



 **SERVCORP**

**A BREED OF  
ITS OWN**

**SERVcorp's AIM**

To be the world's finest Workspace Solutions provider; providing IT and commercial services second to none; giving our clients a commercial advantage; paying our people reasonable wages; and giving our shareholders an acceptable return on the funds they invest. Follow our journey to global success:

WE CAN LEARN ALOT FROM OUR DOGS...  
LOYALTY, LOVE, OBEDIENCE, DISCIPLINE

**THE BUFFET!**

- Offices
- Dedicated Desk
- Hot Desk
- Virtual Offices

**1978** SeruCorp was founded in Sydney, Australia by Alf Moufarrige, CEO.

**1986** SeruCorp Virtual Office is introduced to our clients.

**1998** SeruCorp is first to provide instant broadband internet access with the launch of SeruCorp Smart Office®.

**1999** Publicly listed on the Australian Securities Exchange (ASX: SRV). SeruCorp operated in 8 countries with 35 floors.

**TOP DOG IN THE BUSINESS**

**CONTENTS!!**

- 02 Year in Review
- 04 Global Locations
- 06 Chairman's Message
- 08 CEO's Message
- 10 Our Workplace
- 12 Servcorp's Community
- 14 ICT
- 16 Global Communications Network
- 18 Our Environmental Commitment
- 20 Community Service
- 23 Our Directors and Executives
- 27 Corporate Governance
- 32 Directors' Report
- 41 Remuneration Report
- 55 Financial Report
- 112 Auditor's Report
- 118 Shareholder Information
- 120 Corporate Information

**2002** SeruCorp wins Deloitte Fast 50 award for IT excellence. Launched SeruCorp Hottdesk® and IP communications systems.

**2009** Launch of SeruCorp Onefone and SeruCorp Onefax. SeruCorp wins Australian Export Award - Large Services. SeruCorp operated in 14 countries, with 73 floors; in 10 years SeruCorp had doubled its size.

**2010-2011** During the 2010 and 2011 years SeruCorp opened a further 53 floors and expanded into 26 new cities and 7 new countries.

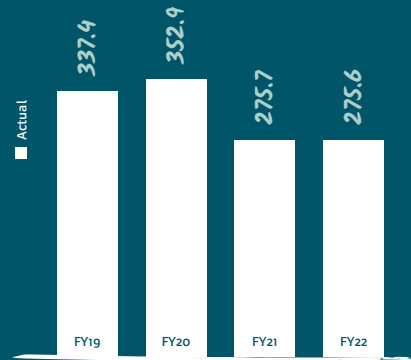
**2020-2022** The COVID-19 pandemic creates unprecedented challenges. Operating in 20 countries, 41 cities and 125+ locations globally.

# IT HAS BEEN A 'RUFF' FEW YEARS

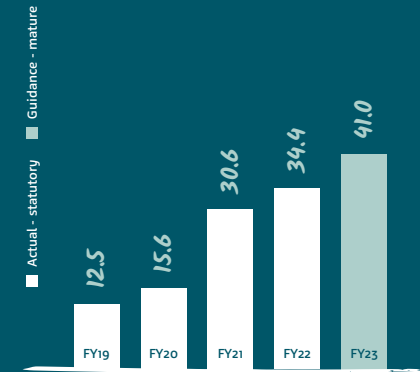
## SERVCORP GEOGRAPHIC SPREAD (By Floors)



### REVENUE \$ MILLIONS



### NET PROFIT BEFORE TAX \$ MILLIONS

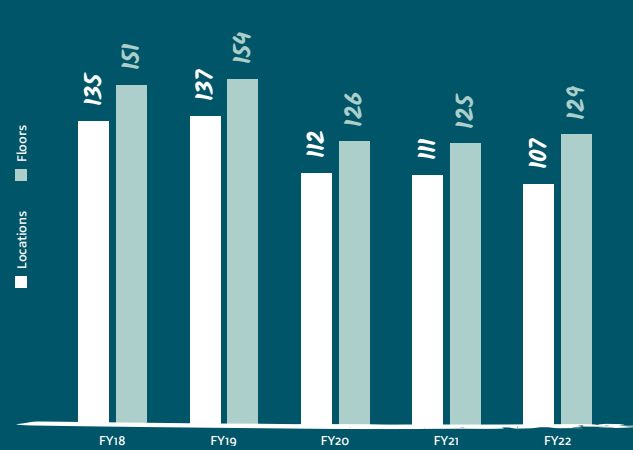


### FREE CASH<sup>1</sup> \$ MILLIONS



1. Free Cash is net operating cash flows before tax paid, less cash rent paid.

### SERVCORP FLOORS AND LOCATIONS (30 JUNE)



### SERVCORP OFFICES (30 JUNE)



### RESULTS SUMMARY 12 months ended 30 June

	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000
Revenue & other income	312,539	337,422	352,872	275,655	275,573
Net profit before tax	32,051	12,511	15,611	30,589	34,377
Net profit after tax	10,062	5,380	6,934	23,492	28,021
Net operating cash flows	50,077	51,037	182,266	139,650	145,583
Free cash	62,183	62,106	71,632	42,137	55,186
Cash & investments	104,836	72,961	109,100	104,542	108,230
Net assets	250,165	238,593	220,961	194,614	198,254
	CENTS	CENTS	CENTS	CENTS	CENTS
Earnings per share	10.2	5.6	7.2	24.3	28.9
Dividends per share	26.0	23.0	20.0	18.0	20.0

EVERY DOG HAS HIS DAY!



OUR WORLD

# ONE BIG DOG PARK

## AUSTRALIA

### ADELAIDE

Levels 24 & 30, Westpac House

### BRISBANE

Level 19, 10 Eagle Street

Level 27, Santos Place

### CANBERRA

Level 1, The Realm

Level 9, Nishi Building

### HOBART

Level 6, Reserve Bank Building

### MELBOURNE

Level 27, 101 Collins Street

Level 40, 140 William Street

Level 2, Riverside Quay, Southbank

### PERTH

Level 28, AMP Tower

Level 11, Brookfield Place

### SYDNEY

Level 35, Tower One, Barangaroo

Level 29, Chifley Tower

Level 36, Gateway

Level 57, MLC Centre

Level 26, 44 Market Street

Level 32, 101 Miller Street, North Sydney

Level 22, Westfield Tower Two, Bondi Junction

Level 14, 3 Parramatta Square, Parramatta

Level 9, Avaya House, Macquarie Park

Level 5, Nexus Norwest

## NEW ZEALAND

### AUCKLAND

Level 26, HSBC Tower

### WELLINGTON

Level 16, NTT Tower

## GREATER CHINA

### BEIJING

Level 24, Tower 3, China Central Place

Level 26, Fortune Financial Center

### CHENGDU

Level 18, Shangri-La Office Tower

### GUANGZHOU

Level 54, Guangzhou IFC

### SHANGHAI

Level 23, Citigroup Tower

Level 40, One Museum Place

### HONG KONG

Level 19, Two International Finance Centre

### KOWLOON

Level 12, One Peking Road

## MALAYSIA

### KUALA LUMPUR

Level 23, NU Tower 2

Level 33, Ilham Tower

## PHILIPPINES

### MANILA

Level 24, One Bonifacio High Street

## SINGAPORE

### SINGAPORE

Level 42, Suntec Tower Three

Level 39, Marina Bay Financial Centre Tower 2

Level 8, The Metropolis Tower 2

Level 24, CapitaGreen

## THAILAND

### BANGKOK

Level 11, Mercury Tower

Level 18, Park Ventures Ecoplex

Level 29, The Offices at Centralworld

Level 8, Zuellig House Building, 1 Silom Road

## JAPAN

### FUKUOKA

Level 15, Fukuoka Tenjin Fukoku Seimei Building

Level 2, NMF Hakata Ekimae Building

### NAGOYA

Level 40, Nagoya Lucent Tower

Level 4, Nagoya Nikko Shoken Building

### OSAKA

Level 9, Edobori Center Building

Levels 18 & 19, Hilton Plaza West Office Tower

Level 7, Honmachi Minami Garden City

### TOKYO

Level 11, Aoyama Palacio Tower

Level 14, Hibiya Central Building

Level 20, Marunouchi Trust Tower

Levels 2 & 3, Marunouchi Nijubashi Building

Level 1, Yusen Building

Level 7, Wakamatsu Building

Level 8, Nittochi Nishi-Shinjuku Building

Level 9, Ariake Frontier Building Tower B

Level 28, Shinagawa Intercity Tower A

Level 32, Shinjuku Nomura Building

Level 21, Shiodome Shibarikyu Building

Level 27, Shiroyama Trust Tower

Level 45, Sunshine 60

Level 27, Tokyo Sankei Building

Level 18, Yebisu Garden Place Tower

Level 8, Tri-Seven Roppongi

Level 7, The Nihonbashi Daiei Building

### YOKOHAMA

Level 10, Hulic Minato Mirai



## KINGDOM OF BAHRAIN

### MANAMA

Levels 22 & 41, West Tower Bahrain Financial Harbour

Level 13, Diplomatic Commercial Office Tower (DCO)

## KUWAIT

### KUWAIT CITY

Level 18, Sahab Tower

## LEBANON

### BEIRUT

Levels 2 & 3, Louis Vuitton Building

## QATAR

### DOHA

Levels 14 & 15, Commercial Bank Plaza

Level 22, Tornado Tower

Level 21, Doha Tower

## KINGDOM OF SAUDI ARABIA

### AL KHOBAR

Level 21, Al Khobar Gate Tower

### JEDDAH

Level 26, King's Road Tower

Level 7, Al Murjanah Tower

### RIYADH

Level 6, Gate D, Al Akaria Plaza

Level 18, Al Faisaliah Center

Level 1, Building No. 7, The Business Gate

Level 29, Olaya Towers Tower B

Ground Floor, Levels 1 & 2, Riyadh Business Front

Ground Floor, Levels 1, 2 & 3, Building 13, Laysen Valley

## UNITED ARAB EMIRATES

### DUBAI

Level 23, Boulevard Plaza 2

Levels 41 & 42, Emirates Towers

Level 21, Al Habtoor Business Tower

Level 54, Almas Tower

### ABU DHABI

Level 36, Etihad Towers

Level 17, World Trade Center

## BELGIUM

### BRUSSELS

Levels 11 & 12, Bastion Tower

Levels 0, 5 & 6, 2-4 Schuman Roundabout

## FRANCE

### PARIS

Ground Floor to Level 6, 10 Avenue Kléber

## GERMANY

### BERLIN

Level 8, Linkstrasse 2 Potsdamer Platz

## TURKEY

### ISTANBUL

Levels 5 & 6, Louis Vuitton Orjin Building

## UNITED KINGDOM

### LONDON

Level 17, Dashwood House

Level 18, 40 Bank Street, Canary Wharf

Level 30, The Leadenhall Building

Level 1, Devonshire House, One Mayfair Place

## UNITED STATES OF AMERICA

### CHICAGO

Level 42, 155 North Wacker Drive

Level 17, River Point, West Loop

### HOUSTON

Level 39, TC Energy Center

Level 41, Williams Tower

### NEW YORK CITY

Level 23, 1330 Avenue of the Americas

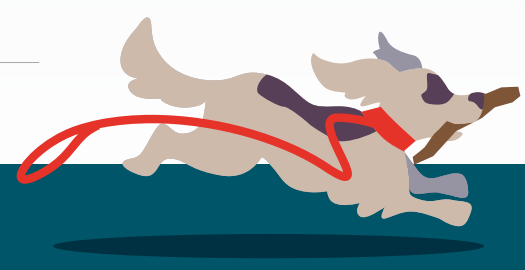
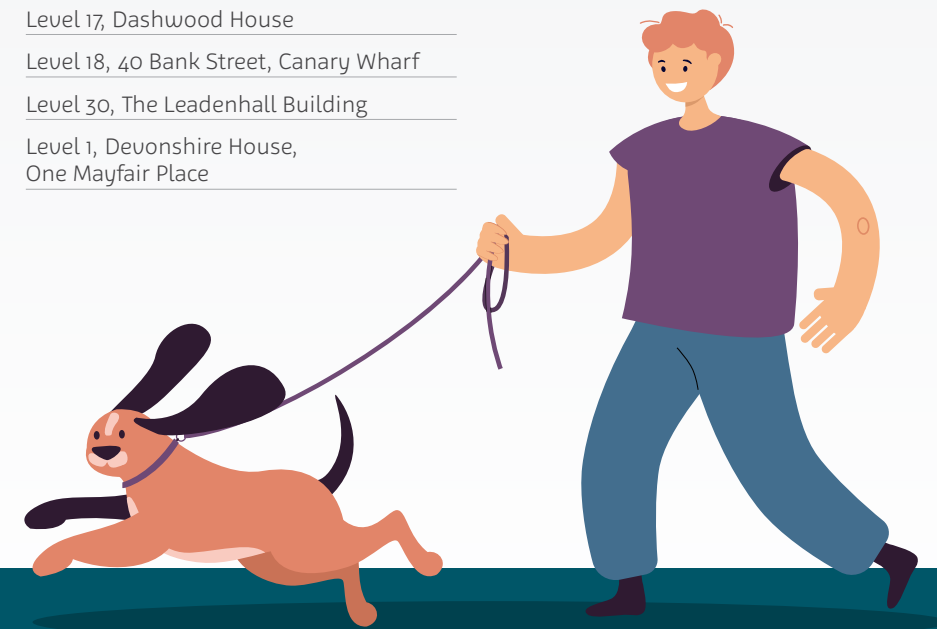
Level 40, 17 State Street

Level 85, One World Trade Center

Levels 4 & 5, 667 Madison Avenue

### WASHINGTON D.C.

Level 10, 1717 Pennsylvania Avenue





CHAIRMAN'S MESSAGE

# STAYING PAW-SITIVE



The 2022 financial year has seen most parts of the world gradually return to a state of normalcy, however challenges still remain, reflected in the rising inflation rate, declining consumer confidence, tightening monetary policy, disrupted supply chain, and geopolitical instability.

Servcorp has proven, over the more than forty years of its existence, to be a robust business, and this remains the circumstance today, as reflected in our results for the 2022 financial year.

Revenue for the year was \$275.6 million, in line with last year.

Net profit before tax for the year was \$34.4 million, an increase of 12%. Net profit after tax was \$28.0 million, with earnings per share of 28.9 cents.

