

ASX AND MEDIA RELEASE

SERVCORP REPORTS NPBIT OF \$42.3 MILLION – GUIDANCE ACHIEVED

UNDERLYING FREE CASH OF \$61.7 MILLION – GUIDANCE ACHIEVED

Servcorp Limited ABN 97 089 222 506 (SRV) today announced a net profit before non-cash impairments and tax (NPBIT) of \$42.3 million for the 12 months ended 30 June 2023. Market guidance of between \$41.0 million and \$43.0 million NPBIT and underlying free cash of at least \$60 million were successfully achieved.

Servcorp, the world's leading provider of workspace solutions and superior IT and business infrastructure solutions, operated 129 floors in 40 cities across 20 countries, at year end.

Summary of results for Financial Year 2023

- Underlying NPBIT of \$42.3 million, up 36%.
- Underlying free cash of \$61.7 million, up 17%. Free cash (net operating cash flow before tax) of \$58.4 million for the 2023 financial year.
- Revenue and other income \$295.5 million, up 7%. Mature revenue increased 10% in constant currency terms.
- Statutory net profit before tax of \$17.0 million, down 51%, due to one-off expenses totalling \$21.4 million and \$3.8 million losses from pre-mature or post-closure locations.
- Net profit after tax of \$11.1 million, down 61%.
- Earnings per share of 11.4 cents. Underlying earnings per share of 36.3 cents, up 39%.
- Return on funds employed was 55%, up 66% on 2022 financial year.
- Cash and investment balances of \$116.4 million as at 30 June 2023 (2022: \$108.2 million).
- Final dividend of 12.00 cents per share, 20% franked; payable on 5 October 2023.
- Total dividends for the 2023 financial year of 22.00 cents per share, up 10%.

Business overview

- Underlying net profit before non-cash impairment of assets and tax was underpinned by a strong Europe & Middle East performance, a disappointing North Asia performance, a rebounded Australia, New Zealand and South East Asia result combined with an improved result in the USA.
- Servcorp continued to pursue its long-term strategy of cultivating business resilience and ensuring sustainable income streams through its ongoing focus on premium service provision, team development and training, customer experience improvement, global reach in gateway cities, and continued innovation to enhance business efficiency. The focused approach yielded strong results and performance across all KPIs.
- Underlying revenue went up \$24.1 million year-on-year, underpinned by growth through both business development and pricing improvement and continued increase in client retention.
- Five new floors opened and five floors were closed in the 2023 financial year.
- Occupancy of mature floors was 72% at 30 June 2023 (2022: 73%). All floor occupancy was 71%.

Dividends

- The Directors of Servcorp have declared a final dividend of 12.00 cents per share, with a record date of 5 September 2023 and payable on 5 October 2023. The dividend will be franked to 20%. There is 80% conduit foreign income attributed to the dividend.
- This brings total dividends for the 2023 financial year to 22.00 cents per share.
- Guidance for the 2024 financial year dividends will be announced at the Annual General Meeting in November, however we would expect to make dividend payments consistent with our long-term history and commitment to shareholders.
- Payment of future dividends is subject to currencies remaining constant, continued strong cash generation, and the continued impacts of global economic uncertainties on our operations.

Outlook for Financial Year 2024

- Despite the ongoing challenges facing the world economy, Servcorp remains cautiously optimistic. Eight locations are under construction, scheduled for opening in the 2024 financial year.
- Management is actively exploring markets for opportunities, based strategically where local management depth is present to take on further expansion, underpinned by strong cash reserves, a well-established brand name, unique value proposition and continued investment in people and innovation.
- While remaining committed to ongoing growth, Servcorp will also balance profitability in its approach to drive sustainable income and implement strong cost disciplines.
- Given our view, and subject to no worsening near-term economic conditions globally, our guidance in the 2024 financial year for mature net profit before non-cash impairment of assets and tax is between \$46.0 million and \$49.0 million, an increase of at least 9% from 2023.
- In line with this guidance and performance, in the 2024 financial year we expect to produce more than \$65.0 million in underlying free cash.
- Forecasts are subject to currencies remaining constant, global financial markets remaining stable and the continued impacts of global economic uncertainties on our operations.

This ASX announcement is approved and authorised by the Board of Directors of Servcorp Limited.

For more information contact

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Results Presentation

Thursday 24 August 2023 at 4:30pm
Level 63, 25 Martin Place, Sydney NSW 2000

Dial-in facility	Online webinar
Australia: +61 2 9091 7604	If you wish to join the online meeting click below
Access Code: 969-955-251	Register now!

or email jessica.fernandes@servcorp.com.au by midday on Thursday 24 August 2023