Half Year Results Presentation

31 December 2021

eureka GROUP HOLDINGS

Contents

1H22 Results Overview	3
1H22 Financial Metrics	4
Underlying EBITDA	5
Portfolio Update	6
Operating Platform	7
Operational Highlights	8
Environmental, Social & Governance	9
COVID-19 Update	12
FY22 Outlook	13
FY22 Priorities	14
1H22 Results in Detail	15
Capital Management	19
About Eureka	20
Definitions	24

eureka GROUP HOLDINGS

1H22 Results Overview

"Investing in growth."

PROFIT AFTER TAX

$4.03M

▲ 31% from $3.07M [1H21]

EARNINGS PER SHARE

1.73 cents

1.33 cents [1H21]

DIVIDENDS PER SHARE

0.63 cents

▲ 7%

Payment date:
23 March 2022
DRP active

- **31% increase in profit** after tax to $4.03M
- **Essential investment** in **people, technology and brand revitalisation**. Upskilling key business functions - finance, facilities, food service, people, safety and property
- **Established corporate office** in Brisbane
- **Acquired** Brassall and Kingaroy properties and **completed** Wynnum expansion
- **Contracted** Oxford Crest and Bowen **acquisitions** which will be completed in FY22
- **Planning** underway to commence Brassall expansion (2H22) and Kingaroy development (FY23)
- **Capital recycling** - Townsville assets unconditionally contracted for sale by March 2022
- **FY22 Underlying EBITDA Guidance Range: $10.9M - $11.1M**
  Subject to timing of settlement dates for acquisitions. Completion of identified acquisitions in FY22 underpins solid growth profile going into FY23

[1] Refer to Definitions on page 24

eureka GROUP HOLDINGS

1H22 Financial Metrics

"Key financial metrics remain strong."

OCCUPANCY

97% at 31 December 2021

98% [30 June 2021]

CAPITALISATION RATE

9.75%

9.92% [30 June 2021]

PIPELINE

OF ACQUISITIONS & DEVELOPMENTS

UNDERLYING EBITDA [1]

$5.13M

▼ 2% INVESTING IN PEOPLE

NET DEBT [1]

$63.80M

▲ $8.52M [30 June 2021]

NET OPERATING CASH FLOW

$2.82M

▼30% INVESTING IN PEOPLE, TECHNOLOGY & BRAND

BALANCE SHEET GEARING [1]

40.2%

▲ from 37.8% [30 June 2021]

NET TANGIBLE ASSETS PER SHARE

39.0 cents

▲ from 37.5 cents [30 June 2021]