During the 2022 financial year, the business generated underlying free cash of \$57.3 million, up 17% on 2021. Cash and investment balances at 30 June 2022 were \$108.2 million, an increase of 4%; the Company has no external debt. Having strong cash balances positions Servcorp to capitalise on our renewed growth strategy.

Directors have declared a final dividend of 10.0 cents per share, unfranked. This final dividend brings total dividends for the 2022 financial year to 20.0 cents per share, resulting in a payout to shareholders of approximately \$19.4 million, an increase of 11% on 2021. Directors expect to maintain future dividend payments consistent with our long-term history and commitment to shareholders.

Due to our strong balance sheet, cash reserves and global presence, we were able to expand our footprint in select markets in 2022. We have already committed to growth in the 2023 financial year and continue to look for further opportunities for growth in mature markets with proven management performance.

Although the economic outlook globally remains uncertain, we see the 2023 financial year as one in which opportunities and risks co-exist.

For the 2023 financial year, our view is that, subject to no worsening near-term economic conditions globally, Servcorp's mature net profit before non-cash impairment of assets and tax will be between \$41.0 million and \$43.0 million. In line with this guidance and performance, we expect to produce more than \$60.0 million in underlying free cash. These forecasts are subject to currencies remaining constant, global financial markets remaining stable and the continued impacts of global economic uncertainties on our operations.

As we emerge from the COVID-19 pandemic, flexible workspace solutions have become more important than ever; Servcorp has provided this capability for four decades, and we continue to tailor our offering to serve these ever-evolving trends.

Despite the global challenges we are facing, we remain positive. Servcorp has the leading products in the industry, a unique value proposition that truly differentiates, global reach, technology platform, longstanding track record, strong cash generation and healthy net cash position; all of which reinforce our confidence in Servcorp's potential to continue to drive healthy returns for our shareholders, and maintain our position as the world's premium provider of Workspace Solutions.

On behalf of the Board, I want to acknowledge the outstanding efforts of our CEO, Alf Moufarrige; our leadership group; and all the Servcorp team members, for their dedication and commitment during the past year, which has continued to be very challenging and unpredictable.

We look to the future with optimism, and thank you, our shareholders, for your continuing support.

THE HON. MARK VAILE AO  
CHAIRMAN



NET PROFIT BEFORE TAX  
**\$34.4m**  
↑ 12% on last year



EARNINGS PER SHARE  
**28.9¢**

CEO'S MESSAGE

# IT'S A DOG'S LIFE

The lockdowns in Australia and New Zealand have had a greater adverse impact on small businesses than the actions taken by any other government. These actions, mitigated by government subsidies, had little real impact on the effects of the pandemic.

I must say, I admire the Japanese mask wearing policy and lack of lockdowns that has ensured small business, restaurant owners, retailers and bars are not decimated, without printing money; the freedoms supposedly enshrined in Australia and New Zealand were actually practiced in Japan. The population, fully informed, responded by individually taking precautions, which resulted in Japan having one of the lowest death rates per million people than in any other developed country.

All this while trusting the people to make their own decisions. The population in many countries are being encouraged by their government to abdicate all their decision making to the government, which finally creates a population with no imagination, drive nor entrepreneurship.

In Servecorp, Australia and New Zealand still struggles as does South East Asia and China. North Asia and the Middle East continue to outperform.

The USA has now been reorganised with Servecorp remaining in: four locations in New York, two in Chicago, one in Washington and two in Houston. It is now at break even for the first time.

As it dawned on us that within this industry **we are top dog**, we have recommenced expanding; Saudi Arabia – Laysen Valley and King Abdullah Financial Center, in Japan – Daiei, with Hibiya and Yanmar on the way, and Lebanon is a possibility; all from cash flow without affecting the dividend.

We have no intention of making a cash call, as our 20% NPBT growth on mature floors last year and the projected 20% NPBT growth on mature floors this year should mean free cash will be around \$60 million. Therefore, organic growth is a reality.

Time is now on our side. As I believe, we are the only major business centre operator maintaining profits.

With the experience, the IT systems, the funds, we should be well positioned to take advantage of the opportunities that will inevitably arise.

I take this opportunity to thank our dedicated teams, and believe that we enter the new financial year stronger than ever.

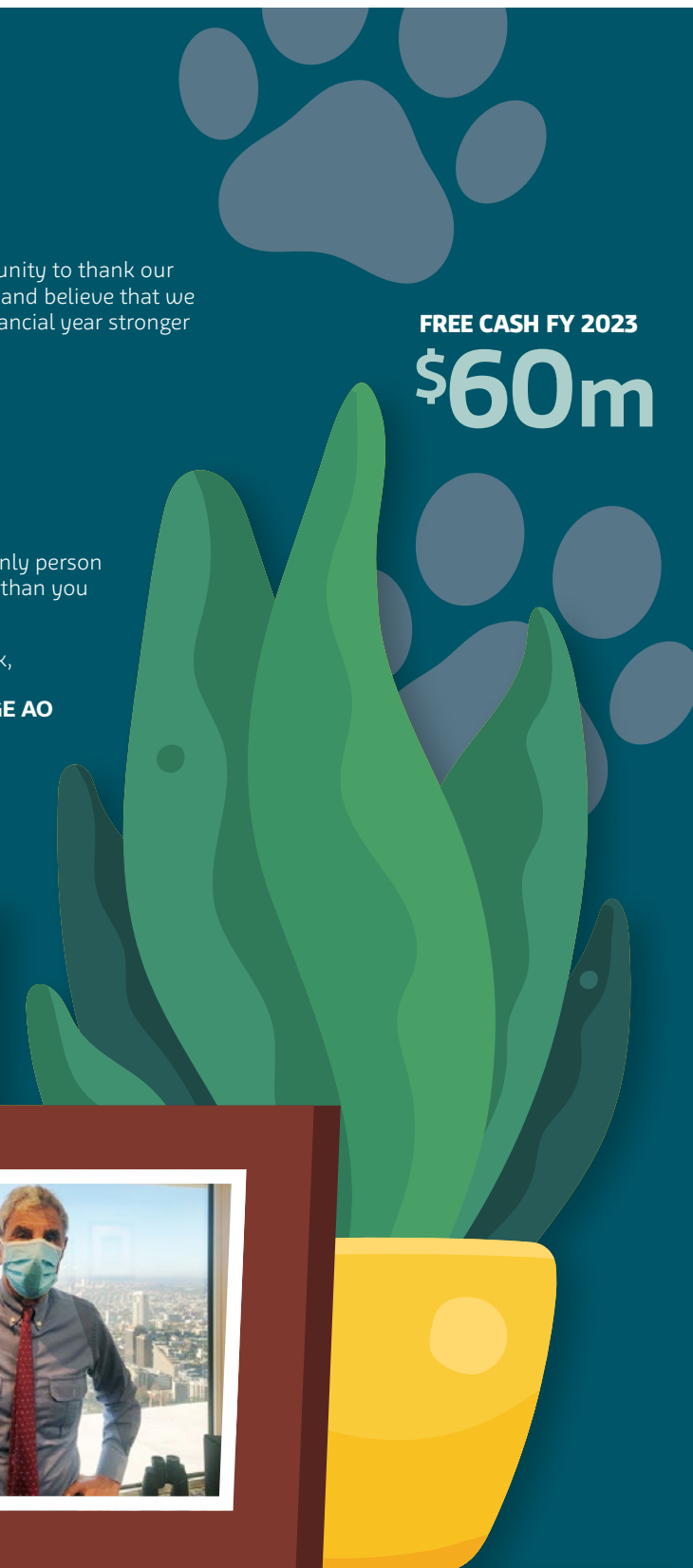
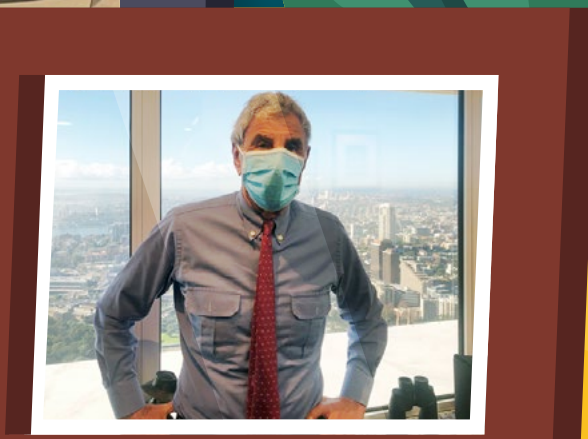


P.S. A Dog is the only person to love you more than you love yourself.

Leader of the pack,

**A G MOUFARRIGE AO**  
CEO

**FREE CASH FY 2023**  
**\$60m**





OUR WORKPLACE

# WE ARE YOUR BEST FRIEND ANYWHERE IN THE WORK WORLD

The world has emerged from lockdowns, and the pandemic has shown that hybrid working is ideal for many companies, regardless of size. There is a new breed of tenants coming to the market requiring shared workspace, seeking support, service and IT capabilities.

Since 1978, Servcorp has been the 'best friend' for any business, enabling our clients to work from anywhere in the world.

**SERVCORP WILL HELP YOU BREED SUCCESS**

The past few years have changed the way people choose to work.

Servcorp has always been better positioned than any other operator to provide all facilities a business needs to operate with flexibility.

Due to the pandemic, businesses have evolved and their requirements for space are in a state of change. Servcorp's solution for those that require flexibility and working from home capability is a Serviced or Virtual Office, because this allows businesses to continue operating using our team and technology; a dedicated receptionist, mail management, IT solutions, local phone number, Onefone and many other services.

Servcorp is perfectly able to continue answering calls from clients, no matter where they are based, and forward them to wherever they are requested. Call forwarding can be controlled by the client through remote access.

Servcorp is the only Workspace Solutions provider that has built the support infrastructure for remote work. We have been the incubator for many entrepreneurs who have been working remotely yet still conquering the world.

We are here to help you survive and thrive in these changed times.

**SERVCORP... YOUR BEST HOPE FOR SURVIVAL**



**SPACE TO SUIT YOUR WORK STYLE**



**THE HISTORY**

Servcorp, since its inception in 1978, has always led the development of workspace solutions, and has grown organically since its IPO in 1999. At the time of the IPO, Servcorp operated in 8 countries with 35 floors. By June 2009, Servcorp operated in 14 countries, with 73 floors; in 10 years Servcorp had doubled its size.

In 2009 the global market conditions created an opportunity to secure leases on what was expected to be very favourable terms. This represented an attractive opportunity for aggressive expansion. During October and November 2009, Servcorp successfully undertook an equity capital raising of \$80 million to fund a global expansion program. During the 2010 and 2011 years Servcorp opened a further 53 floors and expanded into 26 new cities and 7 new countries.

At 30 June 2022, Servcorp operated 129 floors in 41 cities across 20 countries.

**THE FUTURE**

Demand for Coworking has surged in the wake of the pandemic, as businesses evolve to adopt flexible workspace capability. Servcorp is determined to stay ahead in this changing competitive landscape utilising our unparalleled technology platform, which provides the capability to adapt to the requirements for flexibility.

Competition may be fierce, but nobody has the focus of Servcorp on building the infrastructure that clients need to succeed in the digital age.

We select only the most premium buildings, in the most dynamic locations, so that our clients' business benefits from a recognisable CBD address. The spectacular views welcome clients and business partners as they arrive in the lobby; they get the 'wow' factor with highest standards of interior styling, hand-chosen original art-work, fine leather furniture and our signature checkerboard granite floor.

We have absolute confidence that our product is better and our team is motivated.

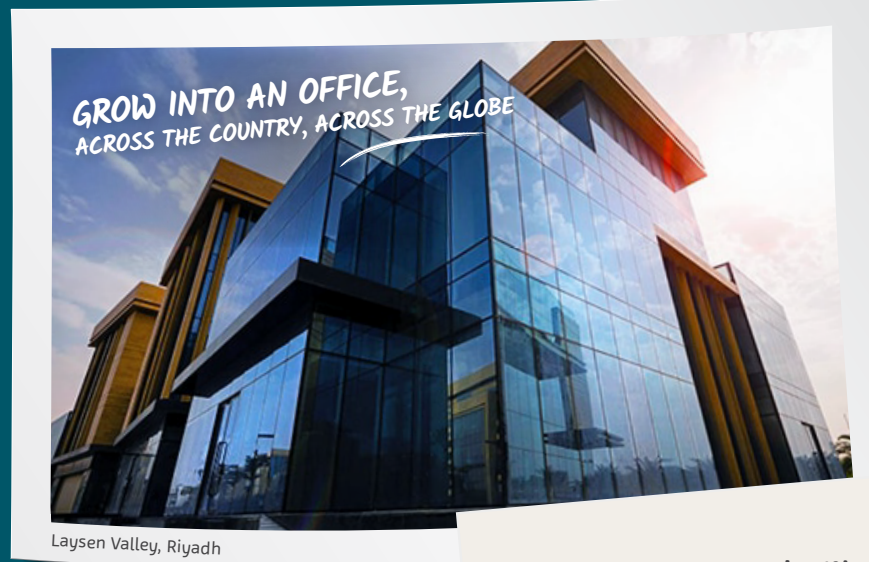
**THE NEW BREED**

During the year we opened twelve floors across four new locations, and also moved to two new floors in our location in Bastion Tower, Brussels. Our new locations include Parramatta Square in Greater Sydney, Nihonbashi Daiei Building in Tokyo, Laysen Valley in Riyadh and Avenue Kléber in Paris.

— The Nihonbashi Daiei Building is ideally located at the very strategic Zero Milestone in Japan at the famous Nihonbashi Bridge. Tokyo's Nihonbashi business district is named after the bridge (literally "Japan Bridge") and is often called the "Center of Japan". It is in close proximity to Marunouchi, Ginza and Tokyo Station. The bridge is known as the departure point of the "Edo Five Routes" and the reference point to calculate distances between Tokyo and other areas in Japan. Always blessed with commercial prosperity throughout the centuries, Nihonbashi has evolved as one of the most bustling business districts and high-end shopping areas in Tokyo and is a very desirable location to establish a business in Japan.

— Located on the prestigious Avenue Kléber, near Place de l'Etoile, this private 19th century mansion will make you enjoy all the charm of Paris' architecture style. Our luxury private offices with high ceilings enjoy great views on the Avenue.

— 3 Parramatta Square marks the second stage of the new \$2 billion Parramatta Square Development. This is one of the largest urban renewal projects completed in Australia. The building has been architecturally designed by Johnson Pilton Walker. Parramatta Square will be a major civic meeting place: larger than Martin Place in Sydney's CBD, activated by a unique combination of uses.



