

ASX AND MEDIA RELEASE

SERVCORP REPORTS FIRST HALF FY2023 PERFORMANCE

UNDERLYING FREE CASH \$29.2 MILLION

NET PROFIT AFTER TAX OF \$14.9 MILLION

Servcorp Limited ABN 97 089 222 506 (SRV) today released its half-year results for the six months ended 31 December 2022.

- Statutory NPBT of \$17.4 million, up 9% on first half of FY2022
- Statutory NPAT of \$14.9 million, up 12% on first half of FY2022
- Underlying¹ free cash² of \$29.2 million
- Revenue and other income of \$145.4 million, up 6% on the first half of FY2022
- Mature revenue up 10% on a constant currency basis
- Underlying net profit before non-cash impairment of assets and tax of \$20.3 million, up 49%
- Strong balance sheet, with 31 December 2022 unencumbered cash balances of \$115.6 million; no external net debt
- Interim dividend of 10.0 cents per share, 0% franked³

Business overview

Servcorp reported revenue and other income of \$145.4 million in the first half of the 2023 financial year, up 6% on the first half of the 2022 financial year.

Underlying net profit before non-cash impairment of assets and tax of \$20.3 million was underpinned by a solid performance in North Asia, and Europe and the Middle East, and steady recovery in Australia, New Zealand and South East Asia.

Statutory net profit before tax was \$17.4 million for the first half of the 2023 financial year, and statutory net profit after tax was \$14.9 million, up 9% and 12% respectively on the first half of the 2022 financial year.

This first half result highlights Servcorp's strong free cash production as revenue and profitability grows. Underlying free cash represented 144% of underlying net profit before non-cash impairment of assets and tax, providing a continuing buffer to navigate through the economic uncertainty worldwide, supporting further capital expenditure and dividends.

At 31 December 2022, Servcorp had unencumbered cash balances of \$115.6 million, an increase of \$8.0 million from 30 June 2022.

At 31 December 2022, net tangible assets are \$1.98 per share, up from \$1.88 per share at 30 June 2022.

¹ "Underlying" is a non-statutory measure and is the primary reporting measure used by the Senior Management & Directors for assessing the performance of our business

² Net operating cash flows before tax as reported in the Consolidated Statement of Cash Flows minus cash rent paid

³ Payable on 5 April 2023. There is 100% conduit foreign income attributed to the dividend

Office capacity

Servcorp's global footprint now encompasses 130 floors, in 41 cities across 20 countries.

During the first half we opened one new floor in Tokyo; we also closed the floor in North Sydney and replaced it with a new more premium floor, with a better return opportunity. Net capacity increased by 63 offices to 5,225, and is forecast to increase to 5,293 by 30 June 2023.

Mature floor occupancy was 74% and all floor occupancy was 73% at 31 December 2022 (30 June 2022: 73% and 72% respectively).

Dividends

The Directors have declared an interim dividend of 10.0 cents per share, unfranked, with a record date of 2 March 2023 and payable on 5 April 2023. There is 100% conduit foreign income attributed to the dividend.

As previously indicated, the final dividend for the 2023 financial year will be no less than 10.0 cents per share, with franking uncertain. We 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, global financial markets remaining stable, and no other unforeseen circumstances.

Outlook for Financial Year 2023

While uncertainty remains in the general economic climate worldwide, Servcorp is well positioned to take advantage of the opportunities in the market to expand globally and organically. With the improvement in performance starting to materialise in Australia, New Zealand and South East Asia, and the continued outperformance in North Asia and Europe and the Middle East, the overall resilience of the business to global economic downturns is stronger.

Accordingly we reaffirm our guidance for the 2023 financial year for mature net profit before non-cash impairment of assets and tax of between \$41.0 million and \$43.0 million and underlying free cash in excess of \$60.0 million.

Forecasts are subject to currencies remaining constant, global financial markets remaining stable, and no other unforeseen circumstances.

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 16 February 2023 at 4:30pm
Level 63, 25 Martin Place, Sydney

| Dial-in facility | Online webinar |
|----------------------------|--|
| Australia: +61 2 9087 3602 | If you wish to join the online meeting click below |
| Access Code: 977-782-138 | Register now! |

or email mateja.lukezic@servcorp.com.au by midday on Thursday 16 February 2023