



ASX RELEASE

Eumundi Group announces net profit after tax of \$2.599 million for H1FY21

Net profit after tax from operations up 46.1% to \$0.995 million

Net assets of 94.4 cents per share

Eumundi Group Limited (the “Group”), the Queensland hotel and investment property company, is pleased to report a profit after tax of \$2.599 million for the half-year ended 31 December 2020 (“H1FY21”). This represents earnings per share of 6.26 cents.

Excluding non-cash fair value revaluations and adjustments and Government subsidies relating to COVID-19, net profit from operations after tax was \$0.995 million for the half year compared with \$0.681 million in the previous corresponding period. This represents a 46.1% increase and is the measure that the Board believes best reflects the overall improvement in the Group’s trading following the three-month COVID-19 forced closure in Q4FY20.

The strong financial performance of the Group was achieved in spite of constrained patron capacity and additional costs attributable to compliance with mandatory government COVID-safe requirements in the Group’s hotel operations, together with disruption to operations attributable to the major redevelopment works at Ashmore Tavern during the half-year. Retail liquor sales improved in each trading location. However, with two of the Group’s retail liquor outlets closed during the half-year, total retail liquor revenue was in line with the prior year.

Total comprehensive income of \$3.042 million for the period included a \$0.443 million gain net of tax on the fair value revaluation of the Ashmore Tavern and the Aspley Central Shopping Centre land and buildings, a net fair value adjustment of \$1.180 million after tax primarily in relation to The Plough Inn and \$0.424 million net of tax in COVID-19 government subsidies.

The half-year result was achieved on total revenue of \$13.365 million, an increase of 5.9% compared with total revenue of \$12.625 million for the prior corresponding half-year.

Half-year ended 31 December (\$'000)	2021	2020	Change
Revenue from ordinary activities	13,365	12,625	5.9%
Total comprehensive income	3,042	953	219.2%
Fair value revaluations of land and buildings net of tax	(443)	(324)	36.7%
Reported net profit after tax	2,599	629	46.4%
Net (gain) loss on fair value adjustment of investment property net of tax	(1,180)	52	n/a
Government subsidies net of tax	(424)	-	n/a
Net profit after tax (excluding fair value revaluations and adjustments and government subsidies)	995	681	46.1%
Earnings per share	6.25	1.57	
Net assets per share (cents)	94.4	103.2	

Comments on result

A summary of the H1FY21 financial result and the significant operational developments for the Group during the period follows:

- Ashmore Tavern performed solidly during the half-year despite the disruption caused by the major capital works which were ongoing throughout H1FY21.
- Aspley Central Tavern's performance has improved substantially during the half-year, particularly in respect of gaming and retail liquor operations. Its performance benefited from extended trading hours which were approved for the venue just as gaming rooms in Queensland re-opened following mandatory COVID-19 closures. In comparison, the performance in the previous corresponding period was adversely affected by gaming room expansion works which were undertaken during that period.
- Investment property revenues declined by 8.1% during the half-year with COVID-19 support provided to tenants and high vacancy levels. Major deals for Ray White and Fitstop gym were finalised with both long-term leases now on foot. Negotiations with another existing allied health tenant for expansion and additional tenure is nearing completion. The leasing program to secure suitable long-term tenants is ongoing, however this remains challenging in the COVID-19 economy.

The Group continued to generate strong cash flows with net cash inflows from operating activities during the half-year of \$3.646 million dollars compared with \$1.674 million in the corresponding period. Government COVID-19 subsidies represented a net cash inflow of \$0.557 million. Finance costs reduced by \$0.145 million due to unprecedented low interest rates.

Financial position

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

- A directors' assessment of the Ashmore Tavern and the Aspley Shopping Centre assets resulted in a \$0.611 million (\$0.443 million net of tax) revaluation increment on land and buildings.
- A directors' assessment of The Plough Inn and the Aspley Arcade Shopping Village assets resulted in a \$1.628 million (\$1.180 million net of tax) revaluation increment on investment properties.
- The increase in trade creditors of \$2.164 million to \$4.204 million predominantly relates to the timing of payments for the major construction works and recognition of incentives for new leases which are yet to be paid.
- The Group's net debt (borrowings less cash) decreased by \$1.025 million to \$26.106 million as at 31 December 2020 .
- Net assets increased by \$3.042 million to \$39.217 million during the half-year, representing equity of 94.4 cents per share.
- The Group's net debt to equity ratio was 66.6% at 31 December 2020, down from 75.0% at 30 June 2020. EBITDA excluding fair value revaluations and adjustments of \$3.064million comfortably covered finance costs of \$0.283 million during the half-year.

Interim dividend

The Board has decided not to declare an interim dividend for H1FY21 given the continuing uncertainty regarding COVID-19 and pending completion of the major capital works program.

Outlook

Ashmore Tavern

The strong uplift in the Group's hotel operations following the forced COVID-19 closure in Q4FY20 vindicated the Board's decision to proceed with the major planned capital improvement works at the Ashmore Tavern at the earliest opportunity.

These works are nearing completion and all new areas of the venue are expected to be operational by 10 March 2021. The new gaming room, which has its own dedicated bar, keno lounge and toilet facilities, meets stringent COVID-19 social distancing standards, enabling the room to operate at full capacity.

Additional dining areas, which also provide function capability, should also assist to deliver further improvements in the profitability of the Ashmore Tavern.

Aspley Central Tavern

Aspley Central Tavern continues to perform strongly in all areas of the business and the Board expects further improvement in the year ahead. The recent appointment of an experienced hotel manager is delivering operational improvements and the Board looks forward with confidence to the continued growth of this business.

Aspley investment properties

Achieving quality leasing outcomes remains a major priority for the year ahead. The Group is working closely with existing tenants and actively engaging with prospective tenants to strengthen the long-term performance of these assets.

The Board expects improved leasing outcomes in 2021 and believes the completed Ashmore Tavern capital works will significantly enhance the outlook for the Group.



Suzanne Jacobi-Lee
Chief Executive Officer