Work remotely yet still have:

- A COMMUNITY TO WORK WITH
- A TEAM TO DELEGATE TO
- SIMPLE IT SOLUTIONS THAT WORK
- A RECEPTIONIST TO ANSWER YOUR CALLS
- SECURE, UNIQUE, ROCKET-FAST, PASSWORD WI-FI





SERVICORP'S COMMUNITY

# JOIN THE PACK

Servcorp's Community allows you to connect, collaborate and come together with over 60,000 fellow businesses globally.

Consider it your own private global business network. The Community consists of businesses from 41 major cities across the globe, sharing one location; Servcorp Home – house in the cloud.

You could be running your small business from your own home and using Servcorp's integrated technology platform; be in constant contact from those that you buy from or sell to, consult to or seek advice from.

Servcorp Home, maintained by our I.T. Enablers, gives those Servcorp clients working remotely a real market advantage.

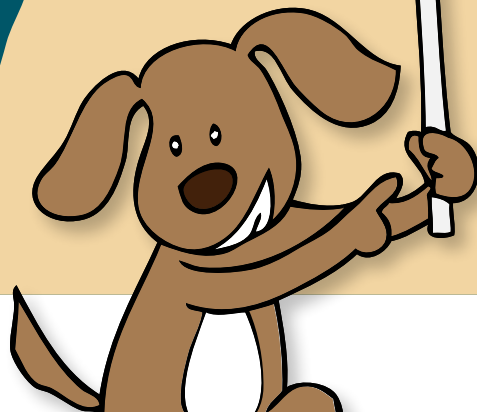
EVEN A LITTLE DOG CAN HAVE A BIG BARK!



YOU CAN BE THE BIGGEST LITTLE MULTINATIONAL IN OUR GLOBAL DOG PARK!



PEOPLE TO BUY FROM AND SELL TO ONLINE WITHIN THE COMMUNITY.



### STAYING CONNECTED @ HOME

#### TRUST EQUALS GROWTH

One of the fundamental aspects of doing business is being able to trust who you buy from, and who your clients are. In our 40 years we have seen this in our growth, but also in our clients' growth.

Servcorp's difference, compared to other business communities and service providers, is that every individual client has gone through a verification process.

The trust factor of doing business with other reputable businesses is one of the reasons why people prefer to engage within our community, compared to wasting thousands of hours and dollars in the open market.

To leverage this asset, our digital platforms serve as an enabler for high-value interactions and through that, we continue to see members connect and watch strangers become contacts, who then become clients.

#### CONNECTION AND TRANSACTION

The core focus for the Community in FY 22/23 is to increase the number of interactions that our clients have with each other.

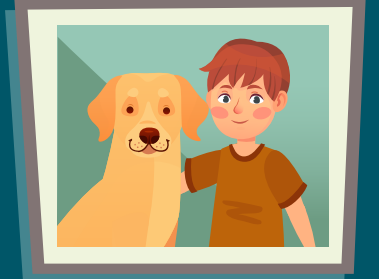
To do that we continue to blend offline and online experiences, and adapt to what our clients and the market needs.

Companies attract business by listing on the global directory, promote their brand via articles, and upload client benefits.

But this isn't a 1-way platform. We provide everyone instant connection and collaboration tools such as online 1:1 messaging, private and public groups, a global newsfeed, and calling via our global video phone network.

### HYBRID WORKING

To support how our clients love to work, we are expanding the features and capabilities of Servcorp Home to further enable hybrid ways of working. We have been working to update our booking capabilities to provide easy access for company owners to manage and control how their teams use Servcorp spaces. The end result is a powerful and productive system that encourages growth for both Servcorp and our clients.



INFORMATION & COMMUNICATION TECHNOLOGY

# OUR PEDIGREE

Our vision is to empower our clients with market-leading Information and Communication Technology (ICT) products and services that provide their businesses with a competitive advantage in an experience that is smart, simple, and consistent.

Servcorp's ICT mission is to deliver on the following:

To evolve our products and services to allow Servcorp clients to establish a competitive market edge;

Innovate with purpose-built technology that underpins our key product and service offerings;

Enhance our client experiences stemming from new capabilities, insights, and systems;

Provide a global IT team to support the business 24 hours a day, seven days a week, delivering a stable and reliable service to clients; and

Promote ongoing exposure to innovative technology to ensure Servcorp, and subsequently, Servcorp's clients, remain ahead of the curve.

Here are several key ICT initiatives and activities for FY 2021/2022:

### SMARTOFFICE DIGITAL ECOSYSTEM

A new purpose-built digital ecosystem that has been architected and designed to support Servcorp's digital evolution. The ecosystem is modular, encompassing key components of Servcorp's current business model with the flexibility to create new components as the business model evolves or new opportunities arise. The development of this ecosystem has allowed for the modernisation and enhancements of Servcorp's booking, billing, sales, capacity management and messaging systems, whilst delivering a consolidated simple user interface to our enterprise users.

### NEW LOCATION MANAGEMENT APPLICATION

Servcorp has developed a new purpose-built location management application to be used internally by our enterprise users. The purpose of the new application is to deliver our business and in particular, our management personnel, a simple-to-use application that allows for the effective and efficient management of a Servcorp location and its associated clients. The application allows Servcorp team members to manage the client journey whilst delivering real-time role-based performance metrics to help drive business performance. The application has been completely rolled out to our North Asia region and has commenced deployment in our Australia and New Zealand region (ANZ).

### ENTERPRISE RESOURCE PLANNING (ERP) MIGRATION

The Servcorp Finance and ICT teams completed a migration from an on-premise ERP system to a new cloud-based ERP platform. The new platform provides several advantages including but not limited to; improved integration and interoperability; greater data insights including the incorporation of external data sources; added functionality; improvements in platform management; and improved performance.

### WiFi 2.0

With the growing consumption and dependency of WiFi across Servcorp's portfolio, Servcorp further invested in enhancing and updating its market-leading WiFi capabilities. WiFi 2.0 delivers support for the most current WiFi performance standards with added security and functionality. The new standard has been deployed in North Asia and ANZ.

LAPPING IT UP!

## NEVER MISS THAT IMPORTANT CALL



Find Me Follow Me



Call Diversion



Live Receptionist

## RUN YOUR BUSINESS MORE EFFICIENTLY



IT Support



IT Enablers



Call Screening



Security

## EXPAND YOUR BUSINESS WITH EASE



Local Number



Professional Phone Greetings

## TAKE YOUR OFFICE WITH YOU ANYWHERE YOU GO



Onefone



Global Dial

## HAVE ACCESS TO THE MOST ADVANCED GLOBAL COMMUNICATION SYSTEM



Automated Attendant



Voicemail & Fax To Email



Video Conferencing



Conference Calling



Secure Wi-Fi



IP Video Phones



Voicemail Notifications



Voicemail To SMS



Security



Global Redundancy & Disaster Recovery



Internet Exchange Peering



DOG IS GOD SPELT BACKWARDS



# BEST DOG PARKS

# IN THE WORLD!!!

CONQUER THE WORLD FROM ANYWHERE!!!





OUR ENVIRONMENTAL COMMITMENT

# MINIMISING OUR PAWPRINT

Servcorp acknowledges the seriousness of climate change and the impact high concentrations of greenhouse gases in the atmosphere are having on our planet. There is growing need for businesses to become sustainable to ensure the protection of the environment from further damage. We have three distinct areas of focus; **Reduce, Offset and Educate.**

As a global company, we have a responsibility for taking a leadership role amongst both team members and clients worldwide to educate them on our values and attitude towards the environment. We will endeavour to make everyday changes, such as reducing paper use, recycling waste materials and using energy efficient processes, to help make a difference.

As Servcorp continues to grow and open new locations, we choose green buildings as another step in the right direction, and further reduce our impact on the environment.

Servcorp also takes a proactive approach to offsetting greenhouse emissions. Since 2007, Servcorp has supported The Green Offices Project as our global platform for these initiatives.

As part of The Green Offices Project, Servcorp plants a tree for every Virtual Office sold online through the Servcorp website. Virtual Offices, which are inherently environmentally friendly, continue to be a driving force behind the Green Offices Project.

The Project aims to reduce our carbon emissions, offset our existing footprint and educate our teams and clients about improving their day-to-day impact on the environment. As well as offsetting greenhouse gas, this action is helping improve water quality, reduce soil degradation and provide essential habitat for native wildlife.

CLIMATE CHANGE IS A SERIOUS MATTER.



To date, Servcorp has planted more than 53,000 trees across multiple forest sites; our 'Servcorp forest', which across all Greenfleet reforestation sites, covers approximately 530,000 square metres of regional land. This is more than three times the combined floor space occupied by our network of offices, globally.

The 'Servcorp forest' will already remove more than 14,206 tonnes of carbon dioxide from the atmosphere during its lifespan. This is similar to removing 3,303 medium sized cars from the road for a whole year!

'Servcorp forest' covers  
**530,000**  
SQM OF REGIONAL LAND

Planted more than  
**53,000**  
TREES



**Servcorp has expanded our long-term partnership with leading environmental not-for-profit, Greenfleet, with the intention of contributing up to \$1 million over 10 years to projects for replanting, reforestation or carbon offset.**

Our first project together will restore over 30 hectares of valuable wetland ecosystem in North Queensland across 3 years.

Located within the Mareeba Wetlands Nature reserve on Muluridgi Country, this project will re-establish the natural ecosystem.

The Mareeba Wetlands offer critical conservation opportunities for more than 220 species of birds, as well as frogs, reptiles, and fish. Through this project we will also be supporting restoration of an area with one of the highest mammal diversities in the Cape York region, including the northern quoll (*Dasyurus hallucatus*), which is currently classified as Endangered.



Sunset over the Mareeba Wetlands

THE BETTER I GET TO KNOW MAN THE MORE I LOVE MY DOG... (MARK TWAIN)

COMMUNITY SERVICE

# OUR SERVICE DOGS

Servcorp supports continuing research into the prevention and cure of cancer and assisting young, seriously or terminally ill members of the community.

Servcorp holds charity functions and balls, runs raffles and undertakes donation drives all year round in all our locations. Every dollar that is raised by our teams on the ground is matched dollar for dollar by Servcorp. The past few years have been impacted by COVID-19 restrictions, however over the year, Servcorp has raised and donated in excess of **\$600,000** to help with many organisations around the world.

- |                                       |                                       |
|---------------------------------------|---------------------------------------|
| Cerebral Palsy Alliance               | Plates 4 Mates                        |
| Friends of the Mater Foundation       | Rotary Club of Sydney                 |
| Greenfleet Australia                  | Royal Flying Doctor Service           |
| Ingham Institute                      | Royal Guide Dogs Australia            |
| Jack Russell Rescue                   | The Shepherd Centre                   |
| The Life You Can Save                 | The Smith Family                      |
| Movember Australia                    | Soldier On Australia                  |
| Murdoch Children's Research Institute | St Vincent's Private Hospital         |
| The Orangutan Project                 | Stepتمبر                              |
| Our Big Kitchen                       | Sydney Children's Hospital Foundation |
|                                       | Sydney Dogs & Cats Home               |
|                                       | World Wildlife Fund                   |
|                                       | Youngcare                             |
|                                       | YP Puppy Rescue                       |
|                                       | Run for the Cure- Japan               |
|                                       | Breast Cancer Awareness- Qatar & UAE  |



SERVcorp HAS RAISED AND DONATED IN EXCESS OF  
**\$600,000**  
 OVER THE PAST YEAR



YOUR DOG WILL ALWAYS LOVE YOU



WAG YOUR TAIL NOT YOUR TONGUE... YOU WILL MAKE MORE FRIENDS!





**OUR DIRECTORS AND EXECUTIVES**  
**OUR TOP DOGS**

**THE BOARD AND EXECUTIVES**

**ALF MOUFARRIGE AO**  
 Executive Director, CEO and Leader of the Pack

**THE HON. MARK VAILE AO**  
 Chairman

**WALLIS GRAHAM**  
 Non-executive Director

**TONY MCGRATH**  
 Non-executive Director

**DAVID HUNT**  
 (B Com, CPA, FINSIA) Chief Financial Officer

**GREG PEARCE**  
 (B Com, CA, FGIA, FCG (CS)) Company Secretary

**OPERATIONAL EXECUTIVES**

**OLGA VLIETSTRA**  
 (BA) General Manager | Japan

**DAVID GODCHAUX**  
 (MSc Hons) CEO | Europe & Middle East

**FABIENNE MOKHEIBER HAJJAR**  
 (PharmD) General Manager | UK, Germany, Qatar & Lebanon

**JOHN HENDERSON**  
 (CA, GAICD) COO | Australia & New Zealand, China & South East Asia

**COLLEEN SUSINI**  
 General Manager | USA

**MANAMI ALBERTO**  
 (BA) Sales Director | Japan

**HEAD OFFICE AND ADMINISTRATIVE EXECUTIVES**

**SHUKRI DOZOM**  
 (BS Chemistry (Applied Chemistry Branch)) Regional Online Marketing Manager | Middle East & Europe

**STEVE GAINER**  
 Global Accounts | Japan

**MEGAN GALE**  
 International Training & Development Manager

**DANIEL KUKUCKA**  
 (MBA, BE, DipEngPrac) Chief Information Officer

**JON PARK**  
 (BBus) Global Head of Online Marketing

**ELENA SHI**  
 (BCom, MPAcc, CPA) General Manager | Global Finance





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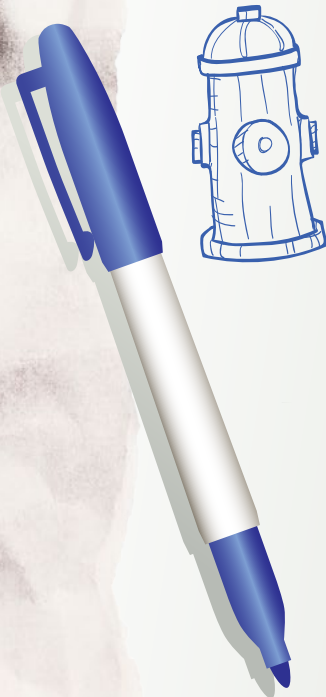
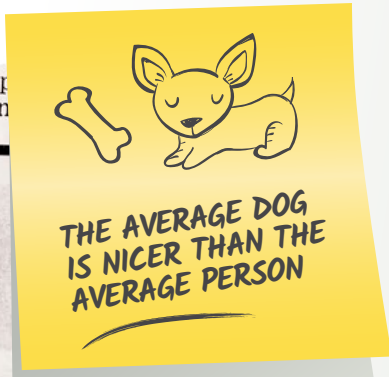
### SERVCORP UK TO SPONSOR THE SCALE-UP AWARDS 2022

The Scale-Up Awards celebrate high-growth companies and the entrepreneurs that run them. It is the first and only awards to focus on the scale-up sector, and the 2022 event will showcase the businesses that have navigated the tough conditions by innovating, creating jobs, achieving growth, and supporting their communities and the planet.

