



# SERVCORP

## 2023 FULL YEAR RESULTS

24 August 2023

 SERVCORP

# DISCLAIMER

## **Important Information**

Servcorp Limited (ABN 97 089 222 506) (“Servcorp”) is the parent entity of the Servcorp Group and is responsible for all information contained in this presentation.

## **Not an offer nor investment advice**

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in Servcorp, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary. It does not contain all the information necessary to fully evaluate any transaction or investment and, as such, no reliance should be placed on its contents. Any investment decision should be made based solely upon appropriate due diligence and, if applicable, upon receipt and careful review of relevant offering documents. Recipients of this presentation should neither treat nor rely on its contents as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers.

## **Capital returns not guaranteed**

Investment is subject to significant risks of loss of income and capital. To the maximum extent permitted by law, none of Servcorp, its directors, employees or agents, accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability arising from fault or negligence on the part of Servcorp or its directors, employees or agents. Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding purchasing or selling, securities or other instruments in Servcorp Group.

## **Forecasts and forward-looking statements**

Due care and attention has been used in the preparation of forecast information and forward-looking statements made in this presentation. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of Servcorp Group. Past performance is not a reliable indication of future performance.

## **Dividend Guidance**

Servcorp’s dividend guidance and related statements in this presentation are subject to Servcorp’s forecast assumptions being met.

## **Policies**

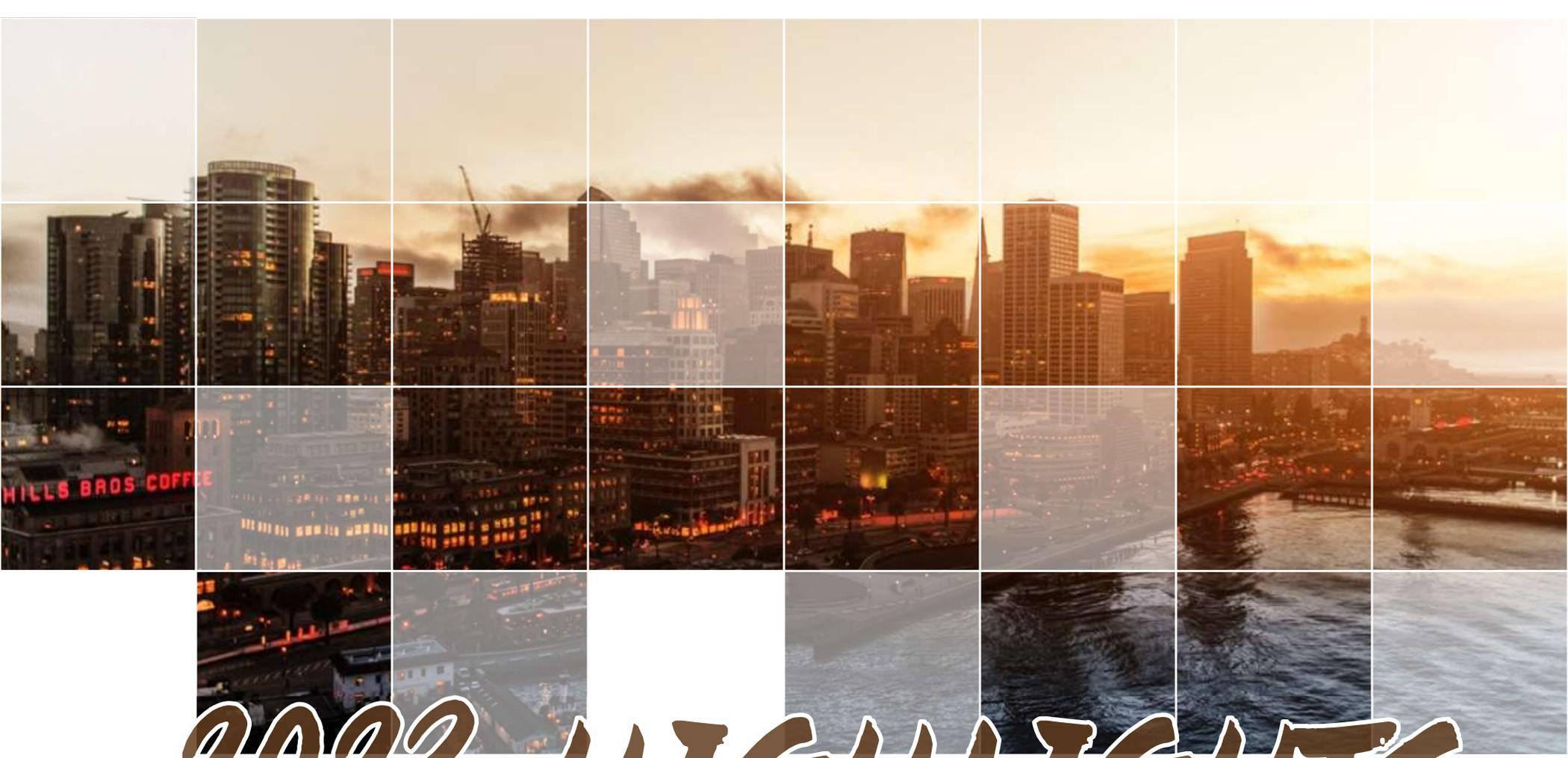
This presentation has been prepared using policies adopted by the directors of Servcorp and, unless stated otherwise, these policies have been consistently applied to all periods presented in this presentation. Parts of this presentation have therefore been prepared on a different basis to the Financial Report of Servcorp. Certain information contained within this presentation does not, and cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of Servcorp Group as in the Financial Report. This presentation should be read in conjunction with the Financial Report of Servcorp Group, which can be found on the Servcorp website at [www.servcorp.com.au](http://www.servcorp.com.au)

© Servcorp Group

# CONTENTS

- 1 2023 HIGHLIGHTS
- 2 BUSINESS FOCUS
- 3 GLOBAL EXPANSION
- 4 OPERATIONS UPDATE
- 5 FINANCIAL RESULTS
- 6 OUTLOOK
- 7 APPENDICES





# 2023 HIGHLIGHTS

# 2023: A YEAR OF ACHIEVEMENTS

Servcorp delivered robust results in FY23, achieved all performance targets set.

**Profit Target  
\$41M to \$43M**

**At least  
\$60M Free  
Cash**

**Global  
Expansion &  
\$60M CAPEX  
commitment  
commenced\***

**Increased  
declared  
dividend  
payment**

**Exit from  
under-  
performing  
markets**

**Improve  
client  
retention  
rate**

 **SERVCORP**

# FY23 KPI HIGHLIGHTS

**\$42.3M**  
**UNDERLYING**  
**NPBIT**  
Up 36%

**55%**  
**ROFE\***  
Up 66%

**\$61.7M**  
**UNDERLYING**  
**FREE CASH**  
Up 17%

**\$293.8M**  
**UNDERLYING**  
**REVENUE**  
Up 9%

**\$115.7M**  
**UNENCUMBERED**  
**CASH**  
Up 8%

**\$37.9M**  
**UNDERLYING**  
**OPERATING PROFIT**  
Up 40%



**36.3 cps**  
**UNDERLYING EPS**  
Up 39%

**5 floors**  
**NEW**  
**FLOORS**

**22.0 cps**  
**DPS**  
Up 10%

 **SERVCORP**

\* Includes 12.0 cps final dividend (20% franked) for FY23

\*ROFE refers to Return on Net Funds Employed, calculated as underlying NPBIT excluding net interest income divided by non-cash or cash alike net asset



**BUSINESS**

**FOCUS**

# BUSINESS FOCUS

Servcorp continues to pursue its long-term strategy of driving profitable growth, cultivating business resilience and ensuring sustainable income

## People, Culture & Training

- **Cultivating Growth**  
Long-standing focus on team development.
- **Internal Progression**  
Notable 60% promotion rate, exemplified by many mid-to-senior management who commenced at Servcorp in junior roles.
- **Tenure Strength**  
Averaging 6 years tenure globally, indicating strong team commitment and engagement.
- **Holistic Training Program**  
Tailored programs empowering team members to discern customer needs & offer bespoke solutions.

## Market Share & Presence

- **Expansion Commitments**  
Empowered by its well-trained and dedicated management team, and underpinned by its strong Balance Sheet, Servcorp is poised to continue expanding its global footprint into both the existing markets and brand-new markets.
- **FY23 Achievements**  
Consolidated the portfolio and reallocated capital resources of ~\$19.8m\*, opened 5 new floors.
- **FY24 Plan**  
Eight more floors in the pipeline currently under construction for scheduled opening in FY24.

## Innovation & Technology

- **Continued IT Investment**  
Holding its vision and mission at heart to empower small businesses with corporate-level resources and enable their growth, Servcorp continues investing in IT innovation to develop tech-backed tools & solutions valuable to clients.
- **Business Process Automation**  
Apart from enabling clients the “power of big when they are small”, Servcorp’s IT ecosystem also streamlined and automated many processes, which in turn reduce risks of revenue leakage. In FY23, all countries migrated to SmartOffice platform achieved improvement in business efficiency and increase in revenue.



# WHY SERVCORP

The power of BIG, when you are small.

Saves on average 65% on office leasing & 80% on total cost

Premium addresses at prestigious buildings

Global scale with 45 years' experience

Global reach with instant access to 129 locations across 20 countries and 40 cities

Connects clients to corporate-level resources and privileges

A full house support team, from receptionists to secretaries to IT professionals

Focus on business core and stop losing time on admin burden

Enabling smooth and seamless hybrid work while maintaining productivity

Cutting-edge technology platform and solutions

Eight more floors currently under construction for scheduled opening in FY24

Extended network in Servcorp community connecting with like-minded people

Strong Balance Sheet and large cash reserve supporting ongoing organic growth and expansion of global footprint

