k in relation to a provision for annual leave due as a result of an MBIE holidays pay audit that noted inconsistencies in the calculation. The corrected calculation has been finalised with payment to current employees made during the year. The remaining provision relates to terminated employees, of which a process is underway to contact these individuals for payment.

NOTE 16: REVENUE RECEIVED IN ADVANCE

		2024	2023
	Notes	$000	$000
Revenue received in advance		2,288	1,472
Movements in revenue received in advance			
Opening balance		1,472	982
Amounts recognised	5	(1,048)	(809)
Amounts received during the year	17	1,864	1,299
Closing balance		2,288	1,472

Revenue received in advance represents the contractual deferred management fees received not yet released to the profit and loss on the accounting basis of estimated expected occupancy periods of between 3.7 and 7.0 years (2023: 3.7 and 7.0 years).

NOTE 17: OCCUPANCY RIGHTS AGREEMENTS

	2024	2023
	$000	$000
Opening	15,459	11,437
Received on issue of new ORAs	10,215	6,595
Repaid on termination of ORAs	(1,798)	(1,274)
Deferred management fees (per contract)	(1,864)	(1,299)
	22,012	15,459

Occupancy rights agreements confer on residents the right of occupancy of the retirement village for life, or until the resident terminates the agreement. These are considered as leases under NZ IFRS 16.

Occupancy advances are amounts paid to the Group by a resident on being issued the right to occupy one of the Group's units or services apartments under an occupation right agreement ("ORA"). The ORA confers a right of occupancy until such time is terminated.

Upon signing of an ORA the resident has a cooling off period. Revenue and the corresponding receivable is not recognised until the end of the cooling off period.

Occupancy advances are non-interest bearing and are repayable to the exiting resident, net of any amount owning to the Group, whereby a new ORA for the unit or services apartment may then be issued to an incoming resident.

NOTE 18: BORROWINGS

	2024	2023
	$000	$000
Current		
BNZ loans	17,360	10,208
Other loans	6,613	1,519
	23,973	11,727
Non-current		
BNZ loans	1,182	8,645
Other loans	4,000	10,500
	5,182	19,145
	29,155	30,872

Borrowing Costs

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

BNZ Loans

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

	Interest Rate	Facility	Drawn	Undrawn
Maturity Date	%	$000	$000	$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
As at 31 March 2023				
20 October 2023	9.13%	9,500	9,500	-
31 March 2025	8.97%	7,500	7,500	-
30 October 2025	2.29%	1,853	1,853	-
		18,853	18,853	-

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.

During the year on 16 November 2023 the Group advised that there was a breach of the EBITDA/Interest banking covenant for the quarter ended 30 September 2023. This was resolved with the Group satisfying all covenant requirements for the quarter ended 31 December and subsequently, BNZ agreed to a variation to covenants on improved terms.

Other Loans consists of:

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

Senior Trust Retirement Village Income Generator Limited
A term loan of $6.5m is held with Senior Trust Retirement Village Income Generator Limited which holds second mortgage security over the aged care facilities. The loan is interest only with a fixed interest rate of 10.75% (2023: 10.75% p.a.). Repayment is required in full on 30 October 2024.

Teltower Limited Loan
A term loan of $4m is held with Teltower Limited. This loan has an interest rate of 6.0% p.a. (2023: 6.0% p.a). Principal repayments are effective from 1 April 2024 at $20,000 per month, with full repayment of residual balance on 1 April 2027. The loan is secured by the present properties at 56 McPhee Street, Dannevirke and 62 Aldwins Road, Phillipstown as well as any after acquired property.

Advantage Finance Limited
A loan of $1.04m was held during the prior year with an interest rate of 12.0% p.a. The balance was paid in full on 11 March 2024. The loan was secured by 74 and 76 Aldwins Road, Christchurch.

First Mortgage Trust
A loan of $0.375m was held during the prior year with an interest rate of 8.75% p.a. The balance was paid in full on 11 March 2024. The loan was secured by 60 Aldwins Road, Christchurch.

NOTE 19: SHARE CAPITAL

		2024	2023
		$000	$000
Issued capital (000's)			
21,475,642 (2023: 21,434,975) Ordinary shares	(a)	77,467	77,426

(a) Ordinary shares

	2024		2023	
	Number '000	$000	Number '000	$000
Consolidated				
Opening balance	21,434,975	77,426	21,284,975	77,276
Shares issued and paid	40,667	41	75,000	75
Shares issues and unpaid	-	-	75,000	75
	40,667	41	150,000	150
At reporting date	21,475,642	77,467	21,434,975	77,426

On 1 October 2022, 150 million new shares were allotted under the Promisia unpaid share scheme at an issue price of $0.001 per share, refer Note 23. These shares were fully paid on 17th January 2024.

Share based payments

On 17 January 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 executive 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 profit and loss.

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital management

The Group's capital includes share capital, reserves and accumulated losses. The objective of the Group's capital management is to ensure a strong credit rating to support business growth and maximise shareholder value. The Group's capital is managed at parent company level. The Group is subject to capital requirements imposed by its lenders through covenants agreed as part of the lending facility arrangements. The Group has met all externally imposed capital requirements for the year ending 31 March 2024 with the exception of 30th September 2023 when the Group advised that they breached the EBITDA/Interest banking covenant for the quarter. Refer to Note 18.

NOTE 20: EARNINGS PER SHARE

	2024	2023
	$000	$000
Reconciliation of earnings used in calculating earnings per unit		
Profit for the year	1,635	692
	1,635	692

The calculation of basic earnings per share is based on the gain from continuing operations attributed to ordinary shareholders and the weighted average of total ordinary shares on issue during the year.

	2024	2023
	cents	cents
Cents per share		
Basic earnings per share	0.00763	0.00320
Diluted earnings per share	0.00763	0.00320
	000's	000's
Weighted average number of shares		
Basic	21,415,240	21,300,454
Diluted	21,415,240	21,337,646

NOTE 21: RESERVES

		2024	2023
	Note	$000	$000
Asset revaluation reserve	(a)	3,783	667
Pooling of interest reserve	(b)	(717)	(717)
		3,066	(50)
(a) Asset revaluation reserve			
Movements in reserve			
Opening balance		667	-
Revaluation of property, plant and equipment, net of tax		3,116	667
Closing balance		3,783	667
(b) Pooling of interest reserve			
Movements in reserve			
Opening balance		(717)	(717)
Closing balance		(717)	(717)

NOTE 22: INTERESTS IN SUBSIDIARIES

Subsidiaries of Promisia Healthcare Limited:	Principal activities	2024	2023
		%	%
Eileen Mary Age Care Limited	Rest home operation	100	100
Eileen Mary Age Care Property Limited	Village ownership	100	100
Ranfurly Manor Limited	Rest home operation	100	100
Ranfurly Manor No:1 Limited	Village ownership	100	100
Nelson Street Rest Home Limited	Rest home operation	100	100
Aldwins House Limited	Rest home operation	100	100
Aldwins Retirement Village Limited	Investment Property	100	100
EMAC Holdings Limited	Investment Property	100	100
Aged Care Holdings Limited	Holding Company	100	100
Promisia Limited	Active Company	100	100
Benefit Arthritis Limited	Inactive	100	100
Promisia Trustee Limited	Trustee	100	100
Promisia (USA) LLC	Inactive	100	100

On the 27 of March 2023 the Group acquired Aldwins Retirement Village Limited.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

The country of incorporation for the subsidiaries is New Zealand apart from Promisia (USA) LLC, which was incorporated in the United States of America. EMAC Holdings Limited was incorporated on 23rd March 2023.