Scale-up Awards 2021 event has been described as the 'Oscars' of the business world – bringing together politicians, VIPs, and business leaders from across the UK and world to celebrate success and enterprise.

Around 600 companies enter Scale-up Awards each year including start-ups and international businesses. Due to its transparency and importance in motivating entrepreneurs, The Scale-up Awards have grabbed the attention of multinational sponsors like Amazon, Ashfords and many more.

Servcorp is sponsoring and presenting the Entrepreneur of the Year Award. This prestigious award recognizes a visionary individual who turned an idea to a successful and strong business financially with a commitment to the environment and clear plans for future growth.

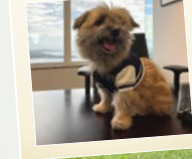
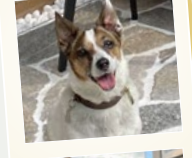
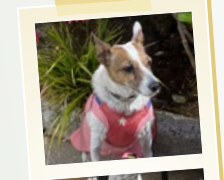
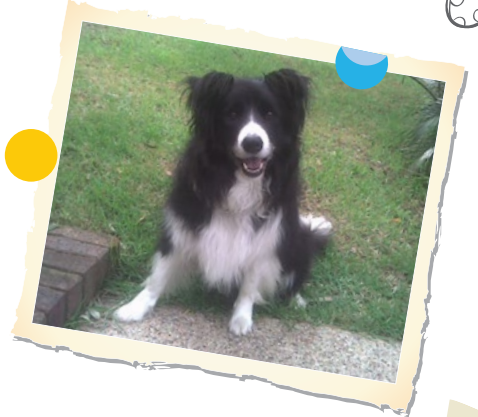
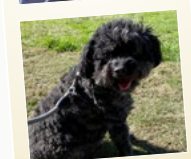
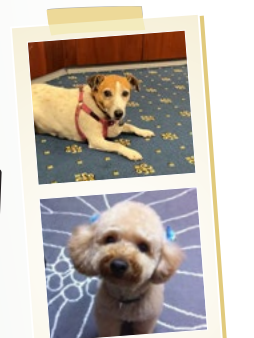
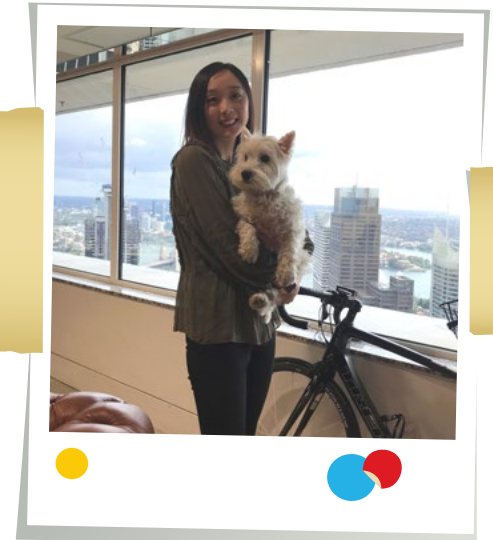
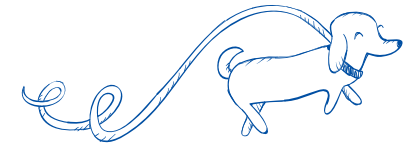


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## OUR DOG TEAM!



WHOEVER SAID YOU CAN'T BUY LOVE NEVER OWNED A DOG!





## CORPORATE GOVERNANCE

The Board of Directors of Servcorp Limited (Servcorp or the Company) has responsibility for the long term financial health and prosperity of Servcorp. The Directors are responsible to the shareholders for the performance of the Company and the Consolidated Entity and to ensure that it is properly managed.

The Board is committed to the principles underpinning the ASX Corporate Governance Council Principles and Recommendations. The Board is continually working to improve Servcorp's governance policies and practices, where such practices will bring benefits or efficiencies to Servcorp.

Details of Servcorp's compliance are set out below, and in the ASX principles compliance statement on Servcorp's website; [servcorp.com.au](http://servcorp.com.au). The information in this statement is current as at 25 August 2022 and has been approved by the Board.

### ROLE OF THE BOARD

The central role of the Board is to set Servcorp's strategic direction and to oversee Servcorp's management and business activities.

Responsibility for management of Servcorp's business activities is delegated to the CEO and management.

The Board's primary responsibilities are:

- demonstrating leadership;
- the protection and enhancement of long term shareholder value;
- ensuring Servcorp has appropriate corporate governance structures in place;
- defining Servcorp's purpose and setting strategic direction;
- approving Servcorp's statement of values and code of conduct to underpin the desired culture within Servcorp;
- monitoring Servcorp's performance and overseeing management in its implementation of the strategic direction and instilling Servcorp's values;
- appointing the Chief Executive Officer and evaluating his performance and remuneration;
- overseeing the integrity of the entity's accounting and corporate reporting systems, including the external audit;
- monitoring business performance and results, including whenever required, challenging management and holding them to account;
- identifying areas of significant risk and setting the risk appetite within which the Board expects management to operate, and satisfying itself that Servcorp has in place an appropriate risk management framework (for both financial and non-financial risks), including monitoring and reporting mechanisms to manage those risks;
- establishing appropriate standards of ethical behaviour and a culture of corporate and social responsibility;
- approving senior executive remuneration policies, and satisfying itself those remuneration policies align with the entity's purpose, values, strategic objectives and risk appetite;
- ratifying the appointment of the Chief Operating Officer, Chief Financial Officer and the Company Secretary, and ensuring appropriate pre-appointment checks have been undertaken;
- monitoring compliance with continuous disclosure policy in accordance with the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange;
- monitoring that Servcorp acts lawfully and responsibly;
- reporting to shareholders;
- addressing all matters in relation to issued securities of the Company including the declaration of dividends;
- ensuring the Board is, and remains, appropriately skilled to meet the changing needs of Servcorp.

The Board Charter is available on Servcorp's website; [servcorp.com.au](http://servcorp.com.au)

# CORPORATE GOVERNANCE

## COMPOSITION OF THE BOARD

The size and composition of the Board is determined by the Board, subject to the limits set out in the Company's Constitution which requires a minimum of three Directors and a maximum of twelve Directors.

The Board comprises four Directors (one executive and three non-executive). All three non-executive Directors are considered to be independent.

There has been no change to the Board since the last annual report.

The Chair of the Board, The Hon. Mark Vaile, is an independent non-executive Director.

The non-executive Directors bring to the Board an appropriate range of skills, experience and expertise to ensure that Servcorp is run in the best interest of all stakeholders. The skills, experience and expertise of each Director in office at the date of this annual report are set out on pages 32 and 33 of this annual report. The Board will continue to be made up of a majority of independent non-executive Directors. The performance of non-executive Directors was reviewed during the year.

The names of the Directors of the Company in office at the date of this annual report are set out in the table below.

## DIRECTORS' INDEPENDENCE

It is important that the Board is able to operate independently of executive management.

The non-executive Directors are considered by the Board to be independent of management. Independence is assessed by determining whether the Director is free of any business interest or other relationship which could materially interfere with the exercise of their unfettered and independent judgement and their ability to act in the best interests of Servcorp.

## NAMES OF DIRECTORS IN OFFICE AT THE DATE OF THIS ANNUAL REPORT

DIRECTOR	FIRST APPOINTED	NON-EXECUTIVE	INDEPENDENT	RETIRING AT 2022 AGM	SEEKING RE-ELECTION
A G Moufarrige	24 August 1999	No	No	No	N/A
M Vaile	27 June 2011	Yes	Yes	No	N/A
W Graham	3 October 2017	Yes	Yes	Yes	Yes
T McGrath	27 August 2019	Yes	Yes	No	N/A

## ELECTION OF DIRECTORS

The Company's Constitution specifies that an election of Directors must take place each year. One-third of the Board (excluding the Managing Director and rounded down to the nearest whole number), and any other Director who has held office for three or more years since they were last elected, must retire from office at each annual general meeting. The Directors are eligible for re-election. Directors may be appointed by the Board during the year. Directors appointed by the Board must retire from office at the next annual general meeting.

All Director appointments or changes are dealt with by the Nomination Committee.

## CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that would potentially conflict with those of Servcorp. Where the Board believes that an actual or potential significant conflict exists, the Director concerned, if appropriate, will not take part in any discussions or decision making process on the matter and will abstain from voting on the item being considered. Details of Director related entity transactions with the Company and the Consolidated Entity are set out in Note 28 to the Consolidated financial report.

## INDEPENDENT PROFESSIONAL ADVICE

Each Director has the right to seek independent professional advice, at Servcorp's expense, to help them carry out their responsibilities. Prior approval of the Chair is required, which will not be unreasonably withheld. A copy of any written advice received by the Director is made available to all other members of the Board.

## ETHICAL STANDARDS

All Directors, Executives and Team Members are expected to act with the utmost integrity and objectivity, striving at all times to enhance and protect the reputation and performance of Servcorp.

Servcorp has a Code of Conduct, which all Directors, Executives and Team Members are expected to uphold and promote. It provides clear expectations of the way in which Servcorp must conduct business lawfully, ethically and responsibly, and sets out the standards of conduct and personal behaviour required.

The Code of Conduct is available on Servcorp's website; [servcorp.com.au](http://servcorp.com.au).

## DIRECTOR AND OFFICER DEALINGS IN COMPANY SHARES

Servcorp policy prohibits Directors, officers and senior executives from dealing in Company shares or exercising options:

- in the six weeks prior to the announcement to the ASX of the Company's half-year and full-year results; or
- whilst in possession of non-public price sensitive information.

Directors must discuss proposed purchases or sales of shares in the Company with the Chair before proceeding. If the Chair proposes to purchase or sell shares in the Company, he must receive approval from the next most senior non-executive Director before proceeding. Directors must also notify the Company Secretary when they buy or sell shares in the Company. This is reported to the Board.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the ASX, each Director has entered into an agreement with the Company that requires disclosure to the Company of all information needed for it to comply with the obligation to notify the ASX of Directors' holdings and interests in its securities.

The Company's Securities Trading Policy is available on Servcorp's website; [servcorp.com.au](http://servcorp.com.au)

## AUDITOR INDEPENDENCE

The Company's auditor KPMG was appointed at the annual general meeting of the Company on 5 November 2020.

KPMG rotate their audit engagement partner every five years.

KPMG have established policies and procedures designed to ensure their independence, and provide the Audit and Risk Committee with an annual confirmation as to their independence.

## DIVERSITY

Servcorp has a culture that both embraces and achieves diversity in its global operations.

Servcorp is culturally diverse in its employment practices and has a global culture of employing the best qualified available talent for any position regardless of gender, age, race or religion. Servcorp benefits from the diversity of its team members and has training programs to assist with developing their skills and with career advancement. Servcorp has a practice of traveling team members to work in its global locations, giving them exposure to and understanding of various differing cultures and marketplaces.

Servcorp has a high participation of women across all employment levels. The proportion of women team members in the whole organisation, senior executive positions and on the Board is set out in the following table.

FULL TIME EMPLOYEES	TOTAL NO.	WOMEN %	MEN %
Consolidated entity	633	83%	17%
Senior executive	15	47%	53%
Board	4	25%	75%

"Senior executive" are general managers, senior managers and head office executives who report directly to the CEO.

Under the Workplace Gender Equality Act 2012 (WGE Act), any employer with 100 or more employees must submit an Annual Compliance Report detailing the composition of its workplace profile in Australia. Servcorp has lodged its WGE Report for 2022 with the WGE Agency; since inception of the WGEA reporting requirements, the Company and its Australian subsidiaries have been compliant with the WGE Act.

Shareholders may access the report on Servcorp's website; [servcorp.com.au](http://servcorp.com.au)

## CONTINUOUS DISCLOSURE

Servcorp is committed to ensuring that all shareholders and investors are provided with full and timely information and that all stakeholders have equal and timely access to material information concerning Servcorp. Procedures are in place to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

The Company Secretary has been appointed as the person responsible for communications with the ASX.

## COMMITTEES

The Board does not delegate major decisions to Committees. Committees are responsible for considering detailed issues and making recommendations to the Board. The Board has established three Committees to assist in the implementation of its corporate governance practices. Details of these Committees are set out on the following pages.



# CORPORATE GOVERNANCE

## AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee during the year were:

- Mr T McGrath (Chair)
- Mrs W Graham
- The Hon. M Vaile

All three current members are independent non-executive Directors.

The Chair of the Audit and Risk Committee is independent and is not the Chair of the Board.

The primary function of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to:

- ensuring the Company adopts, maintains and applies appropriate accounting and financial reporting processes and procedures;
- reviewing and monitoring the integrity of the Company's financial reports and statements;
- ensuring the Company maintains an effective risk management framework and internal control systems;
- monitoring the performance and independence of the external audit process and addressing issues arising from the audit process.

It is the Committee's responsibility to maintain free and open communication between the Committee and the external auditor and the management of Servcorp.

The external auditors attend all meetings of the Committee. The Chief Executive Officer, the Chief Financial Officer and other senior management attend Committee meetings by invitation.

The Audit and Risk Committee met four times during the year. The Committee meets with the external auditors without management being present before signing off its reports each half year. The Committee Chairman also meets with the auditors at regular intervals during the year.

The responsibilities of the Audit and Risk Committee, as stated in its charter, include:

- reviewing the financial reports and other financial information distributed externally;
- reviewing the Company's policies and procedures for compliance with Australian equivalents to International Financial Reporting Standards;
- monitoring the procedures in place to ensure compliance with the Corporations Act 2001, ASX Listing Rules and all other regulatory requirements;
- assisting management in improving the quality of the accounting function;
- monitoring the internal control framework and compliance structures and considering enhancements;
- overseeing the risk management framework;
- reviewing external audit reports to ensure that, where major deficiencies or breakdown in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- reviewing reports on any major defalcations, frauds and thefts from the Company;
- considering the appointment and fees of the external auditor;
- reviewing and approving the terms of engagement and fees of the external auditor at the start of each audit;
- considering and reviewing the scope of work, reports and activities of the external auditor;
- establishing appropriate policies in regard to the independence of the external auditor and assessing that independence;
- liaising with the external auditor to ensure that the statutory annual audit and half-yearly review are conducted in an effective manner;
- addressing with management any matters outstanding with the auditors, taxation authorities, corporate regulators, Australian Securities Exchange and financial institutions;
- monitoring the establishment of appropriate ethical standards.