TOTAL ASSETS

$173.1M

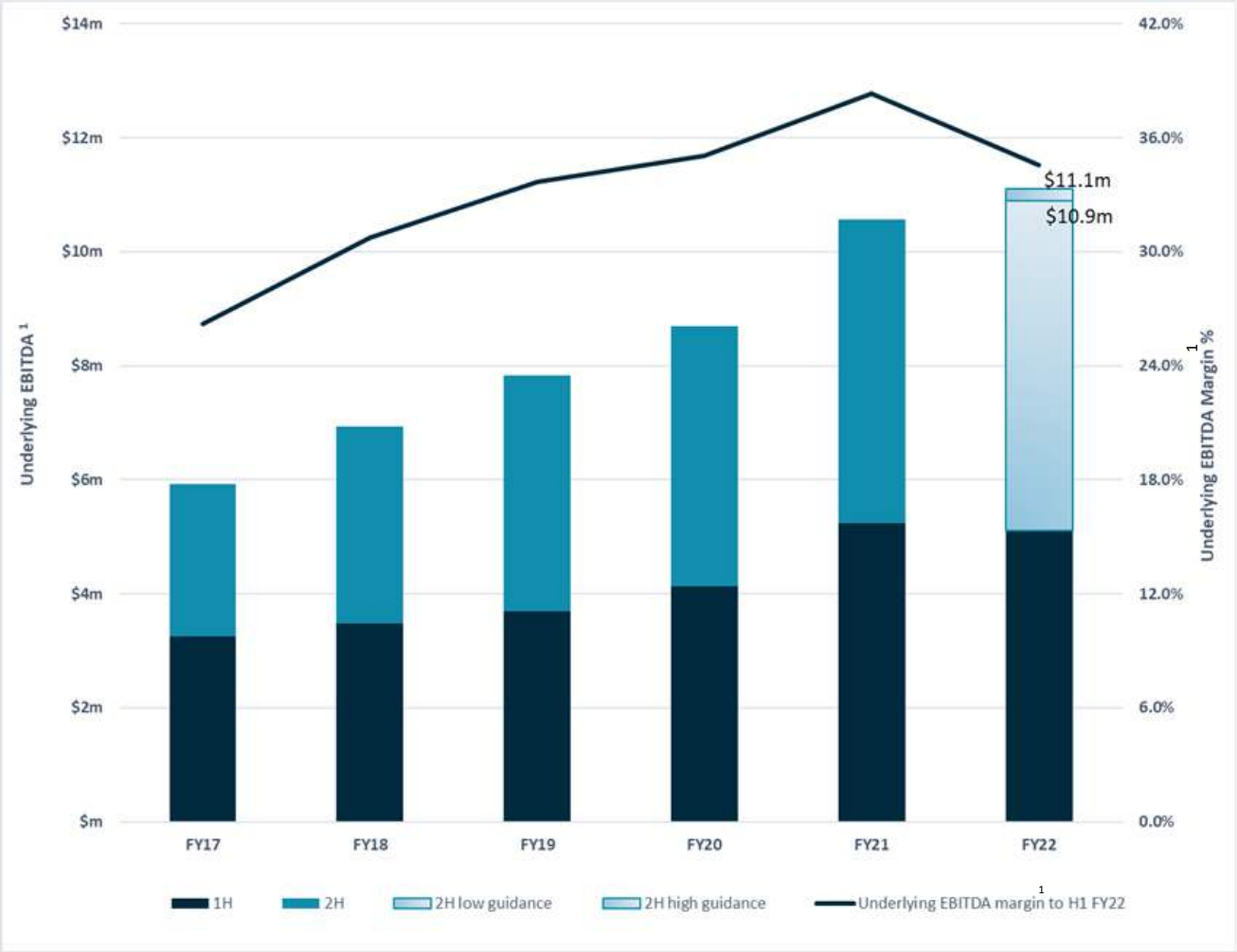
▲ $14.10M [30 June 2021]

[1] Refer to Definitions on page 24

eureka GROUP HOLDINGS

Underlying EBITDA[1]

- Annual revenue and Underlying EBITDA **continue to grow**
- 1H22 Underlying EBITDA and Underlying EBITDA margin lower than prior year due to **essential investment in people**
- **Investment in resource base is a prerequisite** to deliver organic growth and pipeline of acquisitions and developments
- Underlying EBITDA margin to improve through organic growth, acquisitions and **economies of scale**
- Completion of identified acquisitions in FY22 underpins **solid growth profile** going into FY23



[1] Refer to Definitions on page 24

eureka GROUP HOLDINGS

Portfolio Update

ACQUISITIONS

VILLAGES

- Brassall Qld: +59 units. $6.5M Settled July 2021
- Bowen Qld: +46 units with potential for 45-unit expansion. $5.1M conditional heads of agreement; settlement May 2022

MANAGEMENT & LETTING RIGHTS

- Oxford Crest Qld: +330 managed units. $6.1M conditional contract; settlement March 2022

2,261 UNITS UNDER MANAGEMENT
▲3%

DEVELOPMENTS

VILLAGE EXPANSION

- Wynnum Qld: +22 units
  Complete. Fully leased from January 2022
- Brassall Qld: +47 units
  Commencing May 2022

GREENFIELD DEVELOPMENT

- Kingaroy Qld: $0.7M
  Settled October 2021
  DA approved for +110 units
  Commencing development first half FY23

