

McGRATH POSTS STRONG \$6.2M PROFIT DESPITE TOUGH MARKET

21 August 2023 - McGrath Limited (ASX: MEA) (“**McGrath**” or the “**Company**”) today announced its full year results for the 2023 financial year.

Results summary

- Statutory Net Profit After Tax of \$6.2 million
- Underlying EBIT of \$4.3 million (Underlying EBITDA \$6.1¹ million)
- Strong balance sheet with \$27 million cash and no debt
- Final Dividend: 1.0c per share fully franked dividend declared
- Special Dividend: 2.5c per share fully franked dividend declared
- Continuation of on-market Share Buy-Back program

McGrath has announced Net Profit After Tax of \$6.2 million for the 12 months to June 30, 2023, with 3.5 cents to be paid in fully franked dividends, equating to 4.5 cents for the full year.

McGrath posted the profit despite a tough property market, driven by historically low listing levels and twelve interest rate rises. Transaction volumes were approximately 20 per cent² below the same period a year ago, while also being 5 per cent² below the 10-year market average. In addition, housing prices fell approximately 5 per cent² below the same period last year.

CEO & Founder, John McGrath, said “Low listing levels and rising interest rates continue to be the greatest challenge for our industry, however with a possible plateauing of interest rates and signs of increased listings over the past few weeks, we feel that the worst is behind us. There continues to be strong buyer demand from owner occupiers in almost all markets we serve.

“The implementation of our strategies during the year, including signing on 18 new franchise offices and a further 8 per cent reduction in operating costs, has enabled the company to remain very profitable, as well as increasing market share in our key markets.

“We are very excited about the great opportunity to continue to expand our brand on the East Coast and we are laser focused and well poised to deliver our existing agents and franchisees the best tools and technology in the industry”, added Mr McGrath.

McGrath continues to be in a strong financial position, with around \$27 million in cash and no debt. This cash balance is after the acquisition of a 30 per cent stake in our Central Coast franchise, the payment of ordinary dividends, the current on-market share buyback and tax payments relating to FY23.

¹ Pre-adoption of new AASB 16 Leasing standard and not including gain on sale of business

² Core logic

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The company has declared a 1.0 cent per share, fully franked final dividend, payable on 14 September 2023. In the 2023 financial year the company achieved gains of approximately \$4 million flowing from the transition of the selected company owned office and rent roll assets to franchise ownership.

These initiatives have allowed McGrath to announce a special dividend of 2.5 cents per share, fully franked, also payable on 14 September 2023.

In addition, the company plans to continue with our on-market share buyback program, through which \$3.9 million shares have been acquired to date.

- Ends -

Authorised for release by McGrath Board of Directors

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About McGrath:

McGrath Limited (ASX: MEA) is one of Australia's most successful integrated real estate services business, offering agency sales, property management, mortgage broking and career training services. McGrath Estate Agents currently has offices located throughout the East Coast of Australia. For further information, please visit www.mcgrath.com.au