The Audit and Risk Committee Charter is available on Servcorp's website; [servcorp.com.au](http://servcorp.com.au)

## NOMINATION COMMITTEE

The Nomination Committee members during the year were:

- The Hon. M Vaile (Chair)
- Mrs W Graham
- Mr T McGrath

The primary function of the Nomination Committee is to support and advise the Board in fulfilling its responsibility to shareholders in ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of Directors. Specifically, this will include establishing and reviewing the following matters for non-executive Directors on the Board and Board Committees:

- processes for identification of suitable candidates for an appointment or re-election to the Board, and selection procedures;
- necessary and desirable competencies and experience;
- processes to review Director contributions and the performance of the Board as a whole;
- succession plans;
- induction programs;
- assessment of the independence of Directors;
- gender diversity.

The Nomination Committee met two times during the year.

The Nomination Committee Charter is available on Servcorp's website; [servcorp.com.au](http://servcorp.com.au)

## REMUNERATION COMMITTEE

The Remuneration Committee members during the year were:

- Mrs W Graham (Chair)
- The Hon. M Vaile
- Mr T McGrath

The primary function of the Remuneration Committee is to assist the Board in adopting remuneration policy and practices that:

- supports the Board's overall strategy and objectives;
- attracts and retains key team members;
- links total remuneration to financial performance and the attainment of strategic objectives.

Specifically, this will include:

- making recommendations to the Board on appropriate remuneration, in relation to both the amount and its composition, for the Chief Executive Officer and senior executives who report to the Chief Executive Officer;
- developing and recommending to the Board short term and long term incentive programs;
- monitoring superannuation arrangements for the Company;
- reviewing recruitment, retention and termination strategies and procedures;
- ensuring the total remuneration policy and practices are designed with proper consideration of accounting, legal and regulatory requirements for both local and foreign jurisdictions;
- reviewing the Remuneration Report for the Company and ensuring that publicly disclosed information meets all legal requirements and is accurate.

The Remuneration Committee shall ensure the Company is committed to the principles of accountability and transparency and to ensuring that remuneration arrangements achieve a balance between shareholder and executive rewards.

The Remuneration Committee reviews the executive remuneration structures each year to ensure they continue to be appropriate. Details are included in the Remuneration Report on pages 41 to 53 of this annual report.

The Remuneration Committee met three times during the year. The Chief Executive Officer attends Committee meetings by invitation to assist the Committee in its deliberations.

The Remuneration Committee Charter is available on Servcorp's website; [servcorp.com.au](http://servcorp.com.au)

# DIRECTORS' REPORT

The Directors of Servcorp Limited ("the Company") present their report together with the Consolidated financial report of the "Consolidated Entity", being the Company and its controlled entities, for the financial year ended 30 June 2022.

## DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

### ALF MOUFARRIGE AO

Managing Director

Appointed August 1999

Chief Executive Officer

Alf is one of the global leaders in the serviced office industry, with over 40 years of experience. Alf is primarily responsible for Servcorp's expansion, profitability, cash generation and currency management.

Directorships of listed entities in the last three years:

- None.

### THE HON. MARK VAILE AO

Chair

Independent Non-executive Director

FAICD

Appointed June 2011

Member of Audit and Risk Committee

Member of Remuneration Committee

Chair of Nomination Committee

Mark had a distinguished career as an Australian Federal Parliamentarian from 1993 to 2008. Ministerial Portfolios held by Mark during his five terms in Federal Parliament include Minister for Transport and Regional Development, Minister for Agriculture, Fisheries and Forestry, Minister for Trade, and Minister for Transport and Regional Services.

Mark also served as Deputy Prime Minister of Australia from July 2005 through to December 2007. He was instrumental in securing or initiating a range of free trade agreements between Australia and the United States, Singapore, Thailand, China, Malaysia and the ASEAN countries.

Since leaving the Federal Parliament in July 2008, Mark has embarked on a career in the private sector utilising his extensive experience across a number of portfolio areas. His current Directorships include StamfordLand Limited and Chair of Whitehaven Coal Limited. Mark is Chair of the Australian American Leadership Dialogue, and is a Director on the board of AAM Investment Group, a diversified agricultural investment fund. Mark is also a member of the Advisory Council of the Australia Japan Business Co-Operation Committee. Mark was a Director/ Trustee of Hostplus Superfund Limited, until 30 June 2021.

Directorships of listed entities in the last three years:

- StamfordLand Corporation Ltd (SLC - listed on SGX) since August 2009;
- Whitehaven Coal Limited (WHC) since May 2012 (Chair).

### WALLIS GRAHAM

Independent Non-executive Director

GAICD

Appointed October 2017

Member of Audit and Risk Committee

Chair of Remuneration Committee

Member of Nomination Committee

Wallis has had over 20 years of experience in finance, including funds management, corporate finance, private equity and investment banking. Her responsibilities have spanned multiple industries, including business services, and she has a strong understanding of emerging technologies and the digital landscape.

Wallis has involvement with many community and charitable organisations. She is currently a Director of Wenona School Limited, the Garvan Research Foundation, the Sydney Youth Orchestras, the Wenona Foundation and the John Brown Cook Foundation.

Directorships of listed entities in the last three years:

- None.

### TONY MCGRATH

Independent Non-executive Director

BBus (Accounting and Finance) CA

Appointed August 2019

Chair of Audit and Risk Committee

Member of Remuneration Committee

Member of Nomination Committee

Tony has many years of experience in the Australian financial sector, specialising in corporate restructuring and governance advisory related matters. During his career, Tony has undertaken some of Australia's largest and most complex insolvencies and restructurings.

Tony's initial career was with KPMG where he led the Sydney restructuring team. In 2004 Tony founded McGrathNicol, a national restructuring and insolvency practice. Tony retired as a partner of McGrathNicol in 2018 and remains a consultant to the firm.

Tony has a range of experience with governance issues, advising boards and undertaking roles on audit committees. Over the last 6 years, Tony has developed a range of specific board skills in undertaking non-executive roles in both the corporate and NFP sectors.

Directorships of listed entities in the last three years:

- 360 Capital Group Limited (TGP) since March 2022

### GREGORY PEARCE

Company Secretary

B Com, CA, FGIA, FCG (CS)

Appointed August 1999

Greg joined Servcorp in 1996 as Financial Controller and was appointed to his current role of Company Secretary during the Company's IPO in 1999. Prior to joining Servcorp, Greg spent 10 years working in the Information Technology business and the 11 years prior to that working in Audit and Business Services.

Greg is a member of Chartered Accountants Australia and New Zealand and is a Fellow of the Governance Institute of Australia.



# DIRECTORS' REPORT

## DIRECTORS' MEETINGS HELD AND ATTENDANCES AT MEETINGS

The number of Directors' and Board Committee meetings held, and the number of meetings attended by each of the Directors of the Company, during the financial year is set out in the following table. Only those Directors who are members of the relevant Committees have their attendance recorded. Other Directors do attend Committee meetings from time to time.

DIRECTOR	BOARD	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
<b>Number of meetings held</b>	<b>6</b>	<b>4</b>	<b>3</b>	<b>2</b>
<b>NUMBER OF MEETINGS ATTENDED</b>				
A G Moufarrige	6			
M Vaile	6	4	3	2
W Graham	6	4	3	2
T McGrath	6	4	3	2

The details of the function and membership of the Committees are presented in the Corporate Governance statement on page 30 and 31.

## DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the companies within the Consolidated Entity, as notified by the Directors to the Australian Securities Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is set out in the following table.

DIRECTOR	ORDINARY SHARES IN SERVCORP LIMITED		OPTIONS OVER ORDINARY SHARES
	DIRECT	INDIRECT	
M Vaile	-	35,050	-
A G Moufarrige	547,436	51,254,723	1,500,000
W Graham	3,000	-	-
T McGrath	-	66,853	-

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Consolidated Entity has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Consolidated financial report, or the fixed salary of a full-time employee of the Consolidated Entity or of a related entity) by reason of a contract made by the Consolidated Entity or a related entity with the Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial financial interest.

## OPTIONS GRANTED

During the year, or since the end of the financial year, 200,000 Options over unissued ordinary shares of the Company were issued (2021: 2,831,250).

Options granted to Directors or the five most highly remunerated officers of the Company as part of their remuneration are detailed in the Remuneration report on pages 49 and 50.

## OPTIONS ON ISSUE

At the date of this report, unissued ordinary shares of the Company under option are:

ASX code	SRVAB	SRVAC	SRVAD
Number of shares	2,526,250	100,000	100,000
Exercise price	\$2.48	\$3.35	\$3.54
Expiry date	18 September 2025	3 September 2026	19 May 2027

The Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

## OPTIONS EXPIRED

During the year, 257,500 Options over unissued shares expired or were cancelled (2021: 207,500).

During the year, nil Options over unissued shares lapsed. In 2021, 1,108,750 Options lapsed as the EPS Performance of the Company did not meet the applicable Vesting Percentage.

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

During the year, or since the end of the financial year, the Company has not issued any shares as a result of the exercise of an option over unissued shares.

## SHARE BUY-BACK

During the year, or since the end of the financial year, the Company has not bought back any shares.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The constitution of the Company provides that the Company must indemnify, on a full indemnity basis and to the full extent permitted by law, each current and former Director, alternate Director or executive officer against all losses or liabilities incurred in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act 2001.

The Company has agreed to indemnify the following current and former Directors of the Company, Mr A G Moufarrige, The Hon. M Vaile, Mrs W Graham, Mr T McGrath, Mr B Corlett, Mr R Holliday-Smith, Mr T Moufarrige and Mrs J King against any loss or liability that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a wilful breach of duty. The agreement stipulates that the Company will meet the full amount of any such liabilities to the extent permitted by law, including reasonable costs and expenses.

The Company has not, during or since the financial year, indemnified or agreed to indemnify an auditor of the Company.

During the financial year the Company has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts, for current and former Directors, secretaries and officers of the Company and its controlled entities. The insurance policies prohibit disclosure of the nature of the liability insured against and the amount of the premiums.

## CORPORATE GOVERNANCE

A statement of the Board's governance practices is set out on pages 27 to 31 of this annual report and on Servcorp's website, [servcorp.com](http://servcorp.com)

# DIRECTORS' REPORT

## STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

## PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the provision of Executive Serviced and Virtual Offices, Coworking and IT, Communications and Secretarial Services.

There were no significant changes in the nature of the activities of the Consolidated Entity during the year.

## CONSOLIDATED RESULTS

Net profit after tax for the financial year was \$28.02 million (2021: 23.49 million). Operating revenue was \$275.57 million (2021: \$275.66 million). Basic and diluted earnings per share was 28.9 cents (2021: 24.3 cents).

	2022 \$'000	REVISED 2021 \$'000
Revenue & other income	275,573	275,655
Net profit before tax	34,377	30,589
Underlying net profit before tax (i)	35,156	30,045
Net profit after tax	28,021	23,492
Underlying free cash (ii)	57,286	49,067
Net operating cash flows	145,583	139,650
Cash & investment balances	108,230	104,542
Net assets	198,254	194,614
	Cents	Cents
Earnings per share	28.9	24.3
Dividends per share	20.0	18.0

Notes:

- Underlying net profit before tax is the statutory net profit before tax adjusted for significant items (before tax) that are one-off in nature and that do not reflect the underlying performance of the business and includes mature floors only. In the 2022 financial year, it excludes operating losses from new floors pre-maturity and closed floors post-closure of \$3.6 million and a gain from cloud computing adjustment of \$2.8 million. In the 2021 financial year, it excludes net non-cash impairment of assets of \$1.5 million, loss from lease adjustment of \$0.2 million and a gain from cloud computing adjustment of \$2.2 million.
- Underlying free cash is net operating cash flows before tax paid, less cash rent paid, 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.
- Balances for the year ended 30 June 2021 have been restated. Refer to Note 25 of the Consolidated financial report.

## DIVIDENDS PAID AND DECLARED

Dividends totalling \$19.36 million have been paid or declared by the Company in relation to the financial year ended 30 June 2022 (2021: \$17.43 million). Information relating to dividends in respect of the prior and current financial year, including dividends paid or declared by the Company since the end of the previous year, is set out in the following table.

DIVIDEND		CENTS PER SHARE	TOTAL AMOUNT \$'000	DATE OF PAYMENT	FRANKED %	TAX RATE FOR FRANKING CREDIT
<b>In respect of the previous financial year: 2021</b>						
Interim	Ordinary shares	9.00	8,714	7 April 2021	0%	30%
Final	Ordinary shares	9.00	8,714	7 October 2021	0%	30%
<b>In respect of the current financial year: 2022</b>						
Interim	Ordinary shares	10.00	9,682	6 April 2022	0%	30%
Final	Ordinary shares	10.00	9,682	6 October 2022	0%	30%

## REVIEW OF OPERATIONS

Revenue and other income from ordinary activities for the twelve months ended 30 June 2022 was \$275.57 million, down 0.03% from the twelve months ended 30 June 2021. The Australian dollar strengthened in general against most major currencies through the financial year, resulting in a downward foreign exchange impact on operating revenue of \$3.57 million. In constant currency terms, mature revenue increased by 4% compared to the 2021 year.

Net profit before tax for the twelve months to 30 June 2022 was \$34.38 million, up 12% from \$30.59 million in the prior year.

Underlying net profit before tax, before operating losses from new floors pre-maturity and closed floors post-closure of \$3.6 million and a gain from cloud computing adjustment of \$2.8 million, was \$35.16 million up 17% compared to the 2021 year (2021: \$30.05 million before net non-cash impairment of assets of \$1.50 million, loss from lease adjustment of \$0.2 million and a gain from cloud computing adjustment of \$2.2 million).

Net profit after tax for the twelve months to 30 June 2022 was \$28.02 million, up from \$23.49 million in the prior year.

Cash and investment balances (unencumbered) were \$107.55 million at 30 June 2022 (30 June 2021: \$96.94 million).