CAPITAL RECYCLING

- $0.9M from sale of 13 units in Qld managed villages
- $3.0M from sale of two Townsville, Qld villages comprising 32 units. Unconditional contracts; settlement March 2022
- Terranora, NSW vacant land and central facility to be sold
- Other assets identified for recycling following acquisitions

eureka GROUP HOLDINGS

Operating Platform

Five Pillar Operating Platform - FY2022 Update

Occupancy, Revenue & Cost Initiatives

- Resident First culture drives occupancy and revenue
- Voice of the Resident survey results confirm village priorities and value enhancement opportunities
- Village benchmarking to support rental strategy and cost control initiatives to enhance profitability

Team Culture + Engagement

- Redefined roles
- Upskilling and training to develop specialist skills
- Productivity improvement

Safety, Risk & Engagement

- Regular review of risk management systems
- Policies & procedures ensure ongoing safety and compliance
- Periodic review of policies and training to maintain awareness

Information Systems & Technology

- Improve and standardise
- Technology review commenced
- Review of current processes and systems to identify requirements and improvements

Applications

- Corporate brand revitalisation
- Digital marketing initiatives
- Enhanced community engagement
- Improved enquiry levels

Operational Highlights

- **Resident First focus -** Independent 'Voice of Resident' survey conducted across 50% of residents. Overall satisfaction of 84% across key village areas – community rooms, safety & security, access to social & recreational activities and engagement of village staff which supports continued investment in these areas
- **Proactive portfolio management -** Occupancy is a lead indicator for performance. Increasing focus on village benchmarking, value-driven rental strategies and standardised village cost structures. Targeted village repositioning to achieve consistency in resident experience, village standards and investment returns
- **Team capability -** Establishment of corporate office in Brisbane. Recruitment and training in specialist areas
- **Technology upgrade** project commenced. Analysis of key processes and system requirements
- **Revitalise and reposition Eureka's brand** in the affordable rental retirement living sector

eureka GROUP HOLDINGS

Environmental, Social and Governance (ESG)

Environmental

Solar energy

Waste management & recycling

Water conservation

Community gardens

Social

Resident First

One team

Social connections

Village activity programs

Community engagement

Governance

Ethical business practices

Risk management systems

Safety & compliance

Board governance

COVID-19 response

eureka GROUP HOLDINGS

ESG

COMMITMENT

- Eureka has a fundamentally strong social and governance focus
- Developing an environmental program to reduce the impact of operations on the environment
- Established framework to proactively consider and action ESG initiatives

SOCIAL FOCUS

- Resident First philosophy underpinned by compassion, respect and trust in village and support office teams
- Empowering the well-being and independence of residents in a safe, secure and active village to create communities
- Developing national village activity programs to enhance resident experience and social connections
- Value community connections and contribution to village life. As an acknowledgement of thanks to the neighbouring school in Wynnum, Qld for support through village expansion project, Eureka and the school are creating an educational garden for students including native plants and traditional food sources of the indigenous population of south-east Qld

ESG

ENVIRONMENTAL INITIATIVES

- Committed to energy conservation through a village solar program - solar energy program completed in 13 villages with a further 6 villages in 2022
- Solar installations have enhanced Eureka's affordability proposition for residents. Embedded networks have resulted in more than 85% of residents having a material reduction in power expenses
- Introduction of biodegradable containers for food service. Target replacement of plastic containers by end of FY22

GOVERNANCE PRACTICES

- Ethical business principles and embedded governance practices
- Effective risk management through a risk management framework, policies, legislative and regulatory compliance and reporting
- Diverse and inclusive workplace

COVID-19 Update

- **Effective policies and risk management protocols** in response to the threat of COVID-19
- **Mandated vaccination policy** for village and support staff. 100% of staff have received at least the first two vaccinations and are required to obtain boosters when due
- **Strongly recommend** all residents receive all COVID-19 vaccinations
- Strict community room **access arrangements** in place for unvaccinated residents and visitors
- Government imposed **travel restrictions** have impacted ability for support office staff to travel. Impacts acquisitions and ability to support village staff