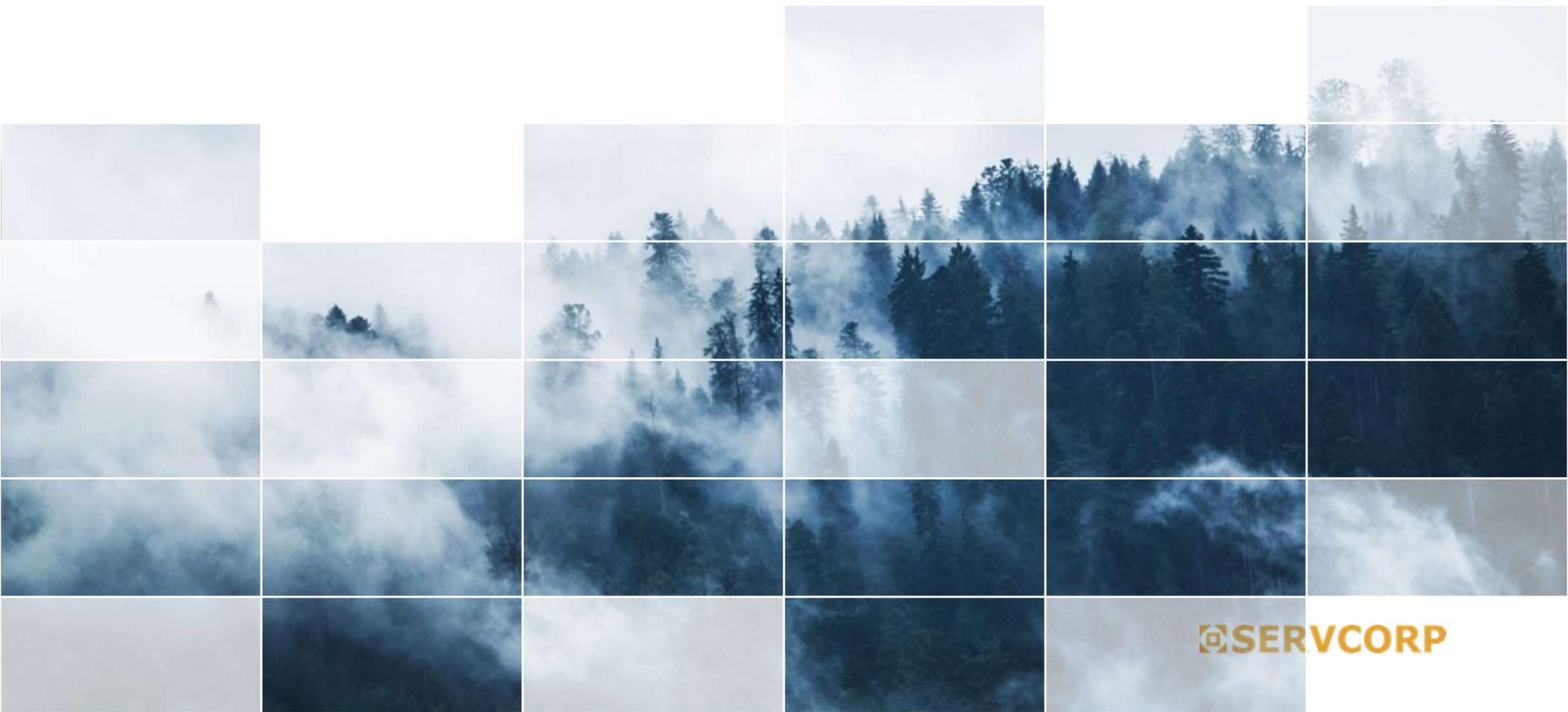
Career growth and personal development opportunities in Servcorp supported 60% executives through various programs

Streamlining business processes and identifying revenue opportunities

Diversified clientele from startups to national brands



# GLOBAL EXPANSION



# CHANGING GLOBAL FOOTPRINT



- During FY23, 5 new operations were open, including 3 in Australia & New Zealand, 1 in North Asia, and 1 in the Middle East.
- 3 locations were closed in Australia & New Zealand in FY23. All were replaced by deploying resources to more prestigious locations opened in the same year.
- Ceased operation in Hong Kong; remain operational and open to expansion opportunities in mainland China.
- Acquisition of Servcorp franchise operations in Canberra, adding two locations to Servcorp global footprint from July 2023.

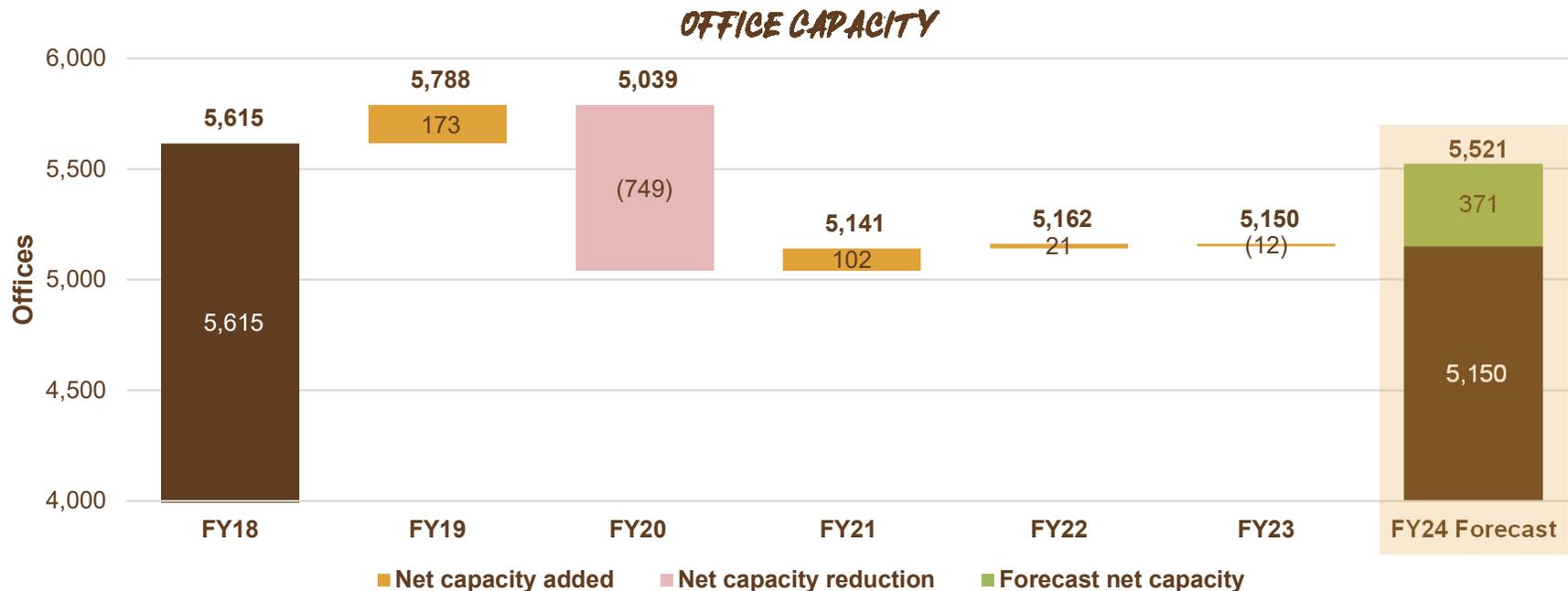


# IMPROVED GLOBAL FOOTPRINT

In February 2023, Servcorp stated its intention to recommence expansion of its global footprint where suitable opportunities and management depth are present. The plan discussed in February 2023 was to spend ~\$60m on building 15 more floors over the next 18 months\*.

By 30 June 2023, Servcorp has spent \$19.8m and successfully opened 5 more operations, with another 8\*\* in the pipeline currently under construction with scheduled openings in FY24.

Net capacity reduction represents the exiting from unprofitable floors.



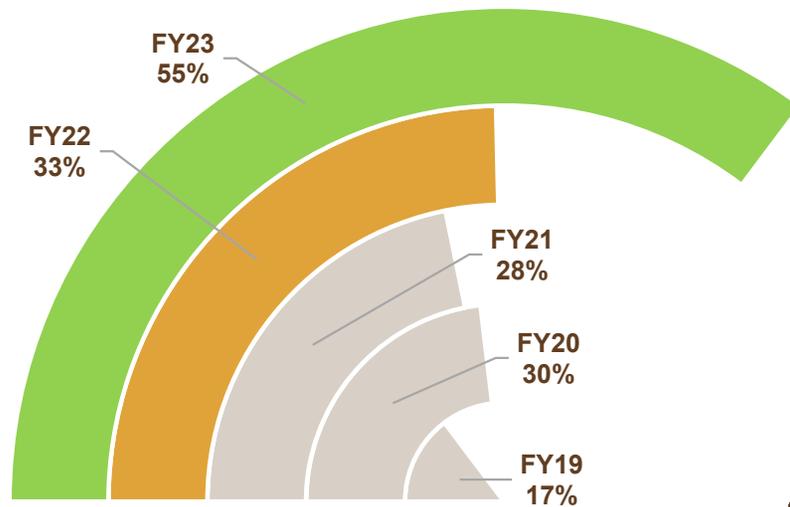
\* Includes the amounts spent on floors opened in 1H23  
 \*\* Includes 2 operations acquired from Canberra franchisee



# OPERATIONS UPDATE

# BUSINESS EFFICIENCY

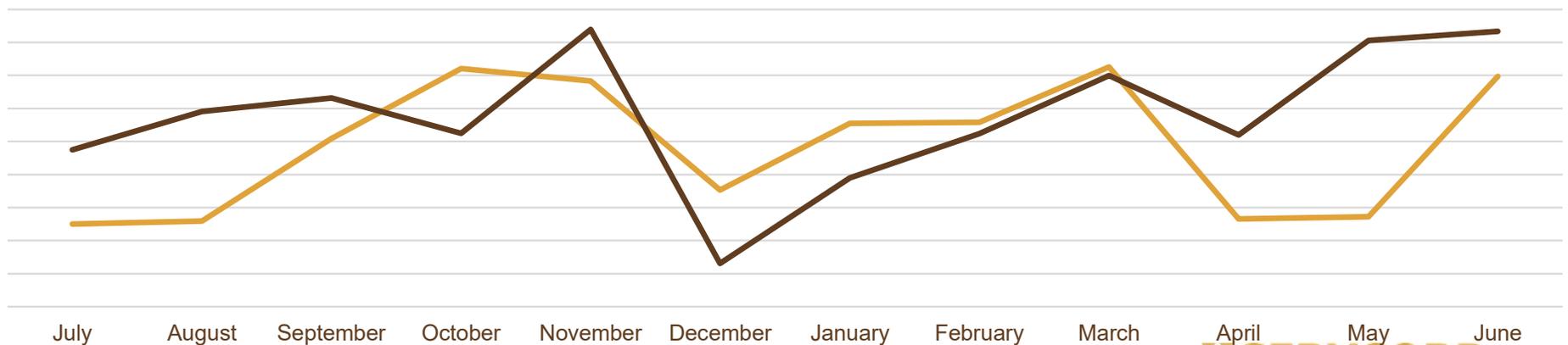
## RETURN ON FUNDS EMPLOYED ROFE



- Mature floor occupancy was steady at 72%.
- Client retention improved year-on-year across all markets.
- Leads volume shows a steady upward trend, especially in the last quarter of FY23.
- Return on Net Funds Employed\* (“ROFE”) increased to 55% in FY23, up 66% on pcp.