NOTE 23: RELATED PARTY TRANSACTIONS

Related Party	Relationship
Brankin Family Interest Trust	Related to a shareholder and a Director of the Group
Renouf Corporation Limited	Related by common directors in 2023, ceased in 2024
Colspec Construction Limited	An associated person holds 5% of the shares in the Group
Design Care Group Limited	Related by common directors

The Ranfurly Development is a related party transaction approved by shareholders in 2020. The Ranfurly Development is being financed and constructed by Design Care Group Limited (Design Care), a private New Zealand company associated with Promisia Healthcare Limited director, Mr. Thomas Brankin. Design Care engaged Colspec Construction Limited (Colspec), a New Zealand construction company, to construct the development. An associated person of Colspec holds just over 5% of the shares in Promisia Healthcare Limited. Since that time, Colspec has taken an assignment of the development agreement from Design Care and is now financing and constructing the development. The agreement was initially for a period 7 years, this was amended by a contract deed of variation on 6th December 2022, to a period of two years. Payments are agreed and paid when the ORA is settled. Refer to Note 25.

(a) Transactions with related parties

	2024	2023
	$000	$000
Directors fees	161	172
Consultancy fees paid to Design Care Group limited	120	250
Purchase of villas and apartments by Colspec Construction Limited	-	3,909
Purchase of fixed assets from Design Care Group Limited	-	385
Purchase of Aldwins House Limited from Teltower Limited	-	13,000
Purchase of shares in Aldwins Retirement Village Limited from Design Care Group Limited	-	525
Payment for refurbishment of internal unit to Colspec Construction Ltd	184	-
Payment for R&M to Colspec Construction Ltd	43	-

On 27 March 2023, the Group acquired 100% of the share capital of Aldwins Retirement Village Limited from Design Care Group Limited. This was for a purchase price of $525k being the gross assets of $900k, less a loan liability of $375k.

On 8 February 2023, the Group acquired 56 Mcphee Street from Design Care Group Limited. This was for a purchase price of $385k.

On 6 December 2022, a previous director who ceased to be a director during the year, received 150 million unpaid shares from the unpaid share scheme at an issue price of $0.001 per share. Each share was required to be fully paid up by 1 October 2023. At reporting date all shares had been paid in full (2023: 75,000k shares were fully paid and the balance of $0.075m for the remaining 75,000k shares was recorded in accounts receivable). Refer to Note 19(a).

On 1 October 2022, the Company entered into an agreement with Renouf Corporation Limited to provide consulting services. The contracted amount for the services was $0.195m per annum. A portion of this amount was applied to the shares outlined above. At 31 March 2024, the remaining balance has been paid, including $97.5k paid in the current year.

(b) Balances with related parties

At reporting date $nil was receivable from the Brankin Family Interest Trust (2023: $0.145m). Refer to Note 10.

During the year ended 31 March 2023 the Brankin Family Interest Trust paid taxes on behalf of the group amounting to $0.175m. Refer to Note 15. At reporting date $0.175m was payable (2023: $0.175m).

No related party transactions were written off or forgiven in the period and all related party transactions are on normal commercial terms.

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel of the Group are the Directors and executives.

Compensation received by key management personnel of the group:

	2024	2023
	$000	$000
Directors fees	146	172
Executives remuneration*	586	435
	732	607

*Executives remuneration of $586k for FY24 included $67k of share-based payments

NOTE 25: CAPITAL AND LEASING COMMITMENTS

The Group has 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 6th 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 $12.06m to be paid from ORA sale proceeds from individual units. The commitment as 31 March 2024 is $2.20m (2023: 9.13m).

As at 31 March 2024 all internal units, 1-bedroom villas and 2-bedroom villas had been completed. Twenty of the villas have been sold, with the remaining two sold post period end. One of internal units has been sold.

a) Lease commitments

	2024	2023
	$000	$000
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	42	12
- later than one year and not later than five years	14	21
	56	33

NOTE 26: CONTINGENT LIABILITIES

There are no contingent liabilities at reporting date (2023: nil).

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

Cromwell retirement villages

The Group entered a conditional agreement to acquire two established Cromwell retirement villages, Golden View Lifestyle Village and Ripponburn Lifestyle Village for $33 million. The acquisitions will be undertaken in two stages, with the initial purchase of the Golden View care facility and Ripponburn village, which is scheduled to settle in August 2024, for approximately $14 million.

Four years following this initial purchase, Promisia will complete the transaction with the acquisition of the Golden View village for $19.35 million. Promisia will lease Golden View village in the interim on terms and conditions agreed with the owners.

The transaction is conditional on shareholder and other regulatory approvals, finance and other material adverse change conditions. A shareholder meeting will be held in July in Wellington for shareholders to consider the transaction.

Other

There has been no other matters or circumstances, which have arisen since 31 March 2024 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2024, of the Group, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2024, of the Group.

WilliamBuck
ACCOUNTANTS & ADVISORS

Promisia Healthcare Limited

Independent auditor's report to the Shareholders

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Promisia Healthcare Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements for the year ended 31 March 2024, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Other than in our capacity as auditor we have no relationship with, or interests in, Promisia Healthcare Limited or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

WilliamBuck
ACCOUNTANTS & ADVISORS

Investment Properties

Area of focus (Refer also to Note 13)	How our audit addressed it
The Group owns significant Investment Property which has been recorded at fair value at 31 March 2024 of \$61m. The net revaluation gain recognised in the consolidated statement of comprehensive income is \$3.6m. The valuation of the Group's retirement village portfolio is inherently subjective and is based on unobservable inputs. The property valuations were performed by an independent third party and registered valuer, CBRE Limited. The valuer is reputable, with extensive experience in the sector in which the Group operates. A small variation of certain assumptions could result in a material adjustment to the carrying values which is why we have given specific audit focus and attention to this area.	Our audit procedures included: - We reviewed the independent valuer's reports and tested their calculations to ensure that the valuation methodology was in compliance with relevant accounting standards - We held separate discussions with management to gain an understanding of the assumptions applied and estimates used - We engaged an independent third-party expert to review the valuation methodologies and the key assumptions - We completed a benchmark analysis on other valuations reported in the sector the Group operates - We assessed the valuer's qualifications, expertise and their objectivity, and we found no evidence to suggest that was impaired - We ensured appropriate disclosure has been included in the consolidated financial statements

