EUMUNDI GROUP

24 February 2022

ASX RELEASE

Eumundi Group announces net profit after tax of $3.667 million for H1FY22
Net assets increase to 117.2 per share
Net profit after tax from operations up 51.7% to $1.509 million

Eumundi Group Limited (the "Group"), the Queensland hotel and investment property company, is pleased to report a profit after tax of $3.667 million for the half-year ended 31 December 2021 ("H1FY22"). This represents earnings per share of 8.83 cents.

Excluding non-cash fair value revaluations and adjustments and Government subsidies relating to COVID-19, net profit from operations was $1.509 million for the half-year, compared with $0.995 million in the previous corresponding period. This represents a 51.7% increase and is the measure that the Board believes best reflects the overall improvement in the Group's trading performance.

The half-year result was achieved on total revenue of $13.904 million, an increase of 4.0% compared with total revenue for the prior comparative half-year of $13.365 million.

Total comprehensive income of $3.943 million for the period included a $0.276 million gain net of tax on the fair value revaluation of the Ashmore Tavern and the Aspley Central Shopping Centre land and buildings, and a net fair value adjustment of $2.147 million after tax primarily in relation to The Plough Inn and Aspley Arcade.

Half-year ended 31 December ($'000)	H1FY22	H1FY21	Change
Revenue from ordinary activities	13,904	13,365	4.0%
Total comprehensive income	**3,943**	**3,042**	**29.6%**
Fair value revaluations of land and buildings net of tax	(276)	(443)	(37.7)%
Reported net profit after tax	**3,667**	**2,599**	**41.1%**
Net (gain) loss on fair value adjustment of investment property net of tax	(2,147)	(1,180)	81.9%
Government subsidies net of tax	(11)	(424)	(97.4)%
Net profit after tax (excluding fair value revaluations and adjustments and government subsidies)	**1,509**	**995**	**51.7%**
Earnings per share	**8.83**	**6.25**	**41.1%**
Net assets per share (cents)	**117.2**	**94.4**	**24.2%**

Comments on result

A summary of the H1FY22 financial result and the significant operational developments for the Group during the period follows:

- Ashmore Tavern performed solidly following the completion of major capital works in March 2021 which were ongoing throughout the prior comparative half-year.
- Aspley Central Tavern's performance was below the prior comparative result. The prior half-year reflected very strong gaming and bar revenues when venues first resumed trading after the protracted COVID-19 hotel closures. During H1FY22, several forced COVID-19 closures resulted in a loss of revenue, including for several weeks afterwards, as consumer activity levels slowly return to pre-closure levels.
- Investment property revenues increased by 22.6% during the half-year as a result of improved leasing outcomes and reduced vacancy rates. Revenues in the prior comparative period were impacted by high vacancy levels and provision of COVID-19 support to tenants.

The Group continued to generate strong operating cash flows, although lower than the prior corresponding period. Net cash inflows from operating activities in H1FY22 of $2.165 million dollars compared with $3.712 million in the previous corresponding period. This reflected a fall in receipts from customers as a result of reduced gaming, increased payments to suppliers and employees largely due to timing issues and reduced COVID support.

Government COVID-19 subsidies of only $0.015 million in the current half-year compared with $0.471 million in the prior comparative period.

Financial position

The Group remains in a strong financial position with the following matters of note in the half-year:

- The Group acquired the land and buildings of the Courthouse Hotel, Murwillumbah, for $6 million plus acquisition costs;
- The revaluation of the land and buildings at Ashmore Tavern and Aspley Shopping Centre resulted in a $0.368 million ($0.276 million net of tax) increase in carrying values;
- The revaluation of The Plough Inn, Aspley Arcade Shopping Village and Court House Hotel investment properties resulted in a $2.862 million ($2.147 million net of tax) increase in carrying values;
- The Group's net debt (borrowings less cash) increased by $5.397 million to $31.814 million as at 31 December 2021;
- The Group's net debt to equity ratio was 65.3% at 31 December 2021, up from 59.0% at 30 June 2021;
- EBITDA excluding fair value revaluations and adjustments of $2.881 million comfortably covered finance costs of $0.334 million during the half-year; and
- Net assets increased by $3.943 million to $48.694 million during the half-year, representing equity of 117.2 cents per share.