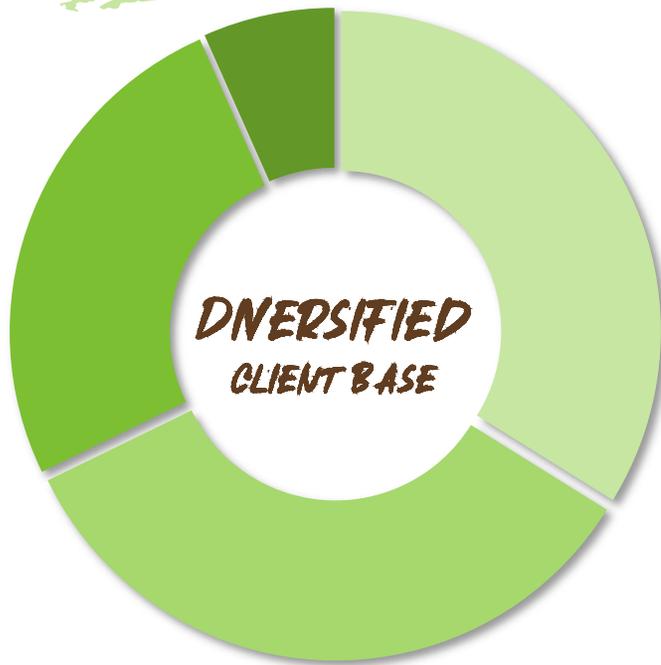
## LEADS VOLUME

— FY22 — FY23



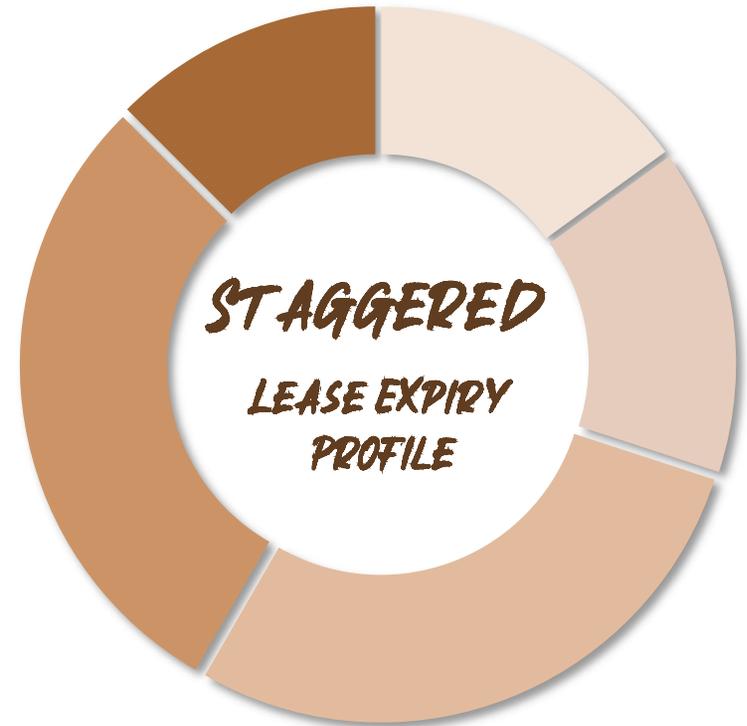
# PORTFOLIO OVERVIEW

**SUPPORTING  
55,000 CLIENTS**



■ ANZ & SEA ■ North Asia ■ Europe & Middle East ■ USA

- Less than 1 Year
- 1 to 3 years
- 3 to 5 years
- 5 to 10 years
- Over 10 years



**OPERATIONS ACROSS  
140,000 SQM GLOBALLY**

# FINANCIAL RESULTS

# RESULTS OVERVIEW

\$293.8M  
**UNDERLYING  
REVENUE\***  
Up 9%

\$61.7M  
**UNDERLYING  
FREE CASH**  
Up 17%

22.0 cps  
**DPS**  
Up 10%

\$42.3M  
**UNDERLYING  
NPBIT\***  
Up 36%

36.3 cps  
**UNDERLYING  
EPS**  
Up 39%

\$115.7M  
**UNENCUMBERED  
CASH**  
Up 8%

\$37.1M  
**UNDERLYING  
NPAT\***  
Up 47%

55%  
**ROFE\***  
Up 66%

5,150  
**STOCK  
CAPACITY**  
Down 0.2%

\$187.8M  
**NET ASSETS**  
Down 5%



# REVENUE

Underlying Revenue\* achieved a growth of 12% year-on-year

- Underpinned by improvement in both sales and pricing, FY23 Underlying Revenue\* increased by \$30.6m on pcp.
- Premium services at prestigious locations enabled materialisation of strong price growth across all products, especially in the last 6 months.

**\$295.5M**  
**STATUTORY**  
**REVENUE**  
**+7%**

**\$293.8M**  
**UNDERLYING**  
**REVENUE**  
**+9%**

## OFFICES

**GROWTH +\$5.7M**

**+**

**PRICING +\$24.9M**

**+\$30.6M**

## COWORKING

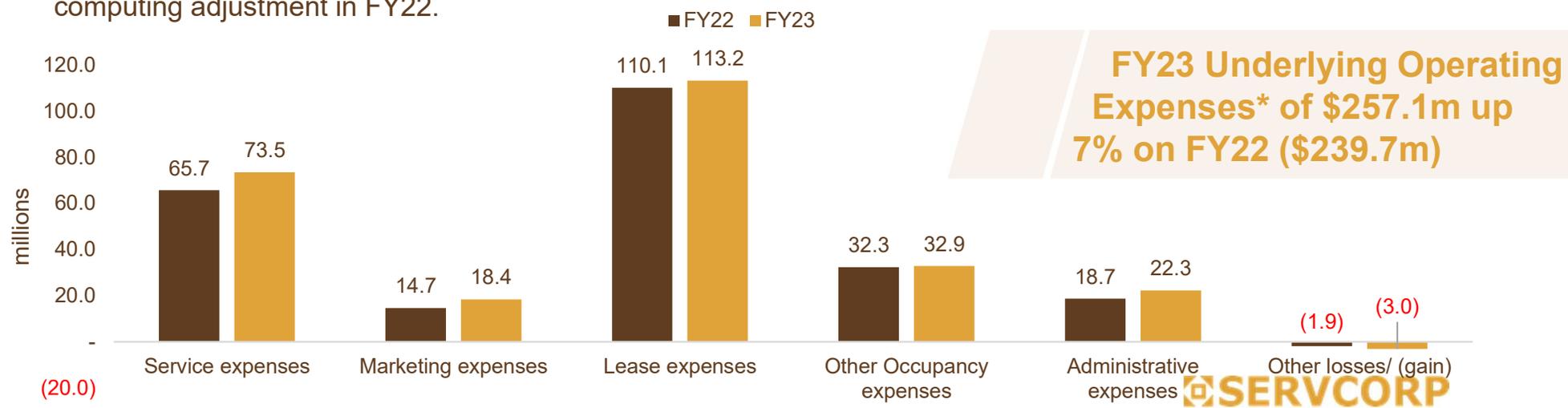
**\$285.3M**  
**UNDERLYING**  
**REVENUE EX HK\***  
**+12%**

 **SERVCORP**

# EXPENSES

## Balancing cost discipline with long term investments

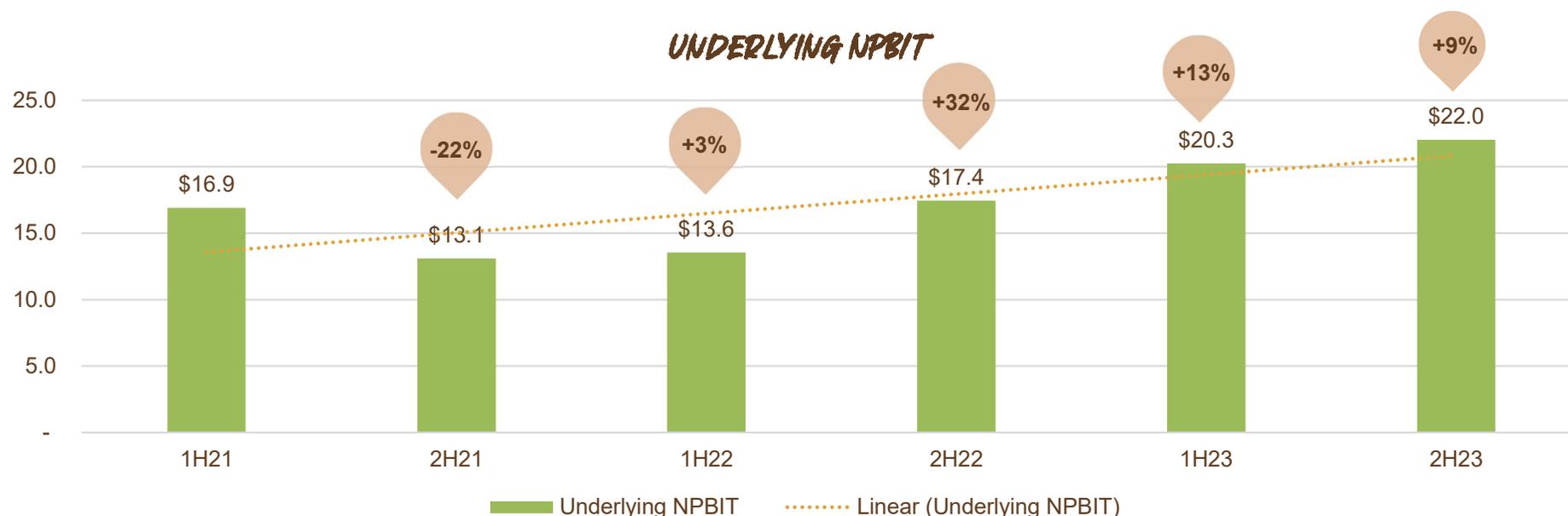
- Service expenses increased by \$7.8m or 13%, partially driven by higher remuneration costs following creation of new positions to further support clients. The cost increments were largely recovered within one year from enhanced customer experience, improved client retention and sustained revenue growth.
- Strategically, Servcorp increased focus on marketing and as a consequence, market expenses increased by \$3.7m year-on-year, which was more than offset by the growth in revenue.
- Lease & Occupancy expenses remain the largest component of the cost profile. Costs increased by \$3.6m on pcp, largely resulting from cost normalisation from FY22 in which Covid-related rent abatement was accounted for as direct credits under IFRS16.
- Administrative expenses were \$3.6m higher on pcp, mostly attributed to increases in audit fees, project-induced consulting fees, and normalisation of intangible amortisation costs following a one-off gain of \$2.8m from cloud computing adjustment in FY22.



# PROFITABILITY

## Strong operating performance in FY23; growth momentum expected to continue

- Underlying NPBIT \$42.3m, met mid-range of the profit target, up \$11.2m or 36%\* on pcp
- Interest & dividend income almost doubled on pcp as cash rates globally continued to rise
- Statutory NPBT includes non-recurring costs totalling \$21.4m\*:
  - Impairment losses in North Asia and Europe of \$15.1m (*nil in FY22*)
  - Floor closure costs: \$5.3m (*\$1.5m in FY22*)
  - Management restructure costs: \$1.0m (*nil in FY22*)