Property, Plant and Equipment – Land and Buildings at fair value

Area of focus (Refer also to Note 12)	How our audit addressed it
The Group owns significant Land and Buildings which is recorded at fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. The net book value of the Land and Buildings as reflected in note 12 is \$20.1m. The revaluation gain recognised in the consolidated statement of comprehensive income is \$3.1m. The valuation of the Group's Land and Buildings is inherently subjective and is based on unobservable inputs. The property valuations were performed by an independent third party and registered valuer, CBRE Limited. The valuer is reputable, with extensive experience in the sector in which the Group operates. A small variation of certain assumptions could result in a material adjustment to the carrying values which is why we have given specific audit focus and attention to this area.	Our audit procedures included: - We reviewed the independent valuer's reports and tested their calculations to ensure that the valuation methodology was in compliance with relevant accounting standards - We held separate discussions with management to gain an understanding of the assumptions applied and estimates used - We engaged an independent third-party expert to review the valuation methodologies and the key assumptions - We completed a benchmark analysis on other valuations reported in the sector the Group operates - We assessed the valuer's qualifications, expertise and their objectivity, and we found no evidence to suggest that was impaired - We ensured appropriate disclosure has been included in the consolidated financial statements

WilliamBuck
ACCOUNTANTS & ADVISORS

Going concern

Area of focus (Refer also to Note 1 (b))	How our audit addressed it
The Group has negative working capital as at 31 March 2024 of $24.2m. Current liabilities exceed current assets, mainly due to borrowing facilities of $17.4m with BNZ and $6.5m with Senior Trust Retirement Village Income Generator Limited being due for repayment within the next 12 months. The Group has entered into discussions with its principal lender, BNZ, to secure additional financing and amend existing credit facilities to provide sufficient liquidity for its ongoing operations. The existence of these events and conditions requires us to consider whether there is a material uncertainty regarding the entity's ability to continue as a going concern.	Our audit procedures included: - We have assessed the feasibility and effectiveness of management's plans to obtain extended borrowings. - We held separate discussions with management to gain an understanding of management plans. - We evaluated the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial report and whether a material uncertainty exists about the entity's ability to continue as a going concern. - We ensured appropriate disclosure has been included in the consolidated financial statements to comply with accounting standards.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Annual Report on pages 2 to 21 and pages 49 to 67, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

The directors are responsible on behalf of the entity for the preparation of consolidated financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

WilliamBuck
ACCOUNTANTS & ADVISORS

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:
https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Richard Dey.

Restriction on Distribution and Use

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

William Buck

William Buck Audit (NZ) Limited

Auckland
26 June 2024

Corporate governance.

Strong governance is fundamental to the performance of Promisia Healthcare Limited and Promisia's Board is ultimately responsible for ensuring that Promisia and its subsidiaries maintain high ethical standards and corporate governance practices.

Statement of compliance

Promisia is committed to enhancing investor confidence through good corporate governance practice and accountability in accordance with the Promisia Group Corporate Governance Code. This corporate governance statement provides an overview of Promisia's governance framework and discloses Promisia's practices in relation to the recommendations contained in the NZX Corporate Governance Code (1 April 2023) (NZX Code). The information contained in this corporate governance statement has been prepared in accordance with NZX Listing Rule 3.8.1(a).

The Board considers that for the 12 months ended 31 March 2024 (FY24), Promisia's corporate governance practices and policies have been appropriately aligned with the NZX Code. Any exceptions are identified at the end of this governance report.

Key governance policies including Committee charters and the Code of Conduct are provided on the Company website: www.promisia.co.nz/investor-centre/#governance-&-policies

PRINCIPLE 1: ETHICAL STANDARDS

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

1.1 Code of Conduct

Promisia maintains high standards of ethical behaviour by which the Directors, employees, contractors for personal services and advisers of Promisia are expected to conduct themselves. These standards are described in Promisia's Code of Conduct, attached as Appendix B in Promisia's Corporate Governance Code.

At this point in time, Promisia does not have a formal training schedule. New and existing employees are encouraged to read and review the policies outlined in the Code of Conduct and available on the Company website.

General principles within the Code of Conduct and Group Corporate Governance Code include (but are not limited to) requiring all Directors and employees to:

- act honestly and with personal integrity in all actions;
- in the case of Directors, give proper attention to the matters before them and exercise their powers and duties with a due degree of care and diligence;
- not make improper use of information acquired as a Director or employee, or of assets or resources of Promisia; and
- comply with Promisia's internal policies at all times.

Whistleblower Policy

Promisia encourages employees to speak out if they have concerns that Promisia's policies have been breached, including any breach of ethics. The avenues for doing so are detailed in the Protected Disclosures (Whistleblowers) Policy.

1.2 Securities Trading Policy

All Directors and employees including secondees, contractors and consultants of Promisia and its subsidiaries are subject to Promisia's Securities Trading Policy, which outlines the prohibition on dealing in Promisia securities while holding inside information. Promisia's Directors and employees must abide by this policy whenever they deal directly or indirectly in Promisia securities.

In particular the policy provides:

- Directors and employees are prohibited from trading in Promisia securities during "blackout periods" unless an exemption is provided by the Board. These blackout periods run from 1 October until the date Promisia's half year results are announced and from 1 April until the date Promisia's full year results are announced. Additional blackout periods may be implemented at the Board's discretion.
- Directors and employees may trade in Promisia securities outside of a blackout period so long as they are not in possession of material information.
- Restricted Persons (being Directors and certain employees) may trade in Promisia securities only after notifying the Chair of the Board of their intention to trade in Promisia securities, confirming they are not in possession of material information and that there is no known reason to prohibit trading.

There have been no dealings in Promisia's securities other than as disclosed in Note 19.

Details of matters entered into the Interests Register by individual Directors during FY24 are outlined on pages 62 and 63 of this report.

PRINCIPLE 2: BOARD COMPOSITION & PERFORMANCE

"To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives."

2.1 Board Roles and Responsibilities

Promisia's Corporate Governance Code sets out the roles and responsibilities of the Board and the Board's relationship with management. The main functions of the Board, committees of the Board, and senior management positions in the direction and management of Promisia are described in Promisia's Group Corporate Governance Code. This details the roles and responsibilities of the Board, such as:

- reviewing and approving Promisia's strategic, business and financial plans and monitoring and overseeing Promisia's performance and results against these plans to evaluate management's effectiveness;
- ensuring Promisia has adequate management to achieve its objectives, including through selecting, supporting, setting delegated authorities for and, if necessary, replacing senior management;
- reviewing and approving material transactions, investment and divestment decisions and capital expenditure decisions that the Board has determined require Board approval prior to implementation;
- ensuring ethical behaviour of Promisia, the Board, management and employees including compliance with Promisia's constitution, NZX Listing Rules and regulations and relevant laws, auditing and accounting principles;
- fostering an appropriate corporate culture, including by acting in such a way that Board meetings and discussions promote focused debate in a supportive team atmosphere; and
- overseeing the financial and operational controls of the business including risk management policies and strategies.

2.2 Nomination and appointment process

The nomination process for new Director appointments is the responsibility of the Board as a whole. The Board may engage consultants to assist in the identification, recruitment, and appointment of suitable candidates.

The Board asks for Director nominations each year prior to the Annual Shareholders' Meeting in accordance with the constitution of Promisia and the NZX Listing Rules. In accordance with the NZX Listing Rules, Directors will retire and may stand for re-election by shareholders at least every three years. A Director appointed since the previous Annual Meeting holds office only until the next Annual Shareholders' Meeting but is eligible for re-election at that meeting.