The business generated strong net operating cash flows during the 2022 financial year of \$145.58 million, up 4% compared to the 2021 financial year (2021: \$139.65 million). The underlying free cash generated during the 2022 financial year was up 17% to \$57.29 million, after adding back tax paid of \$13.12 million and cash rent adjustments of \$0.27 million and deducting lease liability payments of \$99.21 million and other timing differences of \$2.47 million (2021: underlying free cash generated \$49.07 million, after adding back tax paid of \$10.29 million, cash rent adjustments of \$5.23 million and deconsolidation payments of \$2.90 million, and deducting lease liability payments of \$106.81 million and other timing differences of \$2.19 million).

As most parts of the world gradually return to a state of normalcy, challenges continue, reflected in the rising inflation rate, declining consumer confidence, tightening monetary policy, disrupted supply chain, and geographic instability.

The focused investment by management in all teams across Servcorp has seen higher levels of client engagement and retention over the last two years with stronger results starting to materialise in the 2022 financial year, despite ongoing challenges from COVID-19 and uncertain global economic conditions. Client retention ratio, one of the key strategic initiatives set for the 2022 financial year, achieved promising early stage results; the global churn rate was 12% lower on the 2021 financial year, which substantially drove down the business development costs.

Empowered by its strong balance sheet, high cash reserves, global presence in gateway cities at premium locations, and the unique value proposition supported by the best-in-market technology, Servcorp was able to expand its footprint in various markets, and enhance its revenue streams. Significant investment in was made in expansion, funding the opening of operations at four new locations, with another five new locations set to open in the 2023 financial year.

Continued investment is being made in IT development, with the team achieving a significant milestone in the 2022 financial year; the completion of a core component to Servcorp's new IT platform. This will streamline various internal processes and provide a future avenue for growth.

## SERVCORP FOOTPRINT

In the 2022 financial year, net capacity increased by 21 offices. During the year, twelve floors opened in four new locations and five floors were closed.

Occupancy of mature floors open at 30 June 2022 was 73% (30 June 2021: 73%). All floor occupancy was 72%.

As at 30 June 2022, Servcorp operated 129 floors in 41 cities across 20 countries.



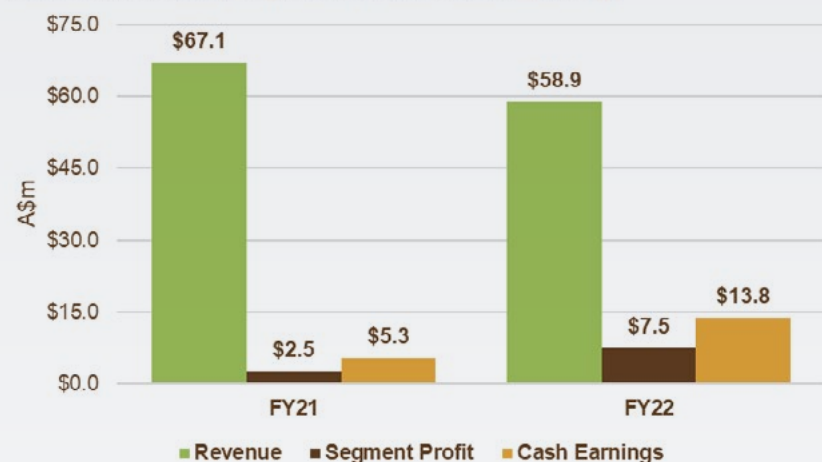
# DIRECTORS' REPORT

## AUSTRALIA, NEW ZEALAND AND SOUTHEAST ASIA (ANZ/ SEA)

The ANZ/ SEA performance in the 2022 financial year was disappointing, down 12% year-on-year in mature revenue. A portfolio consolidation review led to the closure of three floors in the year. One new floor was opened.

The portfolio rationalisation resulted in an increase in overall mature segment profit (up \$5.0 million) as well as cash earnings (up \$8.5 million), despite the decline in mature revenue.

Mature: Revenue, Segment Profit & Cash Earnings



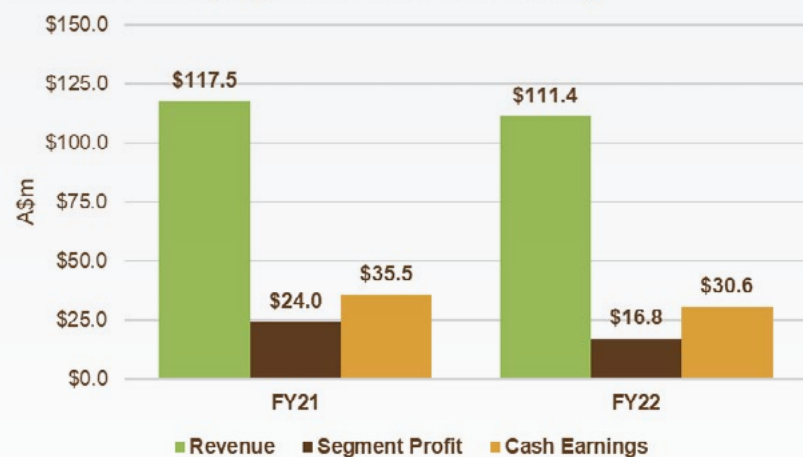
## NORTH ASIA

North Asia, as a whole, continued to deliver a solid result, although the year-on-year performance was undermined largely due to the ongoing government pursuit of zero-COVID-19 policy in China (including Hong Kong).

Mature revenue was down 5% from \$117.5 million to \$111.4 million. Mature segment profit and cash earnings decreased by 30% and 14% respectively in the 2022 financial year compared to the 2021 financial year.

In the 2022 financial year, one floor was closed in the region, replaced by a new operation at a more premium location.

Mature: Revenue, Segment Profit & Cash Earnings



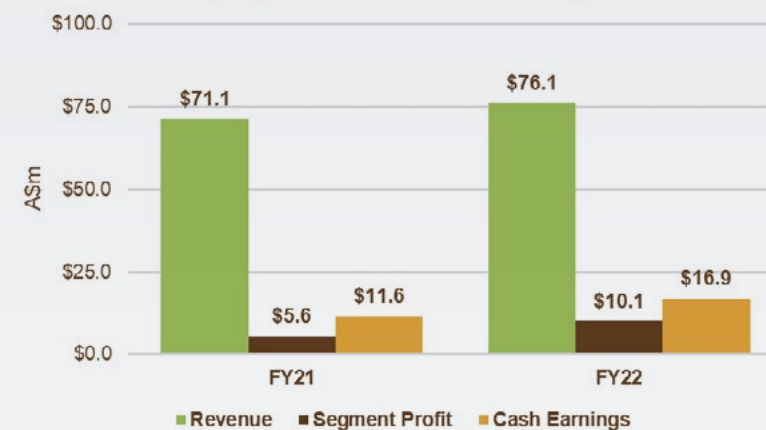
## EUROPE AND THE MIDDLE EAST (EME)

EME continues to thrive.

Mature revenue was up \$5.0 million in the 2022 financial year compared to the 2021 financial year, almost fully converted into mature segment profit and cash earnings, which increased by 80% and 46% respectively.

The proven management team continues to support the expansion in the region. One new operation and one replacement operation were opened at new locations in the fourth quarter of the 2022 financial year.

Mature: Revenue, Segment Profit & Cash Earnings



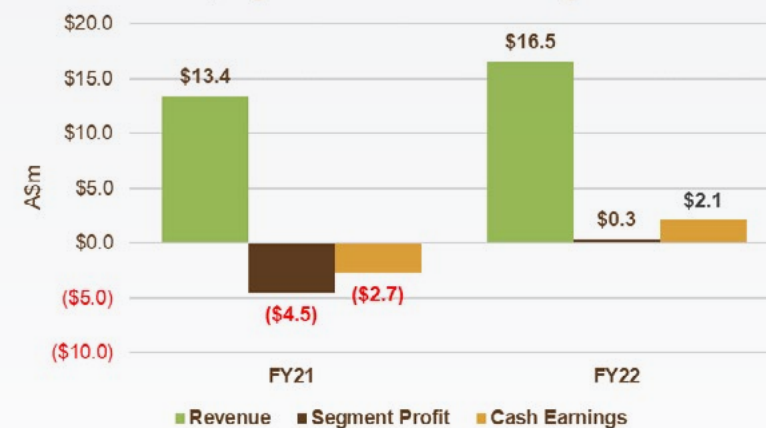
## USA

After the long and relentless effort to develop the business in the USA market, and a targeted focus in the 2022 financial year, the segment finally turned into profit in the 2022 financial year.

The USA recorded mature segment profit and cash earnings of \$0.3 million and \$2.1 million respectively.

Mature revenue of \$16.5 million was up 23% in the 2022 financial year, compared to the 2021 financial year.

Mature: Revenue, Segment Profit & Cash Earnings





# DIRECTORS' REPORT

## EVENTS SUBSEQUENT TO BALANCE DATE

### Dividend

On 25 August 2022, the Directors declared an unfranked final dividend of 10.00 cents per share, payable on 6 October 2022.

The financial effect of the above transaction has not been brought to account in the financial statements for the year ended 30 June 2022.

The Directors are not aware of any matter or circumstance, other than that referred to above or in the financial statements or notes thereto, that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

### LIKELY DEVELOPMENTS

The Consolidated Entity will continue to pursue its policy of seeking to increase the profitability and market share of its major business sectors during the next financial year.

### ENVIRONMENTAL MANAGEMENT

The Consolidated Entity's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 dated 24 March 2016 and, in accordance with that Instrument, amounts in the Financial Report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain "non-audit services" in addition to their statutory duties.

The Board of Directors has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by, and did not compromise the auditor independence requirements of, the Corporations Act 2001 for the following reasons:

- non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company or jointly sharing risks and rewards.

Details of the amounts paid or payable to the auditor of the Company, KPMG and its related practices for audit and non-audit services provided during the year are set out in Note 29 to the Consolidated financial report.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 54 and forms part of this report.

## REMUNERATION REPORT

The Remuneration Report for the financial year ended 30 June 2022 is set out on pages 41 to 53 and forms part of this report.

Signed in accordance with a resolution of the Directors pursuant to section 298(2) of the Corporations Act 2001.



A G Moufarrige AO

Managing Director and CEO

Dated at Sydney this 25th day of August 2022

# REMUNERATION REPORT

## CONTENTS

<b>42</b>	<b>INTRODUCTION</b>	Describes the scope of the Remuneration Report and the key management personnel (KMP) whose remuneration details are disclosed.
<b>43</b>	<b>REMUNERATION GOVERNANCE</b>	Describes the role of the Board and the Remuneration Committee, and the use of remuneration consultants when making remuneration decisions.
<b>45</b>	<b>NON-EXECUTIVE DIRECTOR REMUNERATION</b>	Provides details regarding the fees paid to non-executive Directors.
<b>45</b>	<b>EXECUTIVE REMUNERATION</b>	Outlines the principles applied to executive KMP remuneration decisions and the framework used to deliver the various components of remuneration.
<b>47</b>	<b>EMPLOYMENT AGREEMENTS</b>	Provides details regarding the contractual arrangements between Servcorp and the executives whose remuneration details are disclosed.
<b>48</b>	<b>RELATIONSHIP BETWEEN CONSOLIDATED ENTITY PERFORMANCE AND REMUNERATION</b>	Provides an explanation of the linkages between Company performance and remuneration.
<b>50</b>	<b>EMPLOYEE SHARE SCHEME AND OTHER EQUITY INCENTIVE INFORMATION</b>	Provides details regarding Servcorp's employee equity plans including that information required by the Corporations Act 2001 and applicable accounting standards.
<b>51</b>	<b>NON-EXECUTIVE DIRECTOR REMUNERATION TABLE</b>	Provides details of the nature and amount of each element of the remuneration of each non-executive Director of Servcorp Limited for the year ended 30 June 2022.
<b>52</b>	<b>EXECUTIVE KMP REMUNERATION TABLE</b>	Provides details of the nature and amount of each element of the remuneration of each executive KMP of Servcorp Limited for the year ended 30 June 2022.



# REMUNERATION REPORT

## INTRODUCTION

Servcorp's aim is to provide the finest workspace solutions to our customers by providing the best locations, facilities, technology and people crucial to making businesses successful. Our operations span 20 countries, 41 cities and 124 locations globally, via serviced offices, co-working, and virtual offerings. This global footprint provides leverage to exploit our brand, take advantage of new market opportunities and diversify our risk. Notably, for the 2022 financial year offshore revenue represented more than 84% of our total revenue. Skilled, experienced local management in each jurisdiction, supported by Servcorp's market leading IT platform and proprietary product offerings, are critical to our continued success, and with the increasingly competitive environment for talent, we need to have an appropriate reward framework in place. We are highly aware that the markets in which we operate are subject to changing economic factors, and often these may be counter cyclical to the Australian market. Therefore, it is the Board's view that our remuneration strategy should reflect both our vision as a global company and the diversity of our regional businesses.

Over the past few years, the Company has been presented with unprecedented challenges. We have managed to navigate through an intense competitive environment and a pandemic, the latter of which has caused tremendous change in how and where people work. While sales, floor growth and profits weakened through that period we managed to cut costs, retain a dedicated team, drive strong cash flow, and pay continued dividends for our shareholders. The Board would like to acknowledge our team members for their tremendous effort and perseverance through this difficult environment.

With the world opening up, we believe we are well positioned to benefit from improved trends and capitalise on the evolution of flexible working. We have seen a return to growth in our business, with floors opening once again, and like-for-like improvement in both our office and virtual revenue. That said, we are still seeing the impacts of an inflationary environment, supply chain disruption and uncertainty about the global economy.

In 2022, the team worked incredibly hard and managed to achieve global profit targets that had not been lowered during the pandemic. We also had some standout regional performances, so we feel that the STIs earned are a fair reflection of the team's efforts and resulting outcomes for the Company.

The Board's philosophy and approach to executive remuneration is to attract and retain team members with a fair yet challenging compensation structure which rewards excellence at the regional level, properly incentivises those whose roles span multiple geographies, and supports the growth aspirations of Servcorp as a global business. For Servcorp, we believe financial performance is the key driver of shareholder value, so we have structured our framework to reflect both regional and global contributions of our executives to group performance.