# CASH FLOW

## Large cash reserve to support organic growth and continued global expansion

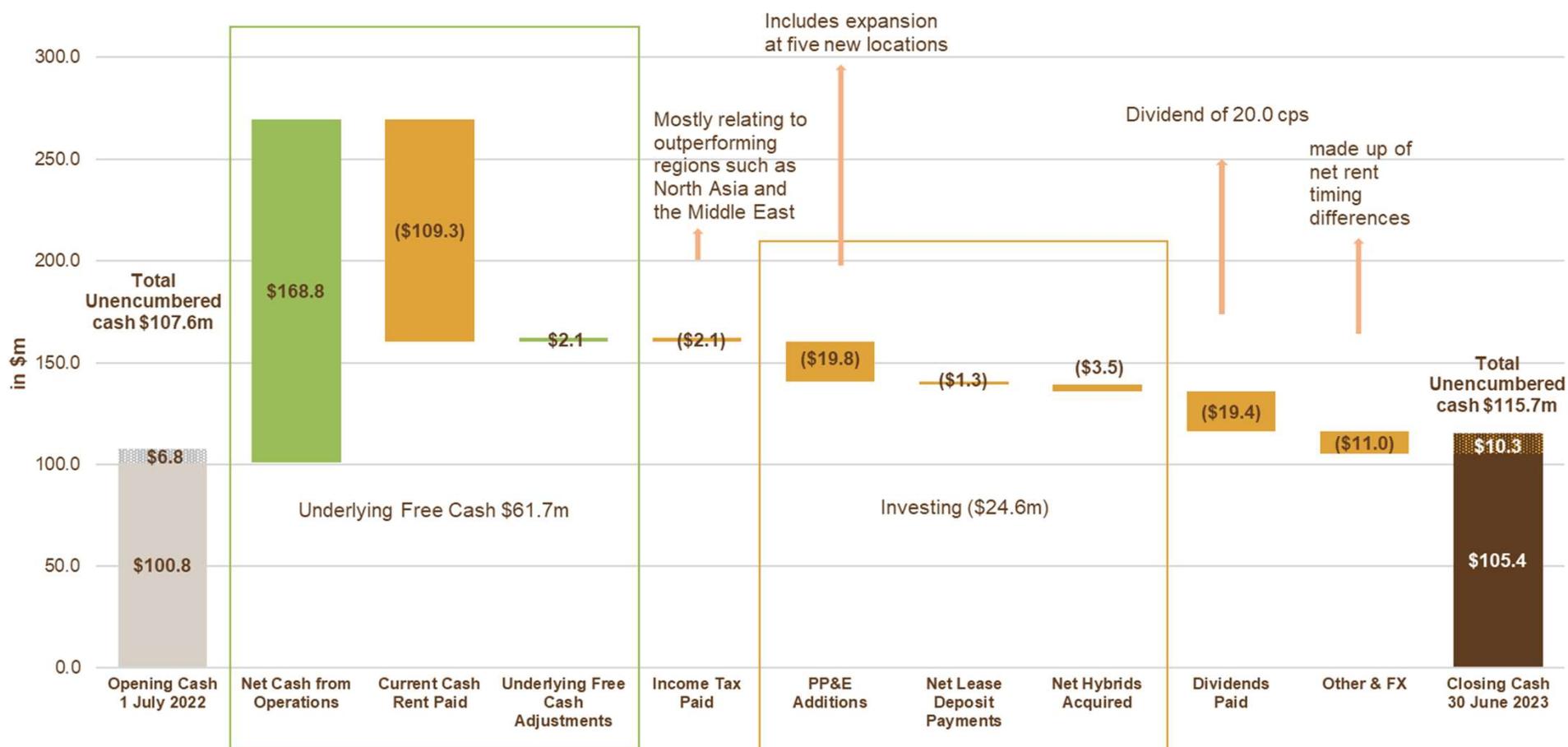
- Underlying free cash generated in FY23 of \$61.7m, attributed to:
  - Strong operating performance driven by growth in both subscription volume and price improvements
  - Disciplined collection of receivables
- Unencumbered cash balance improved to \$115.7m
- Net cash position remains robust as at 30 June 2023, with \$105.4m cash and cash equivalents

	FY23 \$'m	FY22 \$'m	Var \$'m	Var %
<b>Net Operating Cash flow</b>	<b>155.5</b>	<b>145.6</b>	<b>9.9</b>	<b>7%</b>
<i>Add:</i>				
Tax paid	2.1	13.1	(11.1)	(84%)
<i>Less:</i>				
Lease liability Cash Rent for related period paid in related period	98.0	99.2	(1.2)	(1%)
Cash Rent timing differences	1.2	4.3	(3.1)	(73%)
<b>Free Cash including one-off income</b>	<b>58.4</b>	<b>55.2</b>	<b>3.2</b>	<b>6%</b>
<i>Less:</i>				
Cash received from one-off income	-	4.8	(4.8)	nmf
<b>Free Cash excluding one-off income</b>	<b>58.4</b>	<b>50.4</b>	<b>8.0</b>	<b>16%</b>
<i>Add:</i>				
Cash Rent previously withheld now paid	1.0	2.0	(1.0)	nmf
<i>Less:</i>				
Cash Rent relating to current period withheld	1.5	(0.1)	1.6	(1554%)
Other timing differences & write-off	(3.7)	-	(3.7)	nmf
<b>Underlying Free Cash excluding one-off income</b>	<b>61.7</b>	<b>52.5</b>	<b>9.2</b>	<b>17%</b>
<i>Add:</i>				
Cash received from one-off income	-	4.8	(4.8)	nmf
<b>Underlying Free Cash including one-off income</b>	<b>61.7</b>	<b>57.3</b>	<b>4.4</b>	<b>8%</b>

Underlying  
Free Cash is  
146% of  
Underlying  
NPBIT

SERVCORP

# CASH FLOW



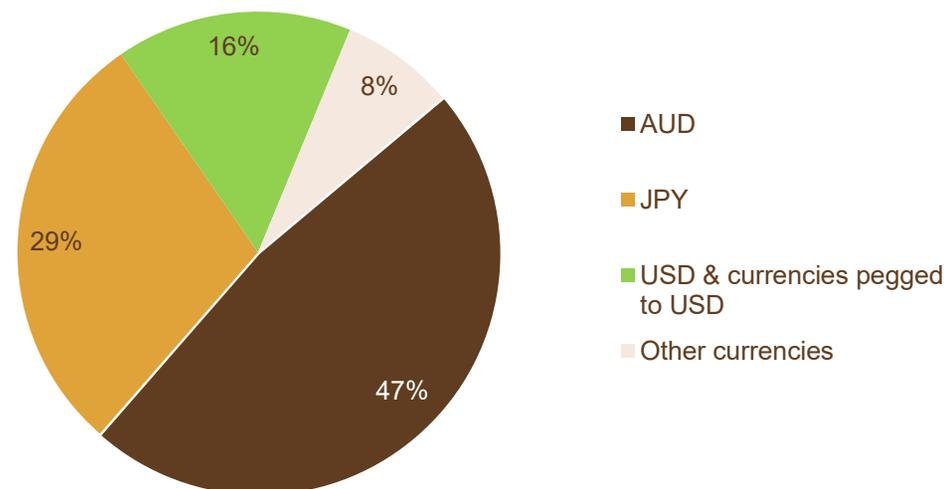
# BALANCE SHEET

Balance Sheet	Jun-23	Jun-22
	\$'m	\$'m
Cash	105.4	100.8
Trade Receivables	27.8	20.0
PP&E & ROUA	385.7	340.5
Software & Intangible	2.4	2.1
Goodwill	13.8	13.8
Deferred Tax Asset	42.3	39.8
Lease Deposit	37.8	41.1
Other Assets	25.9	24.8
<b>Total Assets</b>	<b>641.0</b>	<b>582.7</b>
Trade Payables	43.5	35.0
Provisions	14.6	11.4
Lease Liabilities	367.8	310.8
Other Liabilities	27.2	27.3
<b>Total Liabilities</b>	<b>453.2</b>	<b>384.4</b>
<b>Net Assets</b>	<b>187.8</b>	<b>198.3</b>
NTA per share (\$)	1.77	1.88
	Jun-23	Jun-22
	\$'m	\$'m
<b>Total Current Liabilities</b>	<b>189.8</b>	<b>161.6</b>
Adjust for:		
Short-term lease liability under IFRS <sup>1</sup> :	(106.0)	(89.4)
<b>Adjusted Current Liabilities</b>	<b>83.8</b>	<b>72.1</b>
Total Current Assets	159.0	146.1
Adjusted Current Liabilities	83.8	72.1
<b>Net Surplus in Current Assets</b>	<b>75.2</b>	<b>74.0</b>
Current Ratio	1.9	2.0

PP&E & ROUA	PP&E	ROUA	Total
	\$'m	\$'m	\$'m
<b>Opening balance</b>	<b>80.5</b>	<b>260.0</b>	<b>340.5</b>
Addition <sup>1</sup>	19.5	163.1	182.5
Disposal <sup>2</sup>	(1.6)	(6.0)	(7.6)
Depreciation	(19.1)	(101.9)	(121.1)
Impairment	-	(15.1)	(15.1)
FX movement	1.1	5.2	6.3
<b>Movement</b>	<b>(0.1)</b>	<b>45.3</b>	<b>45.2</b>
<b>Closing balance</b>	<b>80.4</b>	<b>305.3</b>	<b>385.7</b>

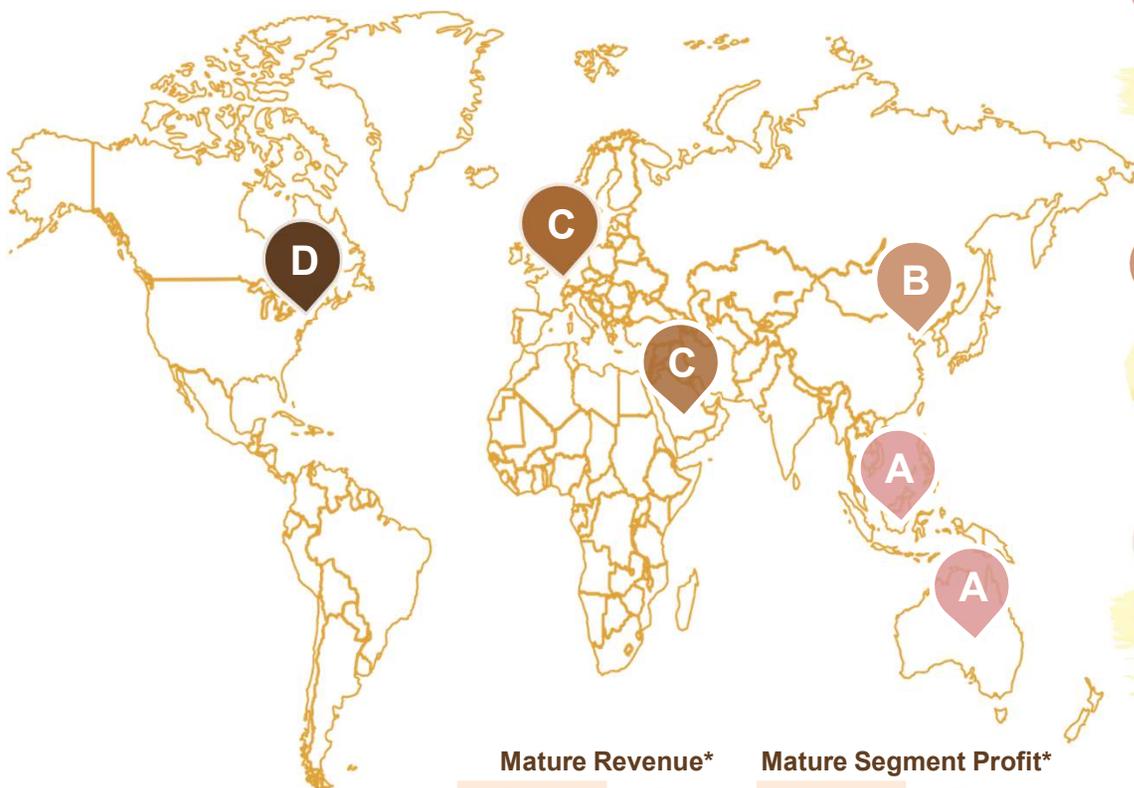
<sup>1</sup> new leases signed, and capital investment carried out in ANZ & South East Asia, North Asia, Europe & Middle East

<sup>2</sup> floor closure in ANZ & South East Asia



Cash and cash equivalents

# SEGMENT OVERVIEW



## A ANZ & SOUTH EAST ASIA

- Segment profit from mature operations improved to \$11.9m
- Performance recovery continues, evident in rising revenue, improving occupancy and client retention rate

## B NORTH ASIA

- Exited Hong Kong due to business headwinds caused by the local market.
- The rest of the region produced a steady results with early signs of improvement. FY23 Segment profit was \$16.0m.

