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**ASX ANNOUNCEMENT**

25 February 2025

**Eureka Group Holdings Limited (ASX: EGH) 1H25 Results**

# Business positioned strongly for growth – solid operating result

## Highlights

- **Revenue up 11% to $22.6 million** (1H24: $20.3 million) driven by strong resident demand, rental growth and asset acquisitions
- **Underlying EBITDA up 16% to $8.2 million** (1H24: $7.1 million)
- **Underlying profit before tax up 25% to $5.4 million** (1H24: $4.3 million)
- **Statutory net profit after tax of $6.4 million** (1H24: $6.3 million) remained stable as Underlying EBITDA growth was offset by lower levels of property revaluations during the period
- **Portfolio value uplift of $4.6 million** (1H24: $5.6 million) reflects continued growth in maintainable village earnings
- **Significant deal flow now secured -** pipeline of further $100m+ in accretive acquisitions presently under contract or assessment
- **Capital recycling program** commenced with disposal of rental village in Mount Gambier, SA and planned asset recycling of a further $25 to $30 million over next 12 months
- **Underlying EPS of 1.57 cents per share** (1H24: 1.44 cps)
- **Final dividend of 0.73 cents per share** (1H24: 0.7 cps) to be paid in cash
- **On track to achieve fully deployed underlying EPS growth of at least 19% on FY24**

Eureka Group Holdings Limited (ASX: EGH) ("**Eureka**" or the "**Company**") today announced its results for the half year ended 31 December 2024 (1H25), delivering Underlying EBITDA of $8.2 million, an increase of 16% on the prior period, driven by strong resident demand, rental growth and full period contributions from the prior period acquisitions and developments. This increase also included like-for-like growth in Underlying EBITDA of 7%.

Eureka also delivered an Underlying EBITDA margin of 36.2%, down marginally from 36.9% in FY24, but this is expected to improve through further acquisitions and increases in residential rents which were deferred in the first half.

Despite the increase in Underlying EBITDA, statutory net profit after tax of $6.4 million was similar to $6.3 million in the prior period due to a lower level of property revaluations in the current period.

The Group has continued to improve maintainable earnings during 1H25 which underpinned a $4.6 million valuation uplift to the portfolio, compared with $5.6 million in the prior period, with capitalisation rates remaining stable.

During the first half the Group commenced a review into how increases in residential rent were calculated and communicated to residents. This resulted in some planned rent increases being lowered or deferred into the second half – this impacted both first half valuations and earnings. The Group will be targeting planned rent increases of 5-7% p.a. through a combination of Government increases to the pension and Commonwealth rent assistance and assessing market rents at the time a unit is vacated and re-let.

The Group is acutely aware of the cost-of-living pressures that our residents face and is seeking to carefully balance this with the high levels of cost increases that we have experienced over the last few years across difficult to control cost centres including council rates, insurances, energy and utility charges, food and trades.

Acquisitions, developments, capital improvements and revaluations during the year contributed to a $23 million (7%) increase in assets under management.

Eureka maintains a solid financial position, with net debt of $35.8 million as at 31 December 2024 and significant headroom on interest cover and gearing ratios. Gearing of 13.5% remains below the target gearing range of 30% to 40%. 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 an interim dividend of 0.73 cents per share (unfranked), a 4.3% increase on the final dividend for FY24. The dividend record date is 4 March 2025 and is payable to shareholders on 18 March 2025. Following the company's recent $70.4 million equity raise, Eureka's dividend reinvestment plan will not be in place for this dividend.

Commenting on the results, Chief Executive Officer, Mr Simon Owen, said: "Eureka is well positioned for a period of strong and sustainable growth underpinned by continuing demand for rental accommodation, heavily constrained new supply and a focus on delivering CPI+ rental growth.

"Eureka's pipeline of acquisition opportunities under contract or assessment now exceeds $100 million and with our recent expansion into the all-age affordable rental market through the acquisition of the Kin Kora residential home village, the addressable market which we can focus upon is significantly larger.

"We expect to make further investments in the all-age affordable rental market in the coming months.

"We are well-positioned to transact quickly on the accretive opportunities that we identify as being suitable for Eureka's portfolio. We will also continue to actively manage our existing portfolio and have planned divestments for a further $25-$30 million of non-core or regionally isolated assets over the coming year. These will be replaced with more suitable assets from a yield and operational efficiency perspective.

"The Group is experiencing some softness in occupancy in a small number of rental communities across regional Victoria, inland NSW and Tasmania. However, in Queensland, where the portfolio is strongly weighted, we continue to experience very strong demand for rental accommodation with occupancy in that state exceeding 99%.

"Operationally the business is performing well and a significant and immediately accretive acquisition pipeline is now in place.  Eureka remains on track to complete multiple further acquisitions in FY25 and we expect the proceeds from the November 2024 capital raise, along with the proceeds from the $5.0 million disposal of the Mount Gambier community, to be fully invested in CY2025 based on current deal flow."

Eureka's guidance of fully deployed underlying EPS growth of at least 19% on FY24 remains unchanged.

However, due to a few timing or short term measures including some minor transactional delays in closing certain acquisitions, the divestment of the Mount Gambier community in January 2025 and the impact of lowered or deferred rent increases, underlying EBITDA and underlying EPS growth in FY25 will be approx. 5% lower than previously forecast.  Updated FY25 guidance is as follows:

- Revised FY25 Underlying EBITDA growth of around 11% on FY24
- Revised FY25 Underlying EPS growth of around 2.6% on FY24

Further details are provided in the Appendix 4D and 1H25 results presentation.

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

-Ends-

**For further information:**

**Investors,** contact Simon Owen, Chief Executive Officer, 07 2145 6322