Directors' selection is based on the value they bring to the Board table including their skills, commercial experience, strategic thinking and general business acumen. The composition of the Board is reviewed regularly to ensure the Board maintains an appropriate balance of skills, experience and expertise. The Board has developed a skills matrix and takes into account a number of factors including qualifications, experience and skills.

In 2022, the Board engaged external advice to identify the optimum mix of skills, experience and independence required for executing the Company's growth strategy and operating in the New Zealand aged care sector. This process was completed in 2023 and identified that the collective Board skillset would be strengthened with more experience and skills in the areas of Finance and Audit, Board leadership, Governance and Clinical Governance. In line with this, Jill Hatchwell and Rhonda Sherriff were appointed as Independent Directors to the Board in FY24 with Rhonda Sherriff becoming Chair of the Board and Jill Hatchwell becoming Chair of the Risk Assurance and Audit Committee.

The review also identified a need to strengthen governance in respect of Te Tiriti o Waitangi to ensure that Promisia's delivery of care for Māori residents can achieve optimal health outcomes, cultural safety and Māori health equity. To help address this, each Director has completed Te Tiriti o Waitangi training, Te Tiriti is a standing Board agenda item and Promisia has adopted a Strategic Direction for Māori Health which is being implemented across all Promisia aged care facilities.

The Board believes the current Directors offer valuable skill sets and experience to Promisia and that each Director has the necessary time available to devote to the position. The current Board will have held office for 12 months in September 2024 and, following that time, the Board intends to develop a new skills matrix, self-evaluate the Board against that matrix and report that matrix in its FY25 Annual Report.

2.3 Letters of Appointment

All Directors have entered into written agreements with Promisia establishing the terms of their appointment including:

- a description of their role as Director;
- the expected time commitment to their role;
- remuneration and other entitlements; and
- indemnity and insurance arrangements.

Newly elected Directors are expected to familiarise themselves with their obligations under the constitution, Board Charter and the NZX Listing Rules.

2.4 Director Details

As at 31 March 2024, the Board comprised of four Directors:

Rhonda Sherriff	Independent Board Chair	Appointed 13 July 2023
Thomas Brankin	Non-independent Executive Director	Appointed 7 May 2013
Craig Percy	Independent Director	Appointed 19 August 2022
Jill Hatchwell	Independent Director	Appointed 28 August 2023

The details of each Director along with their experience, length of service, independence and ownership interests and attendance at Board meetings are included in this Annual Report. Director profiles are also available to view on Promisia's website at https://www.promisia.co.nz/investor-centre/#governance-&-policies.

The Board has regard to the NZX Listing Rules in any determination of Director independence. In determining the independent status of Rhonda Sherriff, Craig Percy and Jill Hatchwell, the Board assessed whether the Directors had any disqualifying relationship or interests, including relationships or interests of the kind listed in Table 2.4 of the NZX Code and whether any of the Directors held an executive role in Promisia within the last three years prior to their appointment.

The Board has determined that Thomas Brankin is a non-independent Director. Thomas Brankin has an interest in approximately 53% of the shares in Promisia Healthcare Limited. He also holds an Executive role within the Company, which is described further under Principle 5 (Remuneration).

Directors are required to notify the Company of any interests they have that could impact an assessment of their independence or their ability to act in the best interests of Promisia. The Company has processes in place to manage any conflicts of interest with Directors.

Interests Register

Directors are required to notify Promisia of any interests they have that could impact an assessment of their independence or their ability to act in the best interests of Promisia. Promisia has processes in place to manage any conflicts of interest with Directors who are interested in a matter. These are detailed in Promisia's Corporate Governance Code.

2.5 Diversity

Promisia is committed to diversity in its employment practices and across all aspects of the business. For Promisia, diversity includes but is not limited to characteristics such as cultural background and ethnicity, gender identity, sexual orientation, age, differences in physical abilities, languages and education.

Promisia's approach to diversity is outlined in the Diversity and Inclusion Policy publicly available on its website, which sets out how Promisia will meet its commitment to creating a diverse workforce and inclusive workplace environment.

For the 12 months ended 31 March 2024, the Board is comfortable that Promisia's employment practices and HR processes and practices were in line with the intent of its Diversity and Inclusion Policy.

As at 31 March 2024, females represented 50% of Directors and senior managers of Promisia. This is a 25% increase on the percentage of female Directors and senior managers of Promisia in the last reporting period (FY23: 25%). Promisia has 312 employees of which 18% are male and 82% are female. The following table outlines the gender composition of Directors and senior managers as at 31 March 2024:

As at 31 March	FY24 Male	FY24 Female	FY23 Male	FY23 Female
Directors	2	2	2	1
Senior managers	1	1	1	0
Total	**3**	**3**	**3**	**1**

2.6 Director Training and Performance

Promisia encourages all Directors to undertake appropriate training and education so that they may best perform their duties. This includes attending presentations on changes in governance, legal and regulatory frameworks, attending technical and professional development courses and attending presentations from industry experts and key advisers. The Board also facilitates regular visits to Promisia's facilities, meetings with senior management and engagement with Promisia's external advisers to ensure Directors are involved in and understand the needs of Promisia's business.

Promisia continues to invest in ensuring its Board has the optimum mix of skills, experience and independence required for executing Promisia's growth strategy.

2.7 Board evaluation

The Chair of the Board regularly engages with individual Directors to evaluate and discuss their performance and professional development. The most recent external evaluation of Board performance and governance was carried out in 2023. Recommendations have been actioned to further improve Promisia's board performance.

2.8 and 2.9 Director Independence

The majority of Promisia's Directors are independent. As at 31 March 2024, the Board comprised of three Independent Directors, and one non-independent executive Director, Tom Brankin. Promisia's Chair, Rhonda Sherriff, is an Independent Director.

2.10 Separation of Chair and Senior Management

The Board supports a separation of the roles of Chair from senior management.

PRINCIPLE 3: BOARD COMMITTEES

"The Board should use Committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility."

The Board has two standing committees, being the Risk Assurance and Audit Committee and the Remuneration Committee (established in FY24). Each committee operates under a charter addressing purpose, constitution and membership, authority, reporting procedures and evaluation of the committee. The committees enhance the effectiveness of the Board through closer examination of issues and more efficient decision making, however, the Board retains ultimate responsibility for the functions of its committees, its members and the chair, and determines their responsibilities. The committee chair has the responsibility of reporting committee recommendations to the Board.

The Board regularly reviews the charters of each Board committee, the committees' performance against those charters and membership of each committee.

The Board believes that committee charters, committee membership and roles of committee members comply with the recommendations in the NZX Code.

The Board meets as often as it deems appropriate including sessions to consider the strategic direction of Promisia and forward-looking business plans. Video and/or phone conferences are also used as required.

The table below sets out Director attendance at Board and Committee meetings during FY24.