FY2022 Outlook

FY22 UNDERLYING EBITDA[1] FORECAST

- **Guidance range - $10.9M - $11.1M**

  Subject to timing of settlement dates for existing and any further acquisitions. Prior to asset revaluations, asset disposals and non-recurring items including costs associated with technology and brand revitalisation projects

- **Reduction in guidance range** is attributable to:
  - Increased costs from investment in people for future growth
  - The timing of settlement dates for acquisitions

- **Business fundamentals remain strong**. Completion of identified acquisitions in FY22 underpins solid growth profile going into FY23

1 Refer to Definitions on page 24

FY22 Priorities

- **Growth** – pursue and deliver further earnings accretive acquisition and development opportunities to continue to scale the business
- **Technology** – select preferred technology systems across all business units for FY23 implementation
- **Resident experience initiatives** – continue investment in key areas in response to Voice of the Resident survey
- **Marketing** – revitalise and reposition Eureka's brand in the affordable rental retirement living sector
- **Capital** – ongoing capital recycling program and capital management planning

1H22 Results In Detail

eureka GROUP HOLDINGS

Profit & Loss

Profit and Loss Summary Half year ended ($ '000)	31-Dec-21	31-Dec-20
Rental income	10,293	9,311
Catering income	2,402	2,195
Service and caretaking income	2,107	2,139
Total revenue	14,802	13,645
Reconciliation of profit after tax to underlying EBITDA[1]		
Profit after tax	4,033	3,070
Income tax expense	971	1,024
Depreciation and amortisation	345	303
Finance costs	1,293	1,358
EBITDA[1]	6,642	5,755
Net (gain)/loss on revaluation of properties, including joint venture properties	(1,871)	(258)
Impairment of intangible and other assets	-	59
Net (profit)/ loss on sale of assets	38	(284)
Non-recurring costs	271	-
Other	49	(39)
Underlying EBITDA[1]	5,129	5,233
Underlying profit before tax[1]	3,491	3,572
Basic earnings per share (cents)	1.73	1.33
Dividends per share (cents)	0.63	0.59
Underlying EBITDA margin[1]	34.7%	38.4%

- **Profit after tax increased by 31% to $4.03M**
- 8.5% increase in Total revenue driven by acquisitions and organic rental growth
- **Average village occupancy exceeded 98%** across the portfolio. Period end occupancy of 97% due to active portfolio management
- Profit growth driven by net gain on property revaluations of $1.87M, compared to a net gain of $0.26M and gain on sale of Terranora units of $0.28M in the prior period
- **Underlying EBITDA margin decreased** to 34.7% compared with 38.4% in 1H21 due to essential investment in people which commenced in 2H21
- Non-recurring costs include costs of establishing corporate office in Brisbane, technology review and brand revitalisation projects and costs associated with acquiring and disposing of assets
- No cash tax will be payable due to carry forward revenue tax losses

1 Refer to Definitions on page 24

eureka GROUP HOLDINGS

Balance Sheet

Balance Sheet Summary As at ($ '000)	31-Dec-21	30-Jun-21
Assets		
Cash and cash equivalents	1,584	1,890
Trade, other and loans receivable	859	974
Joint venture investment	7,063	6,846
Investment property	149,749	139,037
Other property assets	5,447	2,762
Intangible assets	3,354	3,827
Other assets	5,010	3,633
Total assets	173,066	158,969
Liabilities		
Trade and other payables	3,378	3,422
Provisions	672	618
Bank debt	65,386	57,175
Other financial liabilities	4,326	3,435
Deferred tax liabilities	4,410	3,439
Total liabilities	78,172	68,089
Net assets	94,894	90,880
Net debt[1]	63,802	55,285
Balance sheet gearing[1]	40.2%	37.8%
Net tangible assets per share (cents)	39.0	37.5