## C EUROPE & MIDDLE EAST

- The region in general continues delivering solid operating results, generating \$18.4m cash earnings in FY23.
- Europe took a one-off impairment due to delay in recovery from Covid-19.

## D USA

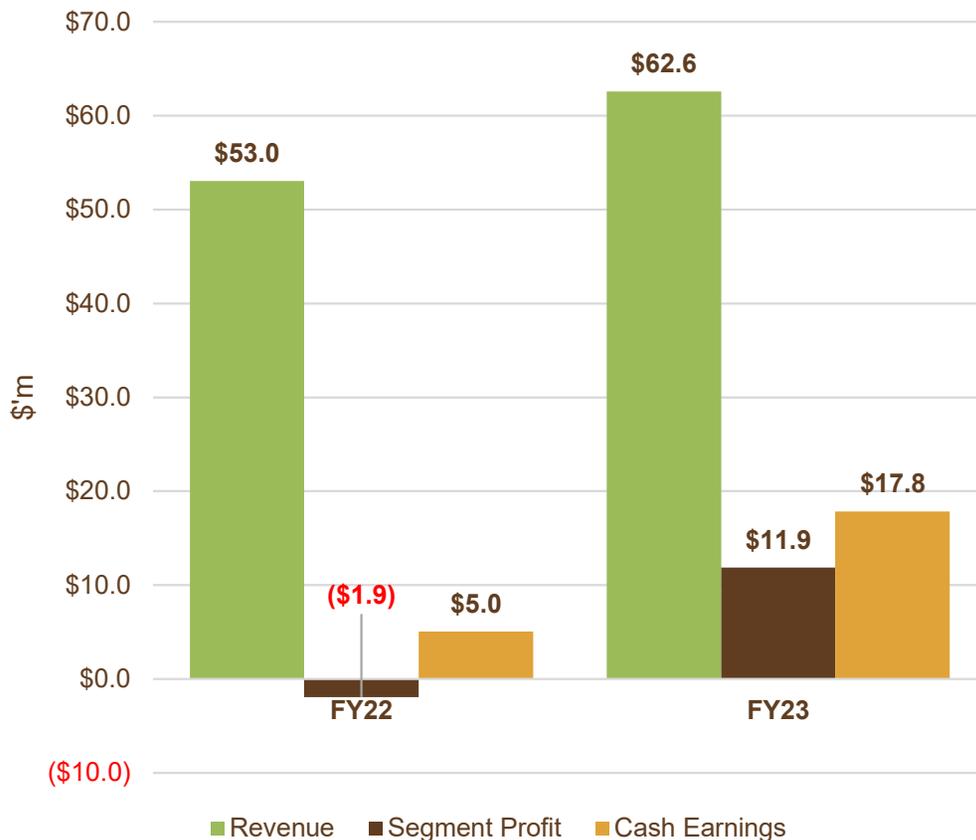
- Momentum in revenue growth started to increase in the last quarter of FY23, following the appointment of a new General Manager.
- The region reported \$0.8m Segment Profit.

	Mature Revenue*		Mature Segment Profit*	
	FY23 \$'m	FY22 \$'m	FY23 \$'m	FY22 \$'m
ANZ & SEA	62.6	53.0	11.9	(1.9)
North Asia	93.6	98.1	16.0	20.9
Europe & Middle East	94.0	82.4	11.9	10.8
USA	19.1	16.5	0.8	(0.8)
<b>Total</b>	<b>269.3</b>	<b>250.0</b>	<b>40.5</b>	<b>28.9</b>

\* For further details, refer to slide 37

# ANZ AND SOUTH EAST ASIA

Mature: Revenue, Segment Profit & Cash Earnings\*



- Performance Recovery**

Australia, New Zealand and South East Asia has demonstrated a strong performance rebound coming out of the pandemic.

- Mature Revenue Surge**

Mature revenue witnessed a notable increase of \$9.6m year-on-year due to increase in occupancy.

- Profit Restoration**

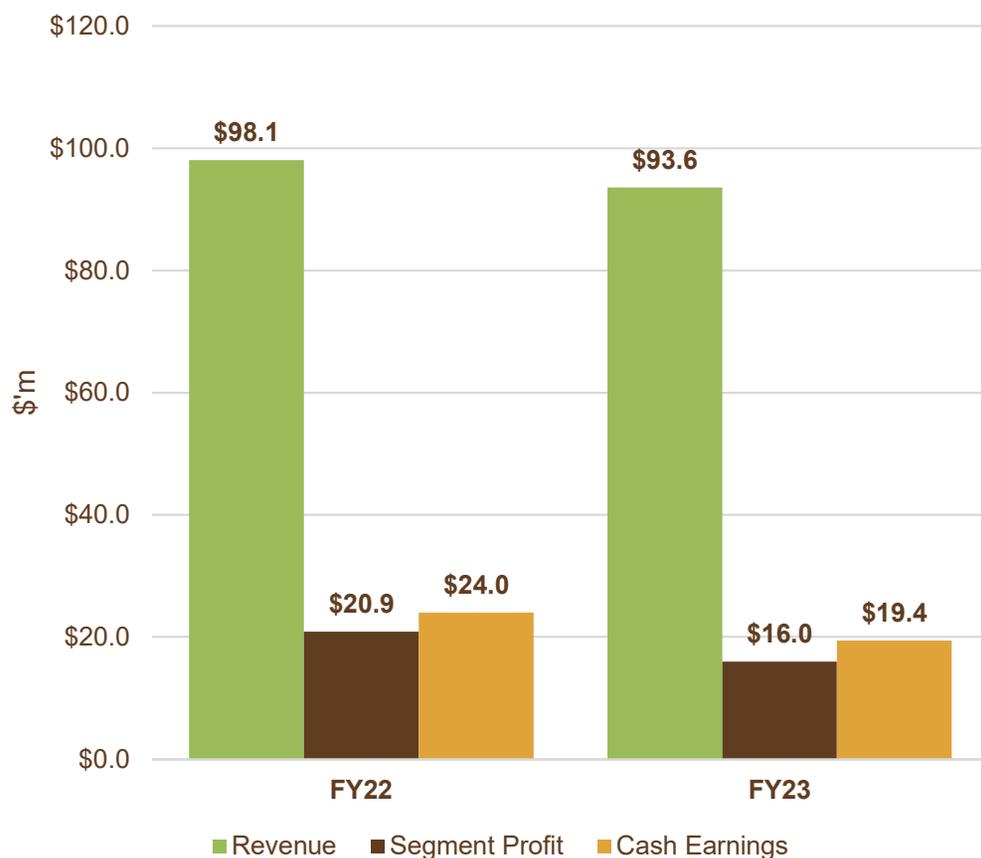
As revenue recovered, profit and cash earnings followed the same trend, swinging successfully back to the positive territory producing \$11.9m Segment Profit and \$17.8m Cash Earnings.

- Margin**

FY23 Margin was 19% (FY22: -4%)

# NORTH ASIA

**Mature: Revenue, Segment Profit & Cash Earnings\***



- **Disappointing Performance**

North Asia results in general retreated from the year before, mostly resulting from the protracted underperformance in Greater China given the slow rebound from arguably the most restrictive and long-lasting Covid-19 measures.

Following thorough assessment and constructive discussion with relevant stakeholders over the last 10 months, management took the decision to cease operations in Hong Kong.

- **Decline in Mature Revenue and Profit**

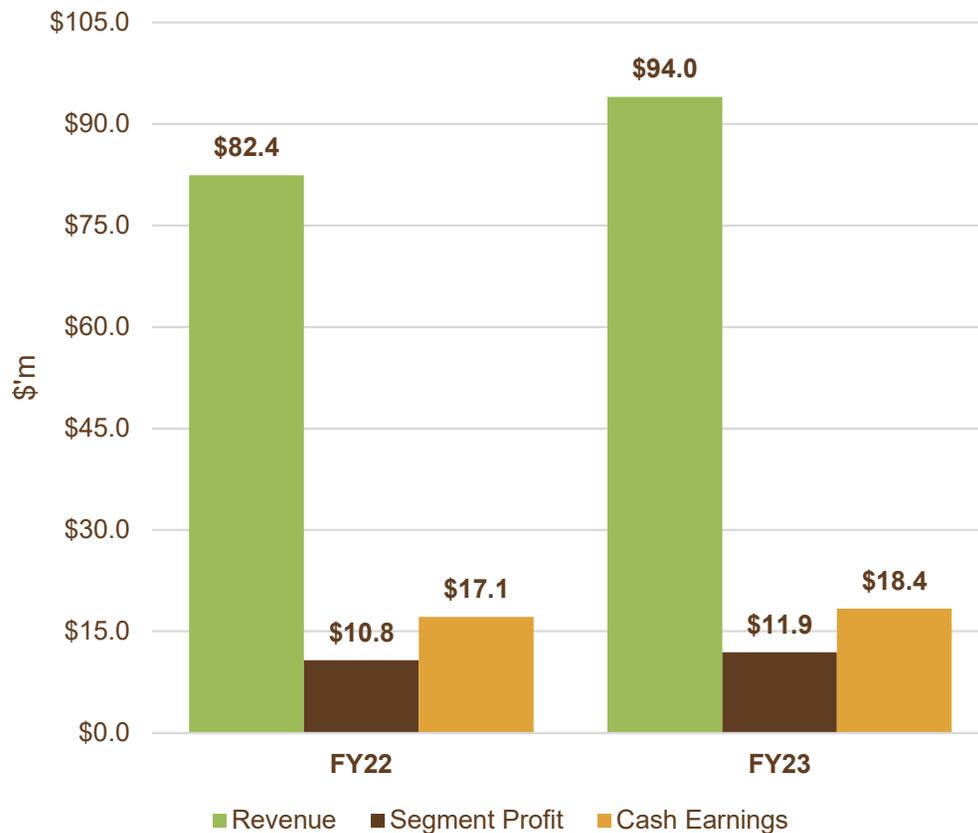
The underperformance led to a decline in Mature Revenue by \$4.5m on pcp, while operating expenses held largely flat year-on-year. Decreases in Segment Profit and Cash Earnings are largely attributed to the drop in Mature Revenue.