	Board Meetings	Risk Assurance and Audit Committee	Remuneration Committee[4]
Total number of meetings held	**10**	**2**	**1**
Rhonda Sherriff[1]	8/8	-	1/1
Jill Hatchwell[2]	7/7	-	1/1
Craig Percy	10/10	2/2	1/1
Tom Brankin	10/10	2/2	-
Helen Down[3]	3/3	2/2	-

[1] Rhonda Sherriff was appointed to the Board on 13 July 2023.
[2] Jill Hatchwell was appointed to the Board on 28 August 2023.
[3] Helen Down retired from the Board on 28 August 2023.
[4] The Remuneration Committee was established during FY24.

3.1 Risk Assurance and Audit Committee

The Board has established a Risk Assurance and Audit Committee to act as a delegate of the Board on financial reporting, internal control and risk management issues. The Risk Assurance and Audit Committee is responsible for:

- assisting the Board in carrying out its responsibilities concerning accounting practices, policies and controls relative to the Company's financial position.
- making appropriate enquiries into any audit of Promisia's financial statements, including providing the Board with additional assurance about the quality and reliability of any financial information issued publicly by Promisia from time to time;
- reviewing the operation and effectiveness of Promisia's internal controls and risk management practices in consultation with senior management (see Principle 6 (Risk Management) below);
- providing an avenue of communication between auditors and Directors, particularly in relation to financial reporting and risk management matters; and
- otherwise maintaining Promisia's relationship with external auditors (see Principle 7 (Auditors) below.

The Committee operates under the Risk Assurance and Audit Committee, which is published on the Company's website, and is comprised of non-executive Directors, being Jill Hatchwell (Chair), Craig Percy and Rhonda Sherriff. Jill Hatchwell is an independent Director and is not the chair of the Board.

The Board has appointed the members of the Risk Assurance and Audit Committee due to their accounting, financial and industry sector knowledge. Jill Hatchwell, as committee chair, has extensive financial and governance experience in both public and private companies and is, or has been, a member of audit and risk subcommittees for numerous entities. Craig Percy has substantial practical knowledge and experience with managing the financial management of aged care facilities and his expertise has been very useful in his role in the Risk Assurance and Audit Committee.

Rhonda Sherriff has worked in the aged care sector for over 30 years in governance, senior leadership, clinical, quality and operational management roles with acute knowledge of the risks associated with operating in the aged care sector.

3.2 Meeting attendance by non-committee members

Directors who are not members of the Risk Assurance and Audit Committee are able to attend Risk Assurance and Audit Committee meetings as they wish. Employees may only attend those meetings at the invitation of the Risk Assurance and Audit Committee.

Directors who are not members of the Remuneration Committee are able to attend Remuneration Committee meetings as they wish. However, an executive Director may not attend or participate in deliberations relating to their own remuneration. Management can only attend Remuneration Committee meetings at the invitation of the Committee.

3.3 Remuneration Committee

The Remuneration Committee was established in FY24 to assist the Board in evaluating the performance of the senior executives of the Company, setting the remuneration packages for senior executives, and recommending to the Board the remuneration of the senior executives and Non-executive Directors.

The Committee also assists the Board with governance matters, including ensuring appropriate Board performance and composition and in appointing Directors.

The Committee operates under the Remuneration Committee Charter, which is published on the Company's website, and is comprised of non-executive Directors, Craig Percy (chair), Rhonda Sherriff and Jill Hatchwell.

3.4 Nomination Committee

Due to the Company's size, Promisia does not have a standalone nomination committee, however as advised under Principle 2.2 above, the nomination process for new Director appointments is the responsibility of the Board as a whole. The Directors' selection is based on the value they bring to the Board table including their skills, knowledge and experience to contribute to effective direction of Promisia, whether they can exercise an informed judgement on matters which come to the Board and whether they are free of any business or other relationship that may interfere with the exercise of that judgement. The composition of the Board is reviewed regularly to ensure the Board maintains an appropriate balance of skills, experience and expertise.

The Board evaluates all nominations of Directors, and consider whether they would be independent, and may recommend candidates to Shareholders.

3.5 Other Committees

The Board may establish other committees as required.

3.6 Takeover Protocols

In the case of a takeover offer, Promisia will form an Independent Takeover Committee to oversee a response to the offer and engage expert legal and financial advisors to provide advice and ensure compliance with the Takeovers Code.

PRINCIPLE 4: REPORTING & DISCLOSURE

"The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

4.1 Continuous Disclosure

The Board focuses on providing accurate, adequate and timely information both to its shareholders and to the market generally. This enables all investors to make informed decisions about Promisia. All significant announcements made to NZX, and reports issued, are posted on Promisia's website.

Promisia has procedures in place to ensure that it complies with its continuous disclosure requirements under the NZX Listing Rules so that:

- All investors have equal and timely access to material information concerning Promisia, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced form.
- Accountability for compliance with disclosure obligations is with the Chair, Senior Management and the Company Secretary.
- Significant market announcements, including the preliminary announcement of the half year and full year results, the accounts for those periods and any advice of a change in earnings forecast are approved by the Board.

Promisia's Continuous Disclosure Policy governs the responsibilities and procedures for releasing material information to the market.

4.2 Key Governance Documents

Copies of the key governance documents, including the Continuous Disclosure Policy, Code of Conduct, Securities Trading Policy and Board and Committee Charters are available on Promisia's website at https://www.promisia.co.nz/investor-centre/#governance-&-policies.

4.3 Financial Reporting

The Board is responsible for ensuring that the financial statements give a true and fair view of the financial position of Promisia and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements, estimates and for ensuring all relevant financial reporting and accounting standards have been followed.

The Risk Assurance and Audit Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews Promisia's full and half year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

All matters required to be addressed, and for which the Committee has responsibility, were addressed during the reporting period.

For the 12 months ended 31 March 2024, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Promisia and facilitate compliance with the Companies Act 1993 and the Financial Markets Conduct Act 2013. Promisia's full and half year financial statements are available on Promisia's website.

4.4 Non-financial Reporting

Promisia is committed to using its resources responsibly and will look for opportunities to reduce any negative environmental risk or impact from business operations, products and services. The Board encourages diversity and will not knowingly participate in business situations where Promisia could be complicit in human rights and labour standard abuses.

Promisia discusses its non-financial objectives and its progress against these objectives in the Chair and senior management's commentary in shareholder reports, and at other investor events during the year including investor presentations and the Annual Shareholders' Meeting.

Given Promisia's size, the Board has elected not to adopt a formal environmental, social and governance framework. The Company remains aware of changes to non-financial reporting standards, particularly the introduction of the climate-related disclosures (CRD) regime. Promisia's market capitalisation is below the threshold to be deemed a Climate Related Entity and therefore it is not required to report against the CRD regime.

PRINCIPLE 5: REMUNERATION

"The remuneration of Directors and executives should be transparent, fair and reasonable."

5.1 Remuneration of Directors

Shareholders fix the total remuneration available for Directors. Approval is sought for any increase in the pool available to pay Directors' fees, and any recommendations to shareholders regarding Director remuneration are provided for approval in a transparent manner. The current Director fee pool was approved by shareholders in 2020. The Board obtained legal advice in FY23 to ensure Director remuneration was benchmarked appropriately against Directors fees for comparable listed companies and companies operating in similar sectors to Promisia.

The Directors fees were reallocated between the Directors upon completion of the review, effective on and from 1 October 2022. Promisia believe the fees are set at a fair market rate as a result.

