

ASX ANNOUNCEMENT

28 August 2024

Eureka Group Holdings Limited (ASX: EGH) FY24 Results

Strong operating result; solid platform for growth

Highlights

- **Revenue up 13% to \$41.1 million** (FY23 \$36.4 million) driven by strong resident demand, rental growth and asset acquisitions
- **Underlying EBITDA up 20% to \$15.2 million** (FY23 \$12.6 million) in line with FY24 Underlying EBITDA guidance of \$15.0 - \$15.3 million
- **Underlying profit before tax up 13% to \$9.1 million** (FY23 \$8.0 million)
- **Statutory net profit after tax of \$13.2 million (FY23 \$19.2 million)** due to lower levels of property revaluations, an increase in finance costs and costs to defend Aspen Group Limited's unsuccessful takeover offer
- **Portfolio value uplift of \$14.1 million** reflecting increased village earnings
- **Stable weighted average capitalisation rate of 8.17%** (31 December 2023 8.25%)
- **Progressed acquisition and development growth strategy with:**
 - the investment in the Eureka Villages WA Fund which was established to acquire six villages comprising 321 units
 - 14 individual unit acquisitions
 - the purchase of land in Gladstone, Qld for greenfield development
 - Brassall development of 51 new standalone units completed and fully leased. The village now has 106 units with a valuation of \$22.4 million at balance date
- **Strong balance sheet supported by capital management plan** provides optionality for future funding requirements as the Company pursues its identified acquisition and development pipeline
- **Underlying EPS of 3.02 cents per share** (FY23 2.93 cps) in line with guidance
- **Final dividend of 0.7 cents per share taking total FY24 dividends to 1.4 cents per share** (FY23 1.34 cps)
- **Village occupancy of 98% as at 30 June 2024**

Eureka Group Holdings Limited (ASX: EGH) ("**Eureka**" or the "**Company**") today announced its results for the full year ended 30 June 2024 (FY24), delivering Underlying EBITDA of \$15.2 million, an increase of 20% on the prior year, driven by strong resident demand, rental growth and acquisitions. This included like-for-like growth in Underlying EBITDA of 7%.

Eureka also delivered an expansion in Underlying EBITDA margin to 36.9%, up from 34.6% in FY23, and it is expected to improve further through organic growth, acquisitions and economies of scale.

Statutory net profit after tax of \$13.2 million was down from \$19.2 million due to a lower level of property revaluations, an increase in finance costs and the costs of defending Aspen's under-valued take-over bid, which was a significant constraint on Eureka's business during the second half of the financial year.

The Group has continued to improve maintainable earnings during FY24 which underpinned a \$14.1 million valuation uplift to the portfolio with capitalisation rates remaining stable. More than 90% of the property portfolio has been independently valued on or since 30 June 2023. Acquisitions, developments, capital improvements and revaluations during the year contributed to a \$78 million (31%) increase in assets under management.

Eureka also demonstrated its ability to access alternative sources of funding to grow its business with the investment in a new wholesale property fund, Eureka Villages WA Fund (the Fund). The Fund acquired six villages in Western Australia in December 2023 for \$44 million, with an average occupancy exceeding 98%. The Fund is managed by Eureka Asset Management Pty Ltd, a wholly owned subsidiary of Eureka. Eureka made a cornerstone investment in the Fund of \$9 million which has been reduced to \$8 million since year end.

Eureka maintains a solid financial position, with net debt of \$89.1 million as at 30 June 2024 and headroom on interest cover and gearing ratios. Gearing of 36.6% remains within the target gearing range. Eureka's strong balance sheet is supported by its capital management plan which is focused on evaluating traditional and alternative funding options to support growth across developments and acquisitions.

The Board has determined a final dividend of 0.7 cents per share (unfranked), taking the total dividend for FY24 to 1.4 cents per share, compared to 1.34 cents per share in FY23. The dividend record date is 23 September 2024 and is payable to shareholders on 14 October 2024. Eureka's dividend reinvestment plan will be in place for this dividend.

Commenting on the results, Eureka Executive Chairman, Mr Murray Boyte, said: "It is pleasing that the underlying EBITDA and earnings per share were in line with guidance and it reflects the quality of our assets and our sustained high occupancy levels across the portfolio.

"Eureka's stable earnings and cashflow generation has been underpinned by inflation indexed government payments, including pension and rent assistance, to our residents.

"The performance, as well as the strategic acquisition of six villages in Western Australia by the Eureka Villages WA Fund, further enhances Eureka's value proposition as the pure-play leader in the specialised affordable seniors build to rent sector.

“Looking ahead, Eureka is set to embark on a new chapter under the leadership of Simon Owen, who will commence in the role of CEO on 12 September 2024. With his experience in leading property and retirement living businesses, I am confident that Simon will build on the momentum already underway in driving scalability across our Australia-wide portfolio in a sustainable way to deliver excellent services to our residents and long-term value for our shareholders.

“As previously announced, I will be stepping aside from executive duties once Simon assumes the role of CEO.”

Further details are provided in the Appendix 4E and FY24 results presentation.

This announcement was approved and authorised for release by Eureka’s Board of Directors.

-Ends-

For further information:

Investors, contact Murray Boyte, Executive Chairman, 07 2145 6322

Media, contact John Hurst, Tribune Partners, 0418 708 663