- **Strong balance sheet with financial capacity for expansion**
- Weighted capitalisation rate for investment properties firmed to 9.75% (FY21: 9.92%)
- Investment property – increase due to acquisition of sites in Brassall and Kingaroy and the Wynnum expansion (all Qld)
- Other property assets – two Townsville villages and Terranora land held for sale, property, plant & equipment
- Debt facility limit unchanged at $77.5M, increasing to $80M in November 2022
- Increase in net debt of $8.52M
- Balance sheet gearing increased to 40.2%

1 Refer to Definitions on page 24

eureka GROUP HOLDINGS

Cash Flow

Cash Flow Summary Half year ended ($ '000)	31-Dec-21	31-Dec-20
Cash flows from operating activities		
Receipts from customers	15,046	14,589
Payments to suppliers and employees	(10,919)	(9,447)
Interest received	11	14
Interest paid	(1,315)	(1,105)
Net cash provided by operating activities	2,823	4,051
Cash flows from investing activities		
Payments for investment property	(11,942)	(12,647)
Proceeds from sales of assets	903	2,457
Other net payments	(158)	(146)
Net cash used in investing activities	(11,197)	(10,336)
Cash flows from financing activities		
Net proceeds from borrowings	8,211	7,250
Payment of dividends	(986)	(1,265)
Proceeds from share issue	983	-
Other payments for financing activities	(140)	(162)
Net cash provided by financing activities	8,068	5,823
Net decrease in cash and cash equivalents	(306)	(462)
Cash and cash equivalents at the beginning of the period	1,890	2,451
Cash and cash equivalents at the end of the period	1,584	1,989

- **Reliable operating cash flows**
- Net cash from operating activities decreased by 30%, driven by investment in people, technology and brand revitalisation. Completion of acquisitions will increase operating cash flow. Prior year was higher due to timing of an insurance receipt, Government support for COVID costs and favourable working capital adjustments
- Acquisition of new villages was funded from debt and operations
- FY21 final dividend of 0.59 cps was paid during the period. Dividend reinvestment plan was active and fully underwritten

1 Refer to Definitions on page 24

Capital Management

DIVIDENDS

- FY22 interim dividend of 0.63 cps
- Dividend reinvestment plan (DRP) operative
- DRP issue price of 5-day VWAP less 2.0% discount
- Payment date of 23 March 2022

KEY DATES

Ex-dividend date	1 March 2022
Record date	2 March 2022
DRP election date	7 March 2022
Payment date	23 March 2022
DRP issue date	23 March 2022

DEBT FACILITY

- Expiry: 31 March 2024
- Limit: $77.5m. Increases to $80M upon settlement of the deferred consideration for the Hervey Bay acquisition in November 2022
- Interest rate: 2.16% weighted average
- Interest cover ratio: 4.4 times for 12 months to 31 December 2021

CAPITAL

- Proactive portfolio management
- Ongoing capital recycling program
- Capital management planning to accelerate growth

About Eureka

20

eureka GROUP HOLDINGS

Snapshot of Eureka

- Eureka is a specialist owner, operator and manager of rental retirement villages
- We provide essential social infrastructure, services and community for a growing cohort of residents
- Our revenue streams are economically stable and highly resilient, with government pensions underpinning around 95% of revenue
- Our contracts are simple rental agreements for the provision of accommodation and food to independent seniors (not aged care)
- Our operating platform is transitioning effectively and our goal is to become a scale player in a fragmented industry
- The market in which we operate has favourable long term industry trends – an ageing population and a shift from home ownership to long term rental accommodation in Australia
- We have reliable cash flows, a strong balance sheet and capital management options to deliver growth and sustain dividends to shareholders

eureka GROUP HOLDINGS

Strategic Objectives

- Maintain **strong cashflow** for growth and payment of dividends
- Upscale and **grow core business** through:
  - Disciplined acquisitions and greenfield "build-to-rent" developments
  - Organic growth from maintaining occupancy, rental growth and cost control to increase profitability
- **Enhance village life** with Resident First philosophy
- Deliver sustainable growth in **shareholder returns**