The amount payable currently to each non-executive Director is $45,000 per annum (other than the Chair). The Chair is paid $75,000 per annum. Additional fees may be paid to Directors for work undertaken outside their Director's duties, as approved by the Board.

Directors are entitled to be reimbursed for cost directly associated with carrying out their duties, including travel costs. Board policy is that no sum is paid to a Director upon retirement or cessation of office.

Details of Director remuneration in FY24 is detailed below.

	Director Fees	Committee Fees	Fees for Additional Services	FY24 Total
Rhonda Sherriff[1]	$42,981	-	-	$42,981
Jill Hatchwell[2]	$26,743	-	-	$26,743
Thomas Brankin[4]	-	-	$120,000	$120,000
Craig Percy	$53,449	-	-	$53,449
Helen Down[3]	$22,500	-	-	$22,500
Total Fees	**$145,673**	**-**	**$120,000**	**$265,673**

[1] Rhonda Sherriff was appointed to the Board on 13 July 2023.
[2] Jill Hatchwell was appointed to the Board on 28 August 2023.
[3] Helen Down was appointed Acting Chair on 19 August 2022, and retired from the Board on 23 August 2023.
[4] Thomas Brankin does not receive directors fees and is instead remunerated for executive services. See commentary below.

Fees for Additional Services

Thomas Brankin was paid $120,000 for his executive services to Promisia during FY24. These services included various due diligence investigations on potential acquisitions, work on negotiating and documenting the conditional acquisition of Golden View Lifestyle Village and Ripponburn Lifestyle Village (announced subsequent to balance date) and investigating other development initiatives at Promisia's existing facilities.

Promisia believe the fees paid as above reflect a fair market rate for the services provided to Promisia.

Disclosure under Rule 5.2.2(e)

The Board continues to invest a significant amount of time into identifying opportunities for future growth. This includes researching various sites and facilities, meeting with potential partners and undertaking due diligence on promising opportunities.

To assist in the identification of further opportunities, Promisia entered into an agreement to provide services (**Agreement**) with Design Care Group Limited under which Thomas Brankin is to provide executive and strategic services to Promisia in order to grow its operations and property holdings in the aged care sector. The Agreement commenced on 1 April 2023 and continues until terminated by either party on one month prior notice. Under the Agreement:

- Thomas Brankin is paid a monthly fee of $10,000 plus GST. This payment replaced Director fees previously paid to Thomas Brankin.
- A transaction fee is to be paid upon Promisia acquiring or disposing of any aged care business or real property as a result of Mr Brankin's services. The transaction fee will be the lesser of $75,000 plus GST and 1% of the aggregate purchase price paid or payable (or in the case of a disposal, received or to be received) by Promisia in respect of the transaction (plus GST).

Promisia relied on the exception under Rule 5.2.2(e) of the NZX Listing Rules to enter into the Agreement.

5.2 Remuneration of Executives

Executive remuneration consists of a salary (including KiwiSaver contributions from Promisia) with the ability to participate in Promisia's key personnel restricted share unit scheme (**RSU Scheme**).

The Remuneration Committee is developing a Remuneration Policy outlining the processes and framework for remuneration of senior management and employees, including the relative weightings of remuneration components and performance criteria.

The review and approval of Executive remuneration is the responsibility of the Board. The Board believes that Executive remuneration is currently fair to shareholders of Promisia and the Company, and reflects the performance requirements and expectations of the role.

RSU Scheme

In August 2023, Promisia implemented the RSU Scheme that replaced Promisia's previous unpaid share scheme from 26 April 2022. The RSU Scheme is a long term incentive scheme established with a core purpose of retaining senior management.

The restricted share units (RSUs) offers under the RSU Scheme are a separate class of equity securities to ordinary shares and are not quoted on the NZX Main Board until the RSUs vest and convert into ordinary shares in Promisia. The shares issued upon conversion of the RSUs are issued on the same terms and rank equally in all respects with Promisia's shares quoted on the NZX. Vesting period are typically up to three years in length in total.

The RSUs are issued directly to the senior executives under terms and conditions outlined in the RSU Scheme rules and an individualised letter of invitation. The RSUs will vest according to an individualised vesting timetable. If the senior executive ceases to be employed by Promisia, any unvested RSUs automatically lapse and are cancelled from the date the senior executive ceases employment.

5.3 Remuneration of the CEO/Group General Manager

		Salary	Benefits and Incentives	Total Remuneration
FY24	Karen Lake	$155,769	Nil	$155,769
FY24	Stuart Bilbrough[1]	$130,312	Nil	$130,312

[1] Stuart Bilbrough resigned as CEO on 30 June 2023.

When the former CEO of Promisia resigned during FY24, the Board then disestablished the CEO role and created a new Group General Manager role that, while being akin to the CEO role, has a key focus on the delivery of care services across the Group. Karen Lake was appointed to that role in August 2023 bringing extensive experience in senior leadership, clinical, quality and operational management roles in the aged care sector.

After disestablishing the CEO role, the Board also established the senior management role of General Manager – Finance. Previously the CEO role had included direct responsibility for the financial management of Promisia. Francisco Rodriguez Ferrere was appointed to this new Finance role in October 2023. He has a chartered accounting background and extensive experience in financial management roles in New Zealand and overseas.

PRINCIPLE 6: RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

6.1 Risk Management Framework

Promisia is committed to managing risks proactively. The Risk Assurance and Audit Committee assists the Board in carrying out its risk management responsibilities by providing additional oversight regarding Promisia's risk management framework and monitoring compliance with that framework.

The Board delegates day to day management of the risk management framework to senior management. The executive team and senior management are required to regularly identify the major risks affecting the business and develop structures, practices, and processes to manage and monitor these risks. Individual risks are discussed with the Board in detail as required.

Key financial risks are set out on pages 29 to 31 of the financial statements.

Non-financial risks have been summarised as:

Government funding	The facilities receive residential care subsidy funding from Te Whatu Ora which may be subject to change. Any loss in aged care facility funding will have a material adverse effect on financial performance.
Changes to legislation	Aged care providers need to meet standards set by the Health and Disability Services Standards and all facilities that offer occupation right agreements need to comply with the Retirement Villages Act 2003. Significant changes to certification standards and requirements of retirement village operators may create additional obligations and costs on aged care operators. Any such additional obligations and cost may have a material adverse effect on financial performance.
Labour availability, cost and turnover	Aged care facilities rely on the staffing of care and non-care positions. These positions are paid at the lower end of pay scales, primarily due to underfunding by Te Whatu Ora. Labour availability and cost makes attracting staff to the aged care sector difficult.
Infection control	Processes and procedures to manage the risks of viruses such as norovirus and Covid-19 to both staff and residents have been developed and implemented successfully. The company will use its proven infection control policies and practices, amended as required, to manage any new viral outbreaks.