Interim dividend

The Board has declared an interim dividend of 3.50 cents per share ($1.454 million in total), unfranked. The Record Date for the interim dividend is Wednesday 2 March 2022 and the dividend will be paid on Monday 14 March 2022.

The Eumundi Group Limited Dividend Reinvestment Plan ("DRP") will apply to the interim dividend.
Shareholders who have not previously elected to participate in the DRP or who wish to vary their DRP participation should update their details online at www.investorcentre.com or by calling Computershare Investor Services on 1300 552 270 to obtain a DRP Election/Variation Form. The election or notice must be received by the share registry on or before 5pm Brisbane Time on Monday 7 March 2022 to be effective for the interim dividend.

Mandatory direct credit applies to this dividend payment. Where holders have already provided payment instructions, no further action will be required. Shareholders who have not previously provided direct credit payment details, or who wish to update their details, should do so online at www.investorcentre.com or by calling Computershare Investor Services on 1300 552 270.

Shareholders are reminded that for administrative convenience and cost, a minimum cash payment of $2 will apply and that cash payments below this value will not be paid.

Outlook

Hotel Operations

The Group's hotels have experienced a more subdued start to 2HFY22. The increased incidence of reported COVID-19 cases in Brisbane and the Gold Coast continues to challenge hotel operations with the Queensland Government's 'stay at home, stay safe' advice and vaccination mandate contributing to reduced customer numbers. The flow on effects have also included product supply difficulties, cost increases and staff absences due to vaccination issues, confirmed COVID-19 cases and 'close contact' quarantine requirements.

Queensland borders have now re-opened to international visitors both in Brisbane and the Gold Coast. We look forward with optimism to the return of tourism and the flow on benefits in particular to the hotel sector.

Ashmore Tavern

Ashmore Tavern continues to perform strongly in all areas of the business notwithstanding the challenges presented by COVID-19, with the prior capital works delivering increased revenues and offering further growth potential.

Kitchen and amenities capital works are scheduled to commence in Q3FY22 and complete in Q4FY22. Food and beverage revenues will be affected while those works are underway but are expected to grow steadily once kitchen service capacity increases on commissioning of the new facilities. The completed capital works at Ashmore should significantly enhance the outlook for the Group.

Aspley Central Tavern

Retail liquor sales have continued to grow at Aspley Central Tavern. However, bar, bistro and gaming revenues remain soft. The decline in on-premise revenues is primarily due to an increase in reported COVID-19 cases in Queensland, causing widespread uncertainly amongst the venue's predominantly older clients. As this situation eases in the coming months, a return to prior revenue performance is expected.

Investment properties

The Plough Inn and Court House Hotel investment properties remain a reliable revenue stream.

Leasing at the Group's Aspley Shopping Centre and Aspley Arcade Shopping Village continues to improve, with vacancy rates now sitting at less than 7.9% compared with 16.7% as at 30 June 2021. Weighted average lease expiry has increased from 5.29 years as at 30 June 2021 to 5.57 years as at 31 December 2021 and further improvement is expected with several deals nearing completion.

Achieving quality leasing outcomes remains a major priority for the year ahead . Leasing incomes should increase further improve as the final vacancies are leased, underpinning the long-term performance of these assets.

Overall, the Board expects a satisfactory result, notwithstanding the present uncertainties and challenges in FY22.

Suzanne Jacobi-Lee
Chief Executive Officer

New 8 year lease with AllSports Physiotherapy at Aspley Arcade Shopping Village commenced in February 2022

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