As we look forward, and with some new team members on board, we thought it important to reassess our remuneration strategy. Therefore, the Board has appointed an independent consultant to undertake a remuneration strategy review to ensure we have a modern best practice framework for fiscal 2023 and beyond. The initial outcomes of this review are as follows:

- firstly, we will be introducing an LTI performance rights plan in the 2023 financial year. The goals of this plan are to ensure our competitiveness in the market, improve long-term alignment between remuneration, business performance, and shareholder interests, and provide a clearer long-term compensation mechanism that relies on 3-year group cumulative EPS levels;
- secondly, in the review we re-assessed our executive KMP structure. After hiring a new CFO with expanded global responsibility for the business, we have determined that from 1 July 2022 Servcorp's KMP will consist of the CEO, the CFO and members of the Board. Regional managers whose responsibilities are not global in nature will no longer be deemed KMP. Regional managers will continue to participate in STI compensation plans that rely on regional and group profits, and may also receive periodic LTI grants with similar performance and service conditions to executive KMP grants. This will ensure we can continue to attract and retain exceptional managers at the regional level, and will further align their long term compensation with Servcorp's financial performance;
- thirdly, we will be introducing a malus and clawback policy relative to our incentive programs;
- finally, other KMP remuneration initiatives will be considered and implemented, if deemed appropriate, during the current financial year.

The Board is committed to ensuring our remuneration practices continue to evolve to support the interests of our shareholders, so we will continue to reassess our plans on a go-forward basis. We welcome feedback from shareholders and proxy advisors, and we thank you for your continued support of Servcorp.

In the 2022 financial year:

- the Board has not introduced any new executive remuneration components;
- in May 2022, the Board issued Options to the CFO as part of his employment agreement;
- in recognition of the impact of Covid-19, and profit expectations going forward, the Board did not increase the global gateway net profit before tax for the 2022 financial year. The Board has increased the global gateway for the 2023 financial year.

For the 2023 financial year:

- to ensure that Servcorp's remuneration strategy and practices remain competitive and evolve with changing best practice, in July 2022 the Board engaged Crichton and Associates to undertake a comprehensive review of executive remuneration strategy and related matters;
- the key outcomes to date, as mentioned above, have been the approval of a new LTI performance rights plan for 2023, a newly defined KMP structure, and the introduction of a malus and clawback policy;
- other initiatives emerging from this review will be assessed and, where suitable, implemented by the Board and communicated to shareholders.

In summary, the Board believes Servcorp's approach to non-executive Director and executive KMP remuneration is balanced, fair and equitable and designed to achieve alignment of executive reward with shareholder expectations and value. We will continue to assess our practices to ensure they support Servcorp's strategy, our desired business outcomes, and our goal of retaining and motivating our employees in an increasingly competitive environment for talent.

This Remuneration Report sets out, in accordance with the relevant Corporations Act 2001 (Corporations Act) and accounting standard requirements, the remuneration arrangements in place for KMP of Servcorp during the financial year ended 30 June 2022.

## REMUNERATION GOVERNANCE

This section explains the role of the Board and the Remuneration Committee, and use of remuneration consultants when making remuneration decisions in respect of non-executive Directors and executive KMP.

### Role of the Board and the Remuneration Committee

The Board is responsible for Servcorp's global remuneration strategy and policy. Consistent with this responsibility, the Board has established the Remuneration Committee, which comprises solely non-executive Directors, all being independent.

The role of the Remuneration Committee is set out in its Charter, which is reviewed annually. In summary, the Remuneration Committee's role includes:

- ensure that the appropriate procedures exist to assess the remuneration levels of the Chair, other non-executive Directors, executive Directors, direct reports to the CEO, Board Committees and the Board as a whole;
- ensure that Servcorp meets the requirements of ASX Corporate Governance Principles and Recommendations, and other relevant guidelines;
- ensure that Servcorp adopts, monitors and applies appropriate remuneration policies and procedures;
- ensure that reporting disclosures related to remuneration meet the Board's disclosure objectives and all relevant legal and accounting standard requirements;
- develop, maintain and monitor appropriate talent management programs including succession planning, recruitment, development; and retention and termination policies and procedures for senior management; and
- develop, maintain and monitor appropriate superannuation and other relevant pension benefit arrangements for Servcorp as required by law.

Further information on the Remuneration Committee's role, responsibilities and membership are contained in the Corporate Governance section on page 31.

### Use of remuneration consultants

During the 2022 and the 2021 financial years, no remuneration consultant made a remuneration recommendation in relation to any of the executive KMP.

As mentioned previously, in July 2022 the Board engaged Crichton and Associates to undertake an extensive remuneration review, which will result in various changes being implemented for the 2023 financial year and beyond.

# REMUNERATION REPORT

## KEY MANAGEMENT PERSONNEL

Key management personnel have authority and responsibility for planning, directing and controlling the activities of Servcorp and comprise the non-executive Directors, and executive KMP (being the Executive Directors and other senior executives named in this report).

This year, and in prior years, certain regional executives were included as KMP. In April 2022, Servcorp appointed a new Chief Financial Officer, whose involvement will include elevated levels of responsibility in the business at a group level, and encompass a wider operational focus. From 1 July 2022, the Board is of the opinion that authority for planning, directing and controlling the activities of the Consolidated Entity will reside with the CEO and CFO, and have resolved that for the 2023 financial year the KMP will consist of the CEO, CFO and the Board.

Details of the KMP during the year are provided in the following table.

NAME	TITLE	CHANGE IN 2022
<b>Non-executive Directors</b>		
The Hon. Mark Vaile	Chairman Member, Audit & Risk Committee Member, Remuneration Committee Chair, Nomination Committee	Full year   No change
Wallis Graham	Director Member, Audit & Risk Committee Chair, Remuneration Committee Member, Nomination Committee	Full year   No change
Tony McGrath	Director Chair, Audit & Risk Committee Member, Remuneration Committee Member, Nomination Committee	Full year   No change
<b>Executive Director</b>		
Alf Moufarrige	Chief Executive Officer	Full year   No change
<b>Other Group-level executive</b>		
David Hunt	Chief Financial Officer	Commenced effective 19 April 2022
<b>Regional executives</b>		
Anton Clowes	Chief Financial Officer	Resigned effective 23 February 2022
David Godchaux	CEO Middle East, Europe & India	Full year   No change
Liane Gorman	General Manager Australia & New Zealand	Resigned effective 31 October 2021
John Henderson	Chief Operating Officer	Full year   No change
Colleen Susini	General Manager USA	Full year   No change
Olga Vlietstra	General Manager Japan	Full year   No change

## NON-EXECUTIVE DIRECTOR REMUNERATION

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed by the Board. The Board ensures non-executive Directors' fees and payments are appropriate and in line with the market. Non-executive Directors are not employed under a contract and do not receive share options or other equity based remuneration.

### Directors' fees

Non-executive Directors' fees are determined by the Board within an aggregate Directors' fees limit approved by shareholders.

The fees limit currently stands at \$500,000 per annum inclusive of payments for superannuation. This limit was approved at the 2011 annual general meeting.

The most recent review of Directors' fees was effective 1 July 2013. Directors' fees had not increased since 1 January 2010. Effective 1 July 2013, Non-executive Directors' fees were set as:

- Chair - \$175,000 per annum including superannuation;
- Non-executive - \$100,000 per annum including superannuation;
- Chair of the Audit and Risk Committee - an additional \$10,000 per annum including superannuation.

Effective 1 July 2021, the Superannuation Guarantee rate increased from 9.5% to 10%. To comply with the legislation, this increase was passed on to non-executive Directors; this resulted in an increase of \$1,759 in total fees.

Additional fees are not paid for membership of Board committees other than as referred to in the previous paragraph.

In response to the COVID-19 pandemic, from 1 April 2020 to 31 July 2020, all non-executive Directors agreed to a 20% reduction of Directors' fees.

### Retirement allowances for Directors

Non-executive Directors are not entitled to retirement allowances.

### Details of remuneration

Details of the nature and amount of each element of the remuneration of each non-executive Director of Servcorp Limited for the year ended 30 June 2022 are set out in the table on page 51.

### Minimum shareholding requirement

Servcorp does not have a minimum shareholding requirement for non-executive Directors. It is noted, however, that all non-executive Directors are shareholders of the Company.

## EXECUTIVE REMUNERATION

### Remuneration philosophy and principles

The Board recognises that the Consolidated Entity's performance is dependent on the quality and contribution of its team members, particularly the executive KMP. To achieve its financial and operating objectives, Servcorp must be able to attract, retain and motivate appropriately qualified and skilled executives at the regional and global level.

The objective of the executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of Servcorp's strategic objectives particularly its short, medium and long term earnings. The Board believes that earnings are the metric which best corresponds to value creation for the Company and its shareholders in both the short and longer term, but will continue to assess the merits of using other performance indicators in our remuneration framework in the future.

Executive remuneration is a balanced mix of fixed and incentive ('at risk') remuneration. In determining the appropriate balance, regular reviews are undertaken that involve cross-referencing position descriptions to reliable accessible remuneration data in the markets in which Servcorp operates.

Servcorp's executive remuneration policy and principles are designed to ensure that the Consolidated Entity:

- provides competitive rewards that attract, retain and motivate our key executives;
- encourages loyalty and commitment to Servcorp;
- builds a structure for growth and includes appropriate succession planning;
- structures remuneration at a level that reflects the executive's duties and accountabilities and is competitive in the markets in which it operates;
- complies with applicable legal requirements and appropriate standards of governance.

The Company's remuneration framework is reviewed annually, and the Board is committed to engaging with shareholders, consultants and proxy advisors as required to ensure proper evolution of its remuneration strategy.



# REMUNERATION REPORT

## Remuneration structure and elements

The executive KMP remuneration and reward framework at Servcorp consisted of three components:

- fixed remuneration;
- short term incentives; and
- long term incentives.

The combination of these comprises the executive KMP total targeted remuneration opportunity.

### Fixed remuneration

Fixed remuneration is reviewed each year and adjusted to changes in job role, promotion, market practice, internal relativities and performance. Remuneration for the 2022 financial year and changes from 2021 are set out in the table on pages 52 and 53.

### Short term incentives

Short term incentives (STI) are awarded, in cash, based on achievement against targets set at the beginning of each financial year. The basis of the STI scheme was established for the 2014 financial year and has been applied consistently in subsequent financial years. Alf Moufarrige, the CEO, founder and major shareholder, has elected not to participate in the STI scheme.

Under the STI scheme, an STI dollar value is set for each executive KMP, which represents the target STI that can be awarded for achieving target for the relevant year. The target STI opportunity for the 2022 financial year ranged between \$40,000 and \$150,000. The target STI opportunity as a percentage of fixed remuneration ranged between 9% and 30% with the average being 22%.

STI targets are set in advance each year and are challenging. The STI targets for the 2022 financial year were determined based on a matrix of Consolidated Entity mature net profit before tax (global STI target) and region mature operating profit (region STI target), where appropriate. To ensure STI targets remained challenging, the global STI target and region STI targets, in the 2022 financial year, were generally maintained at pre-COVID levels. Region STI is only paid if the region STI target is met; there is no gateway.

Four executive KMP have a direct responsibility for a region, and therefore their total STI potential was allocated between their region STI target and the global STI target. The region STI allocation for three executive KMP was 50% of their total potential STI, and for one executive KMP their region STI allocation was 62%.

A gateway consolidated net profit before tax is set each year, and must be achieved before any global STI payout is made. It is intended that a similar approach to STI will be applied for the 2023 financial year. Despite the impact of COVID-19, the gateway consolidated net profit before tax remained unchanged for the 2022 financial year. The gateway has been increased for the 2023 financial year in anticipation of continued improvement in results, balanced by economic uncertainty and global political events, as provided in the following table.

FINANCIAL YEAR ENDING 30 JUNE	2021 GATEWAY	2022 GATEWAY	2022 ACTUAL	2023 GATEWAY
Consolidated mature net profit before tax (\$ million)	38.0	38.0	38.1	40.0

Global STI is calculated as follows:

- if consolidated mature net profit before tax meets the global gateway - 50% of the global STI opportunity;
- if consolidated mature net profit before tax meets the global target - 100% of the global STI opportunity;
- if consolidated mature net profit before tax falls between the global gateway and target - the global STI paid is calculated as a percentage between 50% and 100% of global STI opportunity on an incremental basis, in the same proportion as the net profit before tax is to gateway and target.

There are also additional STI opportunities to provide incentive for executive KMP to out-perform their targets:

- executive KMP with a region target receive an extra \$50,000 for each \$2.0 million by which they out-perform their region mature operating profit target. In addition, the Board has discretion to reward executive KMP who achieve 'super out-perform' region results with additional STI payments;
- if the global target is exceeded by more than a set amount, executive KMP receive double their global STI opportunity. In the 2022 financial year, this metric was set at \$5 million. If consolidated mature net profit before tax falls between the global target and global out-perform, the global STI paid is calculated as a percentage between 100% and 200% of global STI opportunity on an incremental basis, in the same proportion as the mature net profit before tax is to target and out-perform. This out-perform metric was not achieved in 2022, so these payments were not made.

In the 2022 financial year, the total additional STI opportunity if all executive KMP had outperformed their region and global target was \$470,000.

## Long term equity incentives

- In 2016 the Board updated the Servcorp Limited Executive Share Option Scheme (ESOS). From time to time since then, the Board has granted Options to senior executives to encourage and reward superior long term performance. These options have been subject to vesting criteria based on 3-year service and 2-year EPS growth;
- Options were granted during the 2022 and 2021 financial years. The previous grants were in the 2019 and 2016 financial years, however these lapsed or expired during the 2021 financial year. A summary of the terms of the Options currently on issue are detailed in the table below;
- for the 2023 financial year and beyond, the Board has approved a new performance rights LTI plan, with vesting based on service and a 3-year cumulative EPS measure. The targets are intended to be rigorous yet achievable in the event of strong group performance. This program will be designed to improve executive alignment with our long-term goals, and ensure we evolve with market practice by introducing a 3-year testing horizon;
- the Board may continue to grant Options to key executives and other team members under the ESOS.

A summary of the terms of the Options currently on issue are as follows:

Grant date	27 August 2020	27 August 2020	11 May 2022
Issue date	18 September 2020	4 November 2020	19 May 2022
Exercise price	\$2.48 per Option	\$2.48 per Option	\$3.54 per Option
Vesting conditions	EPS performance hurdle of 15% pa cumulative growth between the 2020 and 2022 financial years Continuous service until 18 September 2023	EPS performance hurdle of 15% pa cumulative growth between the 2020 and 2022 financial years Continuous service until 18 September 2023	EPS performance hurdle of 15% pa cumulative growth between the 2022 and 2024 financial years Continuous service until 19 May 2025
Vesting date	18 September 2023	18 September 2023	19 May 2025
Exercise period	Two years from vesting date to expiry date	Two years from vesting date to expiry date	Two years from vesting date to expiry date
Expiry date	18 September 2025	18 September 2025	19 May 2027
Option value	\$0.5825	\$0.5368	\$0.5145
Status	Vested (i)	Vested (i)	Not vested

i. Effective 25 August 2022, the Options issued on 18 September 2020 and 4 November 2020 vested, as the EPS Performance of the Company met the applicable Vesting Percentage. Continuous service is still to be met.