Occupancy	To generate revenue and cover its costs, Promisia must maintain certain levels of occupancy at its facilities. Any significant drop in occupancy will have a financial impact on Promisia's earnings.
Property Market	A downturn in the national or regional property market could impact the demand for and Promisia's ability to sell or re-sell units and, to a lesser extent, care suites, as well as the value that can be achieved on the sale or resale of a unit or care suite and the timeframe to complete such sales. As Promisia's village units and care suite portfolio increases in size, a sustained downturn in the national or regional property market could have a material adverse effect on financial performance.
Property Development	Promisia's aged care facilities have opportunities to expand and/or be altered to offer the type of accommodation or care that meets the demands of each facility's local market. In addition Promisia is routinely investigating potential acquisitions and is attracted to acquisitions that present development opportunities. Promisia must manage the risks associated with undertaking such developments (such as construction and financing risks) when instigating and implementing these development opportunities.

The Board is satisfied that Promisia has in place a risk management process to identify, manage effectively and monitor Promisia's principal risks. Promisia maintains insurance policies that it considers adequate to meet its insurable risks.

6.2 Health and Safety

The Board recognises that effective management of health and safety is essential for the operation of a successful business, and its intent is to prevent harm and promote wellbeing for employees, contractors, and customers. Promisia's health & safety risks are monitored on a daily basis and any issue that is deemed a moderate or high risk is documented and provided to the Board of Directors on a monthly basis. This includes a clear directive action plan to resolve. The Board is responsible for ensuring that the systems used to identify and manage health and safety risks are fit for purpose, being implemented effectively, reviewed regularly, and improved continuously.

Health and Safety reports, including incident reports, for all business units are included in the compliance section of Board papers. There were no incidents during FY24 that were notifiable to WorkSafe.

PRINCIPLE 7: AUDITORS

"The Board should ensure the quality and independence of the external audit process."

7.1 External Auditors

The Risk Assurance and Audit Committee Charter governs the Board's relationship with its external auditors. Promisia's compliance with the Risk Assurance and Audit Committee Charter ensures that:

- audit independence is maintained, both in fact and appearance, such that Promisia's external financial reporting is viewed as being reliable and credible.
- free and open communication between the Directors and external auditors is maintained.
- In relation to Promisia's relationship with external auditors, the Risk Assurance and Audit Committee is responsible for: Reviewing and enquiring into Promisia's financial statements, including providing the Board with additional assurance about the quality and reliability of any financial information issued publicly by the Company from time to time.
- Approving the auditor's engagement letter and setting audit fees.
- Pre and post audit meetings, including any meetings with auditors or senior management as required.

- Reviewing the Company's annual audit plan and audit timetable.
- Reviewing the management letter, auditor performance and ensuring rotation of the audit partner.
- Approving any non-audit engagements performed by the audit firm.

For FY24, William Buck Audit (NZ) Limited ("William Buck") was the external auditor for Promisia Healthcare Limited. William Buck was first appointed as auditor on 31 May 2019. Rotation of the audit partner occurs every five years.

All audit work at Promisia is separated from non-audit services, to ensure that appropriate independence is maintained. William Buck has only provided audit work in FY24. The amount of fees paid to William Buck during FY24 is identified on page 32.

William Buck has provided the Risk Assurance and Audit Committee with written confirmation that, in its view, it was able to operate independently during the year.

7.2 Auditor attendance at the Annual General Meeting

William Buck is available to attend each Annual Meeting of the Company (either virtually or in person), and the Audit Director is available to answer questions from shareholders at that Meeting.

7.3 Internal Audit

Promisia does not have a dedicated Internal Auditor role. Promisia has several internal controls overseen by the Risk Assurance and Audit Committee, including controls for computerised information system, security, business continuity management, insurance, health and safety, conflicts of interest, and prevention and identification of fraud.

PRINCIPLE 8: SHAREHOLDER RIGHTS & RELATIONS

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

8.1 Access to information

Promisia is committed to ensuring that its shareholders are kept up to date with key activities and are provided with relevant information about the Company and its performance. The Company communicates with shareholders during the financial year through annual and half year reports and at the Annual Shareholders Meeting.

Promisia maintains an investor relations section on the Company's website available to access at https://www.promisia.co.nz/investor-centre/. This provides access to key corporate governance documents, copies of all major announcements, Company reports and presentations.

8.2 Investor communication

Written communications and reports are available on the Company's website, as well as emailed to shareholders that elect to be emailed. All shareholders are given the option to elect to receive electronic communications from the Company.

NZX announcements are also available on the NZX website www.nzx.com/companies/PHL/announcements.

In addition to shareholders, Promisia has a wide range of stakeholders and maintains open channels of communication for all audiences, including the investing community, Promisia's staff and residents and parties involved in the aged care industry.

8.3 Voting on major decisions

In accordance with the NZX Listing Rules, shareholders have the right to vote on major decisions which may change the nature of the Company. Each shareholder has one vote per share and voting is conducted by polls.

8.4 Additional equity offers

Should Promisia consider raising additional capital, Promisia will structure the offer having regard to likely levels of shareholder participation and optimising and enhancing the ability to maximise the level of capital raised. The Board will look to give all shareholders an opportunity to participate in any capital raising.

8.5 Notice of meetings

Promisia aims to provide at least 20 working days of the notice of the Annual Shareholders Meeting, which is posted on Promisia's website, announced on the NZX and sent to shareholders prior to the meeting each year. In August 2023, due to Board changes, only eleven days' notice was provided.

The Board remains very conscious of managing costs for shareholders. Therefore, the 2023 Meeting was an in-person only event. The Board will review the format of the Meeting each year, taking into account shareholder feedback and cost to shareholders.

Variance to NZX Corporate Governance Code in FY24

The following variances to the NZX Corporate Governance Code have occurred in FY24 and been approved by the Board.

NZX Code Principle	NZX Code Recommendation	Key Difference	Status
Code of Ethics	1.1 Training should be provided regularly	PHL does not have a formal training schedule. New employees are encouraged to read the Code and it can be easily found on the company website.	A more formal training schedule will be reviewed.
Board Composition	2.5 An issuer's Diversity Policy should include measurable objectives	PHL does not have measurable objectives in place	Management encourages a culture of diversity and inclusiveness at PHL and provide regular reporting and monitoring on diversity to the Board
Board Committees	3.4 An issuer should have a Nomination Committee	PHL does not have a Nomination Committee	Nomination of Directors is a matter for the whole of the Board
Reporting and Disclosure	4.3 Non-financial disclosures including environmental, economic and social sustainability risks	PHL does not have a formal sustainability programme	Promisia is committed to using its resources responsibly
Shareholder Rights & Relations	8.5 20 working days' notice of shareholder meeting	Eleven working days' notice was provided in August 2023	Promisia aims to provide 20 working days' notice

Other disclosures.

Employee Remuneration

The number of employees of the Company (not being Directors of the Company) who received remuneration and other benefits in their capacity as employees during the year ended 31 March 2024 that in value was or exceeded $100,000 per annum is set out in the table below. The remuneration amounts include all monetary amounts and benefits actually paid during the year:

Remuneration	No. of Employees
$100,001 - $140,000	14
$140,001 - $160,000	1
$200,001 - $210,000	1

DISCLOSURES

Disclosure of Interests by Directors

In accordance with Section 140(2) of the Companies Act 1993, the Company maintains an interests register in which Directors interests are recorded. The following are particulars of general disclosures of interest by Directors holding office at 31 March 2024. Particulars of entries made during the year to 31 March 2024 are noted in brackets, for the purposes of section 211(1)(e) of the Companies Act 1993.