- **Margin**

FY23 Margin was 17% (FY22: 21%)

# EUROPE AND MIDDLE EAST

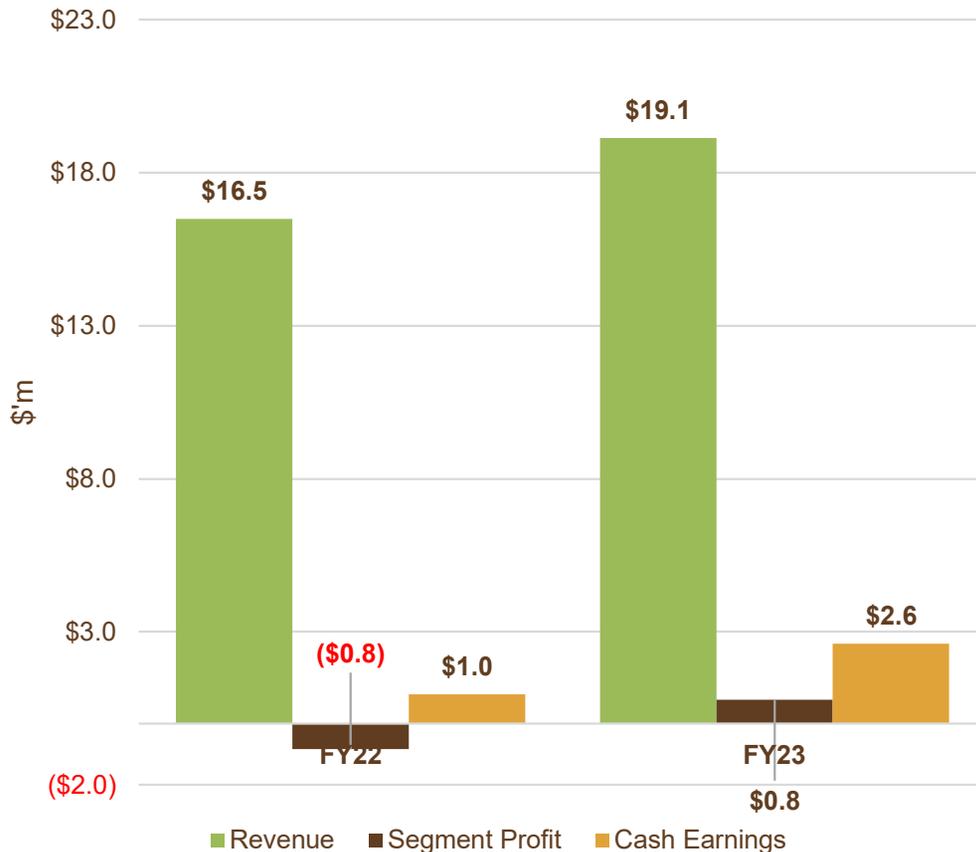
Mature: Revenue, Segment Profit & Cash Earnings\*



- **Robust Performance**  
Europe & Middle East continued to perform well.
- **Mature Revenue Surge**  
Mature revenue recorded a healthy growth of \$11.6m on pcp.
- **Impairment**  
Europe took a one-off impairment in the amount of \$2.4m as its recovery in performance took longer than expected to materialise.
- **Segment Profit & Cash Earnings**  
After absorbing the one-off impairment, Segment Profit and Cash Earnings for the region was up marginally year-on-year.
- **Margin**  
FY23 Margin was 13% (FY22: 13%)

# USA

Mature: Revenue, Segment Profit & Cash Earnings\*



- **Improved Performance**

USA continued to show improvements in performance in FY23, closing the year with a small Segment Profit of \$0.8m.

- **Strong Momentum in Revenue Growth**

Revenue continued growing, building more business resilience in the operation. A new General Manager was appointed in March 2023 to lead and manage the USA.

- **Segment Losses**

The local management team was restructured, and while this led to some non-recurring costs, it is expected to produce improved efficiencies and lower ongoing costs. Business procedures have been reviewed and reestablished, and additional resources are being deployed to train and guide the USA teams and bring them to Servcorp global standard.

- **Margin**

FY23 Margin was 4% (FY22: -5%)

# DIVIDEND

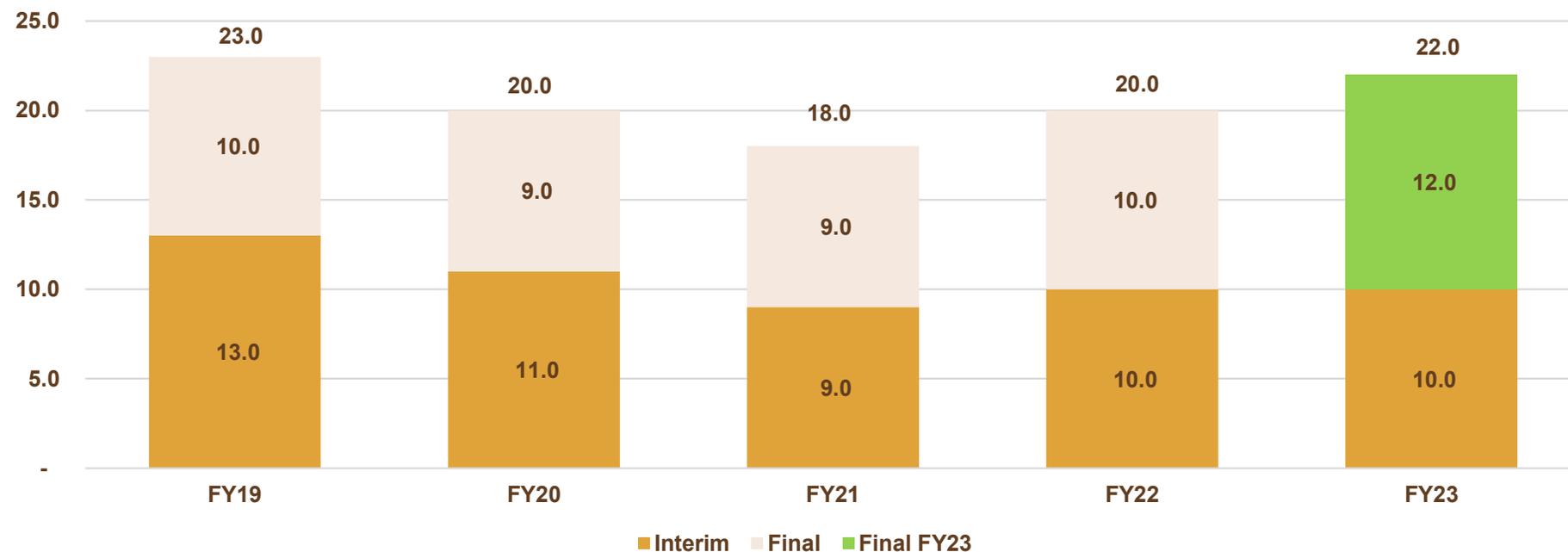
## Final FY23 Dividend

- Final dividend payable of 12.0 cps, 20% franked, payable on 5 October 2023
- Total FY23 dividend of 22.0 cps (up 10%)

## FY24 Dividend

- Guidance for FY24 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.

### *DIVIDENDS PAID / DECLARED (CENTS PER SHARE)*





# OUTLOOK

# GUIDANCE AND TARGETS

## Outlook

Despite the ongoing challenges facing the world economy, Servcorp remains cautiously optimistic.

Eight locations are under construction, scheduled for opening in FY24. 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 in ongoing growth, Servcorp will also balance profitability in its approach to drive sustainable income and implement strong cost disciplines.

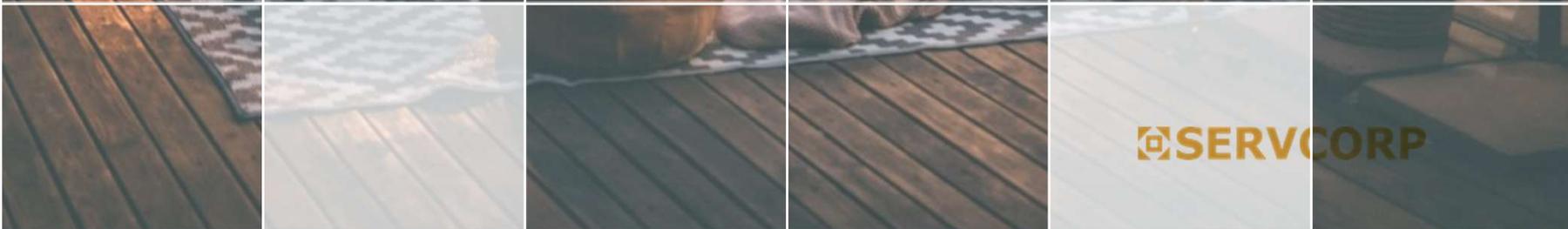
## Guidance

Given our view and subject to no worsening near-term economic conditions globally, in FY24 Underlying NPBIT guidance is between \$46.0m and \$49.0m, an increase of at least 9% from FY23 Underlying NPBIT of \$42.3m.

In line with this guidance and performance, in FY24 we expect to produce more than \$65.0m Underlying Free Cash. We would expect to continue to make dividend payments consistent with our long-term history and commitment to shareholders.



# APPENDICES



# REVENUE

\$'m	FY23	FY22	Var	%
<b>Statutory Total Revenue</b>	<b>295.5</b>	<b>275.6</b>	<b>20.0</b>	<b>7%</b>
<b>Less</b>				
Other revenue and income*	(3.1)	(3.9)	0.9	22%
<b>Statutory Operating Revenue</b>	<b>292.5</b>	<b>271.6</b>	<b>20.8</b>	<b>8%</b>
<b>Add</b>				
Revenue from JV operation	1.5	1.1	0.4	36%
Other revenue adj**	-	1.9	(1.9)	(100%)
<b>Less</b>				
Royalty Income	(0.2)	(0.1)	(0.1)	(68%)
<b>Underlying Revenue</b>	<b>293.8</b>	<b>274.5</b>	<b>19.2</b>	<b>7%</b>
<b>Less</b>				
One-off income***	-	(4.8)	4.8	(100%)
Forex impact	-	(0.0)	0.0	(100%)
<b>Underlying Revenue - Constant Currency</b>	<b>293.8</b>	<b>269.7</b>	<b>24.1</b>	<b>9%</b>
<b>Less</b>				
Underlying Revenue from Hong Kong	(8.5)	(15.1)	6.6	(44%)
<b>Underlying Revenue excl. Hong Kong</b>	<b>285.3</b>	<b>254.6</b>	<b>30.6</b>	<b>12%</b>
<b>Revenue from pre-existing contracts</b>	<b>254.6</b>			
Total Growth drives	5.7			
Total Price drives	24.9			
<b>Underlying Revenue</b>	<b>285.3</b>			
	<b>FY23</b>	<b>FY22</b>	<b>Var</b>	<b>%</b>
Mature floors	283.9	258.4	25.5	10%
Forex impact	-	0.9	(0.9)	(100%)
<b>Mature floors excluding one-off income</b>	<b>283.9</b>	<b>259.3</b>	<b>24.6</b>	<b>9%</b>
One-off income	-	4.8	(4.8)	(100%)
<b>Mature floors including one-off income</b>	<b>283.9</b>	<b>264.1</b>	<b>19.8</b>	<b>7%</b>
Pre-mature floors	9.8	1.9	8.0	430%
Post-closure floors	(0.0)	8.5	(8.5)	(100%)
<b>Underlying Revenue</b>	<b>293.8</b>	<b>274.5</b>	<b>19.2</b>	<b>7%</b>

\* Other revenue and income refers to non-operating revenue, such as interest income, gain on foreign exchange movement, etc.

\*\* Other revenue adjustment adds back the \$1.9m subsidy income received from the government but disclosed separately in FY22.