Eureka Village Locations

2,261
UNITS UNDER MANAGEMENT

41 VILLAGES
32 OWNED **9 UNDER MANAGEMENT**

eureka GROUP HOLDINGS

Definitions

Balance sheet gearing

- Calculated as net debt (being interest-bearing drawn debt net of cash) divided by net debt plus equity

EBITDA (Earnings before interest, tax, depreciation and amortisation)

- An unaudited non-IFRS measure. The Directors believe it is a readily calculated measure that has broad acceptance and is referred to by regular users of published financial statements as a proxy for overall operating performance. EBITDA is calculated from amounts disclosed in the financial statements

Net debt

- Interest-bearing drawn debt net of cash

Underlying EBITDA

- An unaudited non-IFRS measure that represents the operating performance of the Group and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions

Underlying EBITDA margin

- Underlying EBITDA divided by Total Revenue

Underlying Profit before tax

- An unaudited non-IFRS measure and equals Underlying EBITDA less finance costs, depreciation and amortisation

Disclaimer

No responsibility for contents of presentation

To the maximum extent permitted by law, Eureka Group Holdings Limited (ABN 15 097 241 159) its officers, advisers and representatives:

- make no representation, warranty or undertaking, and accept no responsibility or liability, express or implied, as to the adequacy, accuracy, completeness or reasonableness of this Presentation or any other written or verbal communication transmitted or made available to any recipient; and
- accept no responsibility for any errors in, or omissions from, this Presentation whether arising out of negligence or otherwise.

Accuracy of projections and forecasts

- This Presentation includes certain statements, opinions, estimates, projections and forward-looking statements with respect to the expected future performance of Eureka Group Holdings Limited. These statements are based on, and are made subject to, certain assumptions which may not prove to be correct or appropriate. Actual results may be materially affected by changes in economic and other circumstances which may be beyond the control of Eureka Group Holdings Limited. Except to the extent implied by law, no representations or warranties are made by Eureka Group Holdings Limited, its officers, advisers or representatives as to the validity, certainty or completeness of any of the assumptions or the accuracy or completeness of the forward-looking statements or that any such statement should or will be achieved. The forward-looking statements should not be relied on as an indication of future value or for any other purpose.

No offer to sell or invitation to buy

- This Presentation does not, and should not be considered to, constitute or form part of any offer to sell, or solicitation of an offer to buy any shares in Eureka Group Holdings Limited, and no part of this Presentation forms the basis of any contract or commitment whatsoever with any person. This Presentation does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not permitted under applicable law. Distribution of this Presentation in or from certain jurisdictions may be restricted or prohibited by law. Recipients must inform themselves of and comply with all restrictions or prohibitions in such jurisdictions. Neither Eureka Group Holdings Limited, its officers, advisers or representatives accept any liability to any person in relation to the distribution or possession of this Presentation from or in any jurisdiction.

- Any advice in this Presentation is general advice. This advice has been prepared without taking into account the objectives, financial situation and needs of the recipients of this Presentation. For that reason, recipients should consider the appropriateness of the advice having regard to their own objectives, financial situation and needs and, if necessary, seek appropriate independent legal, financial and other professional advice.

eureka GROUP HOLDINGS

Contact Details

Company	Eureka Group Holdings Limited
ABN	15 097 241 159
Registered Address	Suite 2D, 7 Short St, Southport, QLD 4215
Brisbane Office	Level 5, 120 Edward St, Brisbane QLD 4000
Postal	PO Box 10819, Southport BC QLD 4215
Phone	07 5568 0205
Website	www.eurekagroupholdings.com.au
Email	info@eurekagroupholdings.com.au
Enquiries	Murray Boyte, Executive Chair Cameron Taylor, Chief Executive Officer Laura Fanning, Chief Financial Officer

eureka GROUP HOLDINGS