Director	Name of Business or Entity	Nature and Extent of Interest
Rhonda Sherriff	Chatswood Lifecare Limited	Director and Shareholder
	Chatswood Retirement Limited	Director and Shareholder
	New Zealand Aged Care Association	Board member
	Sherraine Holdings Limited	Director and Shareholder
	Sherraine Holsteins Limited	Director and Shareholder

Jill Hatchwell	Air Ops NZ Limited	Director
	Aorere Resources Limited	Director and Shareholder
	Chatham Rock Phosphate Limited (and subsidiaries)	Director
	Chatham Rock Phosphate Limited (Canadian Company)	Director and Shareholder
	Civil Aviation Authority	Board Member
	Mineral Investments Limited	Director
	Nevay Holdings Limited	Director and Shareholder
	Ringa Hora Services Workforce Development Council	Board Member
	Wellington Regional Economic Development Agency Limited	Director
Craig Percy	Crafted Solutions Limited	Director and Shareholder
	The Orchards Limited Partnership	Director and Limited Partner
Thomas Brankin	Brankin Family Interest Trust	Settlor, Trustee and Beneficiary
	Design Care Group Limited	Director and Shareholder
	i.Agri Limited	Director and Shareholder
	OTB Property Limited	Director and Shareholder
	Zany Zeus 2020 Limited	Shareholder
Helen Down	Advisory Boards NZ Limited	Director and Shareholder
	Helen Down Limited	Director and Shareholder

Directors' Share Dealings

In accordance with the Companies Act 1993 between 1 April 2023 and 31 March 2024 the Board received the following disclosures from Directors of acquisitions and dispositions of relevant interests in shares issued by the Company and details of such dealings were entered in the Company's interests register.

Director	Transaction	Number of Securities	Price per Security	Date
Thomas Brankin	Acquisition of shares via off market share transfer	30,732,300	15,915,613 shares for $0.009 per share; and 14,816,687 shares for $0.001 per share.	3 August 2023

Directors' Shareholdings Interests

As at 31 March 2024 the Directors of the Company had the following relevant interests in the Company's shares.

Director	Legal ownership or other nature of the interest	Ordinary Shares
Thomas Brankin	A relevant interest in the shares held by Thomas David Brankin and Michael John Kirwin Lay as trustees of the Brankin Family Interest Trust.	11,267,898,011
Helen Down	Registered holder	500,000

USE OF COMPANY INFORMATION

There were no notices from Directors of the Company pursuant to section 145 of the Companies Act 1993 requesting to use Company information received in their capacity as directors that would not otherwise have been available them.

SUBSIDIARY COMPANY DIRECTORS

The following persons held office as Directors of subsidiary companies as at 31 March 2024.

Company	Directors
Eileen Mary Age Care Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
Eileen Mary Age Care Property Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
Ranfurly Manor Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
Ranfurly Manor No:1 Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
Nelson Street Rest Home Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
Aldwins House Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
Aged Care Holdings Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
Promisia Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
Benefit Arthritis Limited	Thomas Brankin
	Helen Down*
Promisia Trustee Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
Aldwins Retirement Village Limited	Rhonda Sherriff
	Thomas Brankin
	Helen Down*
EMAC Holdings Limited	Thomas Brankin
	Helen Down*

* Helen Down retired as a Director on 28 August 2023 from Promisia and all subsidiaries.

SPREAD OF SECURITY HOLDERS

As at 31 March 2024:

Size of Shareholding	Number of Holders	Total Shares Held	% of Shares
1-1,000	2	4	0.00%
1,001-5,000	1	6,300	0.00%
5,001-10,000	2	20,000	0.00%
10,001-50,000	9	383,940	0.00%
50,001-100,000	12	1,130,351	0.01%
100,001 or more	622	21,474,101,225	99.99%
	649	21,475,641,820	100.00%

TOP 20 SHAREHOLDERS

The names and holdings of the twenty largest registered shareholders in the Company as at 31 March 2024 were:

	Total Shares Held	% of Shares
Thomas David Brankin & Michael John Kirwin Lay	11,267,898,011	52.47%
Jillian Mary O`Brien & Hamish William O`Brien & Michael James Creed	1,089,329,066	5.07%
Andrew Raymond Mitchell	1,022,102,561	4.76%
Donald Hamish Mackintosh	893,789,242	4.16%
Public Trust Limited	515,000,000	2.4%
Derek Montgomery Daniel & Aka Trustees Limited	500,000,000	2.33%
Jarden Custodians Limited	500,000,000	2.33%
Stephen Underwood	265,602,227	1.24%
Aeneas Edward O`Sullivan	265,000,000	1.23%
JBWERE (NZ) Nominees Limited	232,173,820	1.08%
Cph Hospitality Limited	230,331,600	1.07%
Ian David Penny & Alexander James Mcphail & David Kenneth Brown	200,000,000	0.93%
Christchurch Treeman Limited	200,000,000	0.93%
Paul Ainsworth	194,388,861	0.91%
3 J`S Limited	169,695,834	0.79%
ASB Nominees Limited	154,850,000	0.72%
William Noel Coughlan & Judith Wynne Coughlan	120,000,000	0.56%
Andrew Alan Bardsley & Jacquiline Anne Bardsley	115,000,000	0.54%
George Craig Royal	113,508,830	0.53%
Douglas John Braithwaite	109,999,999	0.51%

SUBSTANTIAL PRODUCT HOLDERS

The following substantial product holder information is given pursuant to section 293 of the Financial Markets Conduct Act 2013 and is based on substantial product holder notices filed with the Company during FY24 and the Company's share register as at 31 March 2024. As at 31 March 2024, details of the substantial product holders in the Company and their relevant interests in the Company's ordinary shares are shown in the table below. The total number of voting securities (fully paid ordinary shares) of the Company as at 31 March 2024 was 21,475,641,820.

Substantial Product Holder	Number of Shares
Thomas David Brankin & Michael John Kirwin Lay	11,267,898,011
Jillian Mary O`Brien & Hamish William O`Brien & Michael James Creed	1,089,329,066

OTHER INFORMATION

Auditor's Fees

For FY24, William Buck was the external auditor for the Company.

During the year ended 31 March 20234, the amount payable by the Company to William Buck as audit and review fees was $82,000. The amount of fees payable to William Buck for non-audit work during the year ended 31 March 2024 was nil. This is detailed in Note 6 of the Financial Statements.

Donations

The Company made no donations during the period 1 April 2023 to 31 March 2024.

NZX Waivers

There were no waivers granted by NZX or relied on by the Company in the 12 months preceding 31 March 2024.

Directory.

Registered office
Duncan Cotterill
Level 2, 50 Customhouse Quay
Wellington, 6011

Directors
Thomas Brankin
Craig Percy
Helen Down (ceased 28 August 2023)
Rhonda Sheriff (appointed 13 July 2023)
Jill Hatchwell (appointed 28 August 2023

Auditor
William Buck Audit (NZ) Limited

Bank
Bank of New Zealand
Kiwibank

Solicitors
Duncan Cotterill
Wellington

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