\*\*\* One-off income refers to the \$4.8m indemnity income from lease restructure and government revenue subsidy received in FY22

# EXPENSES

\$'m	FY23	FY22	Var	%
Service expenses	74.5	65.7	8.8	13%
Marketing expenses	18.4	14.7	3.7	25%
Lease expenses	113.2	110.1	3.0	3%
Other Occupancy expenses	38.2	33.8	4.4	13%
Administrative expenses	22.3	18.7	3.6	19%
Other losses/ (gain)	12.0	(1.9)	13.9	nmf
<b>Total Expenses</b>	<b>278.6</b>	<b>241.2</b>	<b>37.4</b>	<b>15%</b>

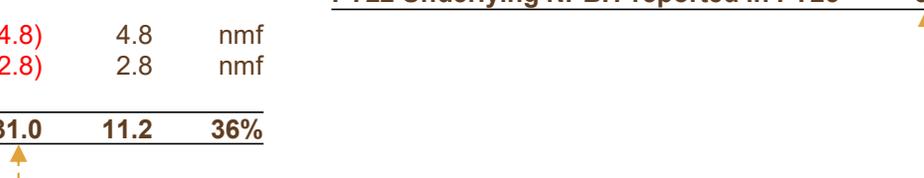
Underlying Adjustments	Remark	FY23	FY22	Var	%
Service expenses	Management restructure costs	(1.0)	-	(1.0)	nmf
Other Occupancy expenses	Closure costs	(5.3)	(1.5)	(3.8)	258%
Other losses/ (gain)	Impairment losses	(15.1)	-	(15.1)	nmf
<b>Total Underlying Adjustments</b>		<b>(21.4)</b>	<b>(1.5)</b>	<b>(19.9)</b>	<b>1338%</b>

\$'m	Adjustments	FY23	FY22	Var	%
Service expenses	Y	73.5	65.7	7.8	12%
Marketing expenses		18.4	14.7	3.7	25%
Lease expenses		113.2	110.1	3.0	3%
Other Occupancy expenses	Y	32.9	32.3	0.5	2%
Administrative expenses		22.3	18.7	3.6	19%
Other losses/ (gain)	Y	(3.0)	(1.9)	(1.1)	61%
<b>Underlying Operating Expenses</b>		<b>257.1</b>	<b>239.7</b>	<b>17.4</b>	<b>7%</b>

# PROFIT

	FY23 \$'m	FY22 \$'m	Var \$'m	Var %
<b>Statutory NPBT</b>	<b>17.0</b>	<b>34.4</b>	<b>(17.4)</b>	<b>(51%)</b>
<b>Add</b>				
Operating loss from pre-mature or post-closure floors	3.8	2.8	1.0	35%
Impairment losses, closure costs and other non-recurring costs	21.4	1.5	19.9	nmf
<b>Underlying NPBIT including one-off gains</b>	<b>42.3</b>	<b>38.7</b>	<b>3.6</b>	<b>9%</b>
<b>Less</b>				
One-off income*	-	(4.8)	4.8	nmf
One-off gain from cloud computer adjustments	-	(2.8)	2.8	nmf
<b>Underlying NPBIT excluding one-off gains</b>	<b>42.3</b>	<b>31.0</b>	<b>11.2</b>	<b>36%</b>
<b>Less</b>				
Interest & franchise income	(3.5)	(1.8)	(1.6)	(89%)
Other non-operating items	(0.9)	(2.1)	1.2	57%
<b>Underlying Operating Profit excluding one-off gains</b>	<b>37.9</b>	<b>27.1</b>	<b>10.8</b>	<b>40%</b>
<b>Add</b>				
Operating loss from pre-mature or post-closure floors	(3.8)	(2.8)	(1.0)	(35%)
One-off income*	-	4.8	(4.8)	nmf
One-off gain from cloud computer adjustments	-	2.8	(2.8)	nmf
<b>Statutory Operating Profit</b>	<b>34.1</b>	<b>32.0</b>	<b>2.1</b>	<b>7%</b>
<b>Return on Net Funds Employed</b>				
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>%</b>
Net Asset	187.8	198.3	(10.5)	(5%)
Unencumbered cash	(115.7)	(107.6)	(8.1)	(8%)
<b>Net funds employed</b>	<b>72.1</b>	<b>90.7</b>	<b>(18.6)</b>	<b>(20%)</b>
Underlying NPBIT	42.3	31.0	11.2	36%
Interest income	(2.8)	(1.1)	(1.7)	(151%)
<b>Underlying NPBIT excluding interest income</b>	<b>39.4</b>	<b>29.9</b>	<b>9.5</b>	<b>32%</b>
<b>Return on net funds employed (ROFE)</b>	<b>55%</b>	<b>33%</b>	<b>22%</b>	<b>66%</b>

<b>FY22 Underlying NPBIT reported in FY22</b>	<b>35.2</b>
One-off income*	(4.8)
<b>Underlying NPBIT reported in FY22 excl. the one-off income</b>	<b>30.3</b>
Floors closed in FY23 on FY22**	(0.1)
Floors turned mature in FY23 on FY22**	0.7
<b>FY22 Underlying NPBIT reported in FY23</b>	<b>31.0</b>



\* One-off income refers to the \$4.8m indemnity income from lease restructure and government revenue subsidy received in FY22  
 \*\* FY22 Underlying results are restated to reflect the pre-mature/ post-closure floors in FY23

# PROFIT

	Statutory Profit			
	FY23	FY22	Var	Var
	\$'m	\$'m	\$'m	%
Revenue and other income	295.5	275.6	20.0	7%
Total expenses	(278.6)	(241.2)	(37.4)	(15%)
<b>Net profit before tax</b>	<b>17.0</b>	<b>34.4</b>	<b>(17.4)</b>	<b>(51%)</b>
Income tax expense	(5.9)	(6.4)	0.4	7%
<b>Net profit after tax</b>	<b>11.1</b>	<b>28.0</b>	<b>(17.0)</b>	<b>(61%)</b>

	Statutory Cash Flow			
	FY23	FY22	Var	Var
	\$'m	\$'m	\$'m	%
<b>Net profit after tax</b>	<b>11.1</b>	<b>28.0</b>	<b>(17.0)</b>	<b>(61%)</b>
Working capital movement	154.7	139.6	15.1	11%
Franchise & interest income	3.1	1.2	1.9	154%
Interest paid	(11.2)	(10.1)	(1.1)	(11%)
Tax paid	(2.1)	(13.1)	11.1	84%
<b>Net operating cash inflows</b>	<b>155.5</b>	<b>145.6</b>	<b>9.9</b>	<b>7%</b>

<b>Net investing cash outflows</b>	<b>(24.7)</b>	<b>(12.6)</b>	<b>(12.0)</b>	<b>(95%)</b>
<b>Net financing outflows</b>	<b>(122.8)</b>	<b>(122.3)</b>	<b>(0.5)</b>	<b>(0%)</b>
Foreign exchange movement	(3.5)	(3.7)	0.2	6%
<b>Net cash movement</b>	<b>4.6</b>	<b>7.0</b>	<b>(2.4)</b>	<b>nmf</b>

Opening cash 1 July	100.8	93.8	7.0	7%
Net cash movement	4.6	7.0	(2.4)	(34%)
<b>Closing cash 30 June</b>	<b>105.4</b>	<b>100.8</b>	<b>4.6</b>	<b>5%</b>

	Underlying			
	FY23	FY22	Var	Var
	\$'m	\$'m	\$'m	%
<b>Statutory Revenue and other income</b>	<b>295.5</b>	<b>275.6</b>	<b>20.0</b>	<b>7%</b>
Revenue from operations pre-maturity	(9.8)	(1.9)	(8.0)	430%
Revenue from operations closed since FY22**	0.0	(8.5)	8.5	(100%)
Revenue from JV	1.3	2.9	(1.6)	(56%)
Non-operating revenue	(3.1)	(3.9)	0.9	(22%)
One-off income*	-	(4.8)	4.8	nmf
<b>Revenue from mature floors excl. one-off income</b>	<b>283.9</b>	<b>259.3</b>	<b>24.6</b>	<b>9%</b>
Revenue from operations pre-maturity	9.8	1.9	8.0	430%
Revenue from operations closed since 2H22	(0.0)	8.5	(8.5)	nmf
One-off income*	-	4.8	(4.8)	nmf
<b>Underlying Revenue incl. one-off income</b>	<b>293.8</b>	<b>274.5</b>	<b>19.2</b>	<b>7%</b>
One-off income*	-	(4.8)	4.8	nmf
<b>Underlying Revenue excl. one-off income</b>	<b>293.8</b>	<b>269.7</b>	<b>24.0</b>	<b>9%</b>
Underlying Operating Expenses	(257.1)	(239.7)	(17.4)	(7%)
Operating Expenses from pre-mature/ post-closure sites	5.7	1.0	4.6	(447%)
<b>Net profit before tax</b>	<b>42.3</b>	<b>31.0</b>	<b>11.2</b>	<b>36%</b>
Income tax expense	(5.1)	(5.7)	0.6	11%
<b>Net profit after tax</b>	<b>37.1</b>	<b>25.3</b>	<b>11.8</b>	<b>47%</b>

	Underlying Free Cash			
	FY23	FY22	Var	Var
	\$'m	\$'m	\$'m	%
<b>Net operating cash inflows</b>	<b>155.5</b>	<b>145.6</b>	<b>9.9</b>	<b>7%</b>
Add: tax paid	2.1	13.1	(11.1)	(84%)
Net Cash Rent adjustments	(99.6)	(101.4)	1.8	(2%)
One-off income*	-	(4.8)	4.8	nmf
Other timing differences	3.7	-	3.7	nmf
<b>Underlying Free Cash excluding one-off income</b>	<b>61.7</b>	<b>52.5</b>	<b>9.2</b>	<b>17%</b>
One-off income*	-	4.8	-	-
<b>Underlying Free Cash including one-off income</b>	<b>61.7</b>	<b>57.3</b>	<b>4.4</b>	<b>8%</b>

# SEGMENT

	Total Revenue from Continuing Operations	Revenue from new floors pre-maturity	Other adjustments	Mature Revenue
	FY23 in \$'m			
ANZ & SEA	67.7	(5.2)	-	62.6
North Asia	94.9	(1.3)	-	93.6
Europe & Middle East	95.9	(3.4)	1.5	94.0
USA	19.1	-	-	19.1
<b>Total - operating segments</b>	<b>277.6</b>	<b>(9.8)</b>	<b>1.5</b>	<b>269.3</b>
Other	2.7			2.7
<b>Grand Total</b>	<b>280.4</b>			<b>272.0</b>

	Segment Profit from Continuing Operations	Loss from new floors pre-maturity	Other adjustments	Mature Segment Profit
	FY23 in \$'m			
ANZ & SEA	9.8	2.1		11.9
North Asia	14.6	1.4		16.0
Europe & Middle East	10.6	0.6	0.6	11.9
USA	0.8	-		0.8
<b>Total - operating segments</b>	<b>35.8</b>	<b>4.1</b>	<b>0.6</b>	<b>40.5</b>
Other	(0.3)		(2.3)	(2.6)
<b>Grand Total</b>	<b>35.5</b>			<b>37.9</b>

	Mature Segment Profit	Depreciation	Other Non-cash adjustments	Mature Cash Earnings
	FY23 in \$'m			
ANZ & SEA	11.9	4.7	1.2	17.8
North Asia	16.0	4.6	(1.2)	19.4
Europe & Middle East	11.9	6.5	-	18.4
USA	0.8	1.8	-	2.6
<b>Total - operating segments</b>	<b>40.5</b>	<b>17.6</b>	<b>-</b>	<b>58.2</b>

	Total Revenue from Continuing Operations	Adj. from status changes since FY22*	Adj. Total Revenue from Continuing Operations	Revenue from new floors pre-maturity	Other adjustments	Mature Revenue
	FY22 in \$'m					
	60.6	(5.9)	54.8	(1.7)	-	53.0
	111.5	(13.3)	98.2	(0.1)	-	98.1
	74.5	1.1	75.6	-	6.8	82.4
	16.5	(0.0)	16.5	-	-	16.5
<b>Total - operating segments</b>	<b>263.1</b>	<b>(18.1)</b>	<b>245.1</b>	<b>(1.9)</b>	<b>6.8</b>	<b>250.0</b>
Other	1.9	(0.0)	1.9			1.9
<b>Grand Total</b>	<b>265.0</b>	<b>(18.1)</b>	<b>247.0</b>			<b>251.9</b>

	Segment Profit from Continuing Operations	Adj. from status changes since FY22*	Adj. Segment Profit from Continuing Operations	Loss from new floors pre-maturity	Other adjustments	Mature Segment Profit
	FY22 in \$'m					
	6.3	(9.8)	(3.6)	1.6	-	(1.9)
	16.3	4.1	20.5	0.4	-	20.9
	8.1	2.2	10.3	0.0	0.4	10.8
	0.3	(1.1)	(0.8)	-	-	(0.8)
<b>Total - operating segments</b>	<b>31.0</b>	<b>(4.6)</b>	<b>26.4</b>	<b>2.1</b>	<b>0.4</b>	<b>28.9</b>
Other	2.3	0.4	2.7		(1.6)	1.1
<b>Grand Total</b>	<b>33.3</b>	<b>(4.2)</b>	<b>29.1</b>		<b>(1.2)</b>	<b>30.0</b>

	Mature Segment Profit	Depreciation	Other Non-cash adjustments	Mature Cash Earnings
	FY22 in \$'m			
	(1.9)	5.2	1.8	5.0
	20.9	4.9	(1.8)	24.0
	10.8	6.4	-	17.1
	(0.8)	1.8	-	1.0
<b>Total - operating segments</b>	<b>28.9</b>	<b>18.2</b>	<b>-</b>	<b>47.1</b>

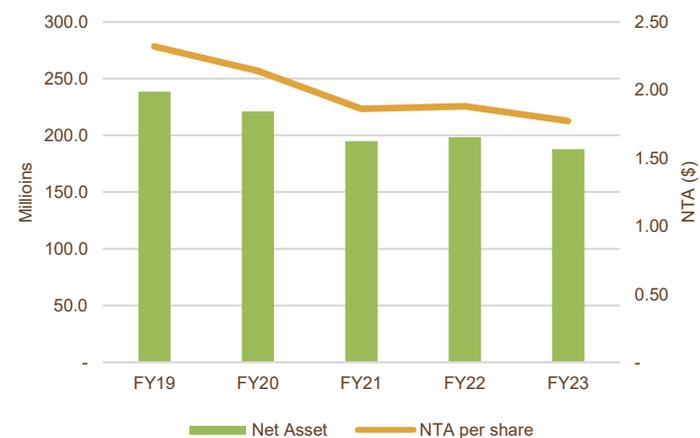
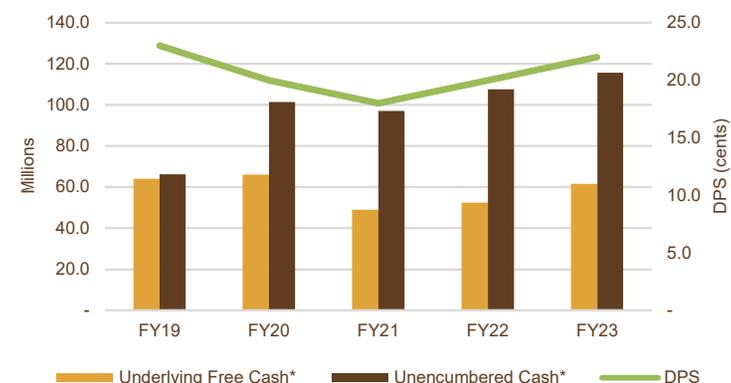
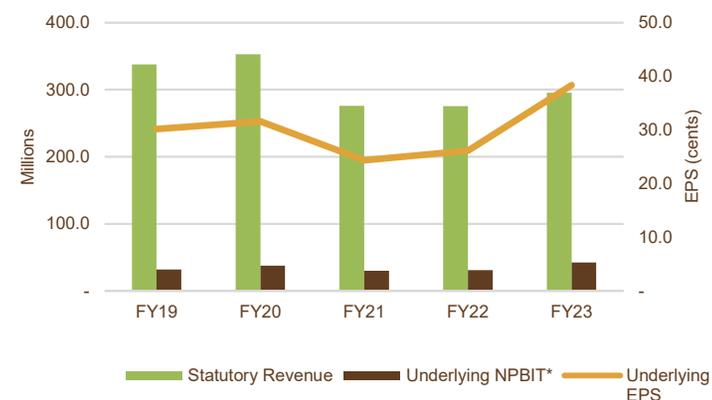
# KPI TRACKER

	Statutory Revenue \$'m	Underlying NPBIT* \$'m	Underlying EPS cents
FY19	337.4	32.0	30.2
FY20	352.9	37.5	31.6
FY21	275.7	30.0	24.4
FY22	275.6	31.0	26.1
FY23	295.5	42.3	38.4

	Underlying Free Cash* \$'m	Unencumbered Cash* \$'m	DPS cents
FY19	64.0	66.2	23.0
FY20	66.1	101.4	20.0
FY21	49.1	97.0	18.0
FY22	52.5	107.6	20.0
FY23	61.7	115.7	22.0

	Net Asset \$'m	NTA per share \$
FY19	238.6	2.32
FY20	221.0	2.14
FY21	194.6	1.86
FY22	198.3	1.88
FY23	187.8	1.77

	Stock Capacity	Number of Floors
FY19	5,788	154
FY20	5,039	126
FY21	5,141	125
FY22	5,162	129
FY23	5,150	129



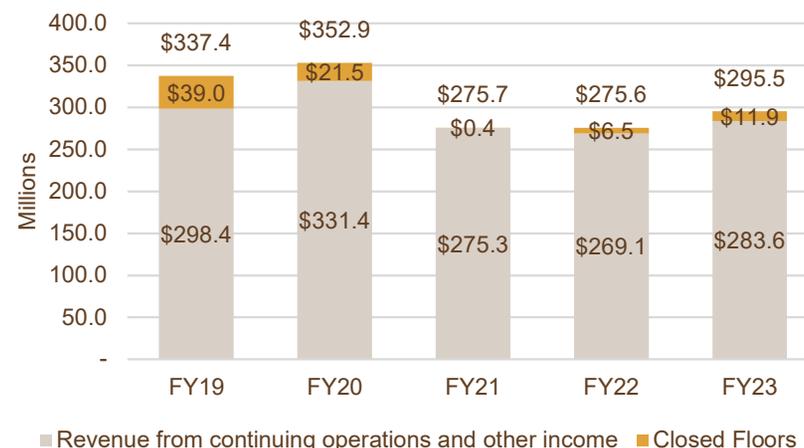
\* Underlying results for FY22 are adjusted to exclude the \$4.8m one-off income and \$2.8m gain from cloud computing adjustment, for true comparability

# STATS VS UNDERLYING TRACKER

## Statutory Revenue vs. Revenue from continuing operations and other income\*

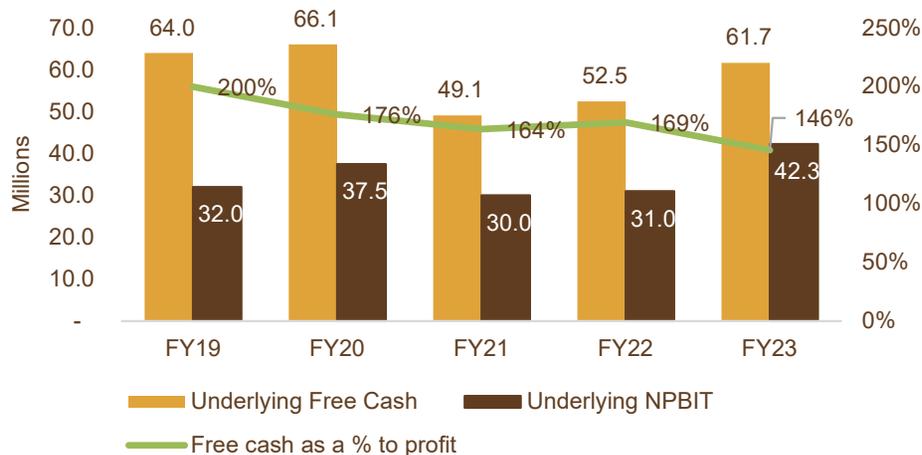
	Statutory Revenue	Revenue from continuing operations and other income**
	\$'m	\$'m
FY19	337.4	298.4
FY20	352.9	331.4
FY21	275.7	275.3
FY22	275.6	269.1
FY23	295.5	283.6

### Revenue



## Underlying Cash Flow vs. Underlying NPBIT

### Underlying Results



	Underlying Cash Flow	Underlying NPBIT
	\$'m	\$'m
FY19	64.0	32.0
FY20	66.1	37.5
FY21	49.1	30.0
FY22	52.5	31.0
FY23	61.7	42.3



\* Underlying results for FY22 are adjusted to exclude the \$4.8m one-off income and \$2.8m gain from cloud computing adjustment, for true comparability  
 \*\* Refer to the Segment notes (Note 2) in Consolidated Financial Statements for further details

# GLOSSARY

<b>ANZ</b>	Australia and New Zealand
<b>Cash Earnings</b>	Is EBITDA minus Cash Rent paid
<b>Cash Rent</b>	Cash Rent is the amount paid to a landlord (or lessor) by Servcorp as a lessee under the terms of a signed lease agreement
<b>cps</b>	Cents per share
<b>DPS</b>	Dividend per share
<b>EME</b>	Europe & the Middle East
<b>EPS</b>	Earnings per share
<b>Free Cash</b>	Is the Net Operating Cash Flows before tax as reported in the Consolidated Statement of Cash Flows contained in the Servcorp Consolidated Financial Report minus Cash Rent paid
<b>FY</b>	Financial Year
<b>Immature</b>	Immature means floors that have been operational for less than 24 months and have not produced 3 months consecutive operating profit in the same timeframe. The period during which the floor is immature is defined as pre-maturity
<b>Mature</b>	Mature means floors that were open in both the current and comparative reporting periods. A floor is categorized as Mature at the earlier of 24 months from the date it becomes operational or 3 months consecutive operating profit. For the avoidance of doubt, Mature excludes closed floors
<b>SEA</b>	South East Asia
<b>Segment Profit</b>	Calculated in accordance with Australian Accounting Standards as reported in the Servcorp Consolidated Financial Report
<b>Statutory NPAT</b>	Calculated in accordance with Australian Accounting Standards as reported in the Servcorp Consolidated Financial Report
<b>Statutory NPBT</b>	Calculated in accordance with Australian Accounting Standards as reported in the Servcorp Consolidated Financial Report
<b>Underlying Free Cash</b>	Is Free Cash adjusted for significant items (before tax) which relate to the reported financial year however, because of timing, either occurred in the preceding financial year or will occur in the subsequent financial year
<b>Underlying NPAT</b>	Is the Statutory NPAT adjusted for significant items (net of tax) that are one-off in nature and that do not reflect the underlying performance of our business, and includes Mature floors only
<b>Underlying NPBIT</b>	Is the Statutory NPBT adjusted for significant items (before tax) that are one-off in nature and that do not reflect the underlying performance of our business, and includes Mature floors only
<b>NTA</b>	Net tangible asset per share
<b>\$'m</b>	Million in Australian dollars