## EMPLOYMENT AGREEMENTS

There are no fixed term employment agreements in place for any executive KMP.

### Termination benefits

There are no termination of employment agreements in place for executive KMP. Any termination benefit paid to executive KMP would be limited to 12 months remuneration as required by law and in most cases would be determined based on statutory minimum requirements, years of service and the nature of the termination.

### Clawback

To date, Servcorp has not had a policy on clawback but has remained compliant with any legal and ASX requirements in this regard. There have been no circumstances where clawback would have applied.

As part of the recent remuneration review and newly approved LTI program, in the 2023 financial year the Board approved a Malus and Clawback Policy.

### Minimum shareholding requirements

Servcorp does not have a minimum shareholding requirement for executive KMP.

# REMUNERATION REPORT

## RELATIONSHIP BETWEEN CONSOLIDATED ENTITY PERFORMANCE, EXECUTIVE KMP REMUNERATION AND SHAREHOLDER WEALTH

The relationship between Consolidated Entity performance and executive KMP remuneration is important to ensure that there is a clear and appropriate correlation and alignment of interests between shareholders and executive KMP.

### Key financial indicators

Servcorp's principal activities and financial performance are explained in detail in the Review of Operations section of the Directors' Report on pages 36 to 39.

A summary of Servcorp's financial performance over the last five years is provided in the following table.

### FINANCIAL YEAR ENDED 30 JUNE

MEASURE	2018	2019	2020	2021	2022
Total revenue (\$million)	312	337	352	276	276
Net profit before tax (\$million)	32.1	12.5	15.6	30.6	34.4
Net profit after tax (\$million)	10.1	5.4	6.9	23.5	28.0
Basic earnings per share (cents)	10.2	5.6	7.2	24.3	28.9
Dividend per share (cents)	26.0	23.0	20.0	18.0	20.0
Share price as at 30 June (\$)	\$4.16	\$3.51	\$2.32	\$3.50	\$3.30
Offices	5,615	5,788	5,039	5,141	5,162
Number of locations	135	137	112	111	107

The financial years leading up to and including 2017 had achieved significant increases in profitability. The 2018 and 2019 financial years were challenging due to a dramatically increased competitive environment and pressures in the US market, with net profit after tax impacted by one-off, non-cash adjustments to income tax in 2018, and charges for non-recurring restructure costs and write-offs, the impairment of leasehold improvements and goodwill and the exclusion of restricted earnings in 2019. Despite the large non-cash impairments impacting on profits for the 2019 financial year, revenues for 2019 were at a record level and Directors' were encouraged by a strong second half profit.

The first three quarters of the 2020 financial year continued the improvement shown in the second half of the 2019 financial year. The Company's strong performance was evident across all key metrics including occupancy, operating margins, net profit after tax and free cash, with record revenues recorded, despite a very challenging competitive environment. COVID-19 impacted on trading conditions in the last quarter, however the Company still recorded a strong underlying performance; revenue and other income was up 5%, underlying net profit before tax was up 17% and underlying free cash was up 3%.

The 2021 and 2022 financial year performances reflect the challenging COVID-19 trading conditions and global economic environment. In particular, there is downward price pressure across our global footprint, affecting revenue. We have also experienced notable variation in performance across regions, as the severity of lockdowns and other restrictions have differed across geographies. An improving environment, disciplined cost management and minimal impact from non-underlying items has seen net profit after tax, and associated earnings per share (EPS), return to higher levels, with EPS up 237% in 2021, and 19% in 2022.

Through all years, cash flows have remained strong, allowing interim and final dividends to continue to be paid to our shareholders. For 2022 we were able to increase the dividend from 2021 levels.

The improved performance in the second half of the 2019 financial year and first half of the 2020 financial year had been reflected in a steady increase in share price during the first three quarters of the 2020 financial year, however the uncertainties created by COVID-19 again significantly affected the share market, and this had an impact on Servcorp's share price at 30 June 2020. Servcorp's share price has again been steadily increasing, and at 30 June 2021 closed at \$3.50, up from \$2.32 at 30 June 2020. Servcorp's share price increased considerably in the first half of the 2022 financial year, reaching a high of \$4.74 in November, however the difficulties in the global economies and the war in Ukraine have affected share markets dramatically, and Servcorp's share price had decreased to \$3.30 at 30 June 2022, despite improving underlying performance of the business.

We are confident that Servcorp will emerge from the COVID-19 crisis in a financially sound position and will return to higher profit levels which, when combined with healthy dividends, will result in a satisfactory total shareholder return (TSR) performance over the coming years.

Servcorp's remuneration of executive KMP has taken into account the pressures on Consolidated Entity performance. Executive KMP base salaries had stayed the same during the 2020 and 2021 financial years, and during the challenges of the fourth quarter of 2020 most executive KMP agreed to a 20% reduction in base salary. Despite the anticipated impact of COVID-19, STI targets

have been set at challenging, pre-COVID levels; accordingly, with the decreased earnings in the 2020 and 2021 financial years, global net profit before tax targets were not achieved, and corresponding STIs not paid. In the 2022 financial year, consolidated mature net profit before tax met the global gateway, and accordingly a proportion of global STI opportunity was paid. We also increased salaries of selected individuals who have performed exceptionally well through difficult times.

In 2022, two regions outperformed their target, and the Board considers it necessary to recognise this outstanding performance, against tremendous headwinds. One executive KMP achieved 'out-perform' profits, resulting in a payment in excess of their target opportunity. Additionally, in the case of one KMP, it was decided to award an additional discretionary amount of \$25,000 for strong regional performance in the face of challenging headwinds. The three KMP receiving an STI were also awarded amounts for mature NPBT meeting the global gateway amount. The variable pay opportunity paid out to executive KMP represents 85.6% of the target opportunity, which includes the outperform payment. 53.2% of KMP target STI opportunities were forfeited.

The individual 'at risk' rewards paid in the 2022 financial year to executive KMP and the percentage of their maximum opportunity is provided in the following table.

EXECUTIVE KMP	REGION	STI AWARDED \$	% OF TARGET OPPORTUNITY	OPTIONS AWARDED NO.	VALUE OF OPTIONS AWARDED
Alf Moufarrige	Head Office	N/A	N/A	-	-
David Hunt	Head Office	N/A	N/A	100,000	\$51,450
Anton Clowes	Head Office	-	0.0%	-	-
David Godchaux	Europe & Middle East	130,000	100.0%	-	-
Liane Gorman	Australia & New Zealand	-	0.0%	-	-
John Henderson	Australia, NZ & South East Asia	-	0.0%	-	-
Colleen Susini	USA	10,000	25.0%	-	-
Olga Vlietstra	Japan	262,500	175.0%	-	-

Servcorp has a very strong culture focusing on sales and generation of shareholder wealth. Our executive KMP include a balance of long-serving team members together with new executive talent, who reflect Servcorp's investment in the future. All executive KMP are aware of the need to perform. Each executive is involved in the target setting for the business and accepts the challenging targets set.

If our forward net profit before tax targets are met, then shareholders, in the opinion of the Board, will be satisfied with the Consolidated Entity's performance and executive KMP will receive their target remuneration opportunity.

If executive KMP fail to meet their targets, the 'at risk' component of executive KMP remuneration will be heavily discounted, or in certain circumstances, not be awarded. In this way the alignment of Consolidated Entity performance and executive KMP remuneration will be in direct correlation and be unambiguous.

### SPECIAL RETENTION INCENTIVE

During the 2017 financial year, the Board identified that the retention of Ms Olga Vlietstra as General Manager in Japan was critical to the success of this key region, which contributes significantly to the profit of the Consolidated Entity.

The Board decided to offer Ms Vlietstra a special retention incentive, subject to service conditions. Ms Vlietstra was provided with an option to purchase from Servcorp an apartment currently owned in Tokyo.

In July 2020, the Board resolved to extend the expiry date of the incentive for an additional two years, on the condition that Ms Vlietstra remain in continuous service for an additional two years. A summary of the terms of the option are as follows:

Service condition	Ms Vlietstra must remain employed in continuous service in Japan until 30 June 2022
Reward if service condition is met	Option to purchase Servcorp's Tokyo apartment at its market value at time of offer, adjusted for inflation
Vesting date	1 July 2019
Market value	JPY373,000,000
Exercise period	Four years, from vesting date to expiry date
Expiry date	30 June 2023



# REMUNERATION REPORT

## EMPLOYEE SHARE SCHEME AND OTHER EQUITY INCENTIVE INFORMATION

As mentioned earlier in this report, the Board introduced an Options component in the 2016 financial year. This was achieved by issuing Options under the Servcorp Limited Executive Share Option Scheme (ESOS). The ESOS was introduced in 1999 and was first approved by shareholders on 19 October 1999 and subject to various amendments until November 2008. The ESOS was amended by the Board on 24 March 2016 to update it to comply with current legislation.

In the 2021 financial year, the Directors granted 2,831,250 Options under the ESOS to senior executives, including 1,500,000 to the CEO and 600,000 to other executive KMP. Options were issued to KMP taking into account performance and length of service, as recommended by the CEO and adopted by the Remuneration Committee and the Board.

In the 2022 financial year, the Directors granted 100,000 Options under the ESOS to the CFO upon commencement of his employment with Servcorp.

Details of Options granted, on issue and lapsed are provided in the Directors' Report on page 35. Details of Options granted to executive KMP are provided in the following table.

Other than the Options issued as detailed above, at the date of this report there are no shares, rights, options or other equity incentives held by executive KMP and subject to vesting restrictions.

Future offers under the ESOS, or our newly-approved performance rights program, may be considered by the Board in the future.

OPTIONHOLDER	GRANT YEAR	HELD AT 1 JULY 2021 NO.	GRANTED NO.	FAIR VALUE OF GRANT \$	LAPSED / EXPIRED NO.	VESTED NO.	HELD AT 30 JUNE 2022 NO.
Alf Moufarrige	2021	1,500,000	-	-	-	-	1,500,000
Anton Clowes	2021	75,000	-	-	75,000	-	-
David Godchaux	2021	75,000	-	-	-	-	75,000
Liane Gorman	2021	100,000	-	-	100,000	-	-
John Henderson	2021	100,000	-	-	-	-	100,000
David Hunt	2022	-	100,000	\$51,450	-	-	100,000
Colleen Susini	2021	50,000	-	-	-	-	50,000
Olga Vlietstra	2021	200,000	-	-	-	-	200,000

## NON-EXECUTIVE DIRECTOR REMUNERATION

Name & title	Year	Amount in AUD		Total
		Short term benefits	Post-employment benefits	
		Fees (iii)	Superannuation benefits (iv)	
<b>M Vaile</b>	<b>2022</b>	<b>159,818</b>	<b>15,982</b>	<b>175,800</b>
Non-Executive Director	2021	157,154	14,930	172,084
<b>W Graham</b>	<b>2022</b>	<b>91,325</b>	<b>9,133</b>	<b>100,458</b>
Non-Executive Director	2021	89,803	8,531	98,334
<b>T McGrath</b>	<b>2022</b>	<b>100,457</b>	<b>10,046</b>	<b>110,503</b>
Non-Executive Director	2021	97,413	9,254	106,667
<b>Aggregate</b>	<b>2022</b>	<b>351,600</b>	<b>35,161</b>	<b>386,761</b>
	2021	344,370	32,715	377,085

### Notes:

- Directors' and officers' indemnity insurance has not been included in the above figures since it is impractical to determine an appropriate allocation basis.
- Non-executive Directors do not participate in any short term or long term incentive schemes.
- In response to the COVID-19 pandemic, from 1 April 2020 to 31 July 2020, all non-executive Directors agreed to a 20% reduction of Director fees. The lower fees disclosed in 2021 reflects the reduction for one month. There has been no increase in the base fees for 2022.
- Superannuation benefits have increased due to an increase in the Superannuation Guarantee rate from 9.5% to 10%, effective 1 July 2021.

# REMUNERATION REPORT

## KEY MANAGEMENT PERSONNEL REMUNERATION

Name & title	Year	Short term benefits				Post-employment	Other long term benefits	Termination benefits	Share based payments	Total	% of performance related remuneration
		Salary	Cash STI (i,ii)	Non-monetary benefits	Other short term benefits						
<b>A G Moufarrige (iv)</b>	<b>2022</b>	<b>427,728</b>	-	<b>30,861</b>	-	<b>30,000</b>	-	-	<b>280,437</b>	<b>769,026</b>	<b>57.4%</b>
CEO	2021	444,456	-	30,644	-	28,500	-	-	183,629	687,229	36.5%
<b>A Clowes (v)</b>	<b>2022</b>	<b>258,039</b>	-	<b>3,400</b>	-	<b>21,641</b>	-	<b>158,500</b>	-	<b>441,580</b>	<b>0.0%</b>
CFO	2021	309,500	25,000	-	-	29,403	-	-	11,411	375,314	28.2%
<b>D Godchaux (vi)</b>	<b>2022</b>	<b>516,932</b>	<b>130,000</b>	<b>23,540</b>	-	<b>29,647</b>	-	-	<b>14,562</b>	<b>714,681</b>	<b>25.4%</b>
GM EME	2021	473,682	-	22,413	-	27,166	-	-	11,411	534,672	27.0%
<b>L Gorman (vii)</b>	<b>2022</b>	<b>273,382</b>	-	-	-	<b>12,667</b>	-	<b>238,221</b>	-	<b>524,270</b>	<b>0.0%</b>
GM AUNZ	2021	380,000	-	-	-	36,100	-	-	15,214	431,314	27.7%
<b>J Henderson (viii)</b>	<b>2022</b>	<b>500,000</b>	-	-	-	<b>50,000</b>	-	-	<b>19,417</b>	<b>569,417</b>	<b>30.8%</b>
COO	2021	441,667	-	-	-	41,958	-	-	15,214	498,839	34.2%
<b>D Hunt (ix)</b>	<b>2022</b>	<b>70,449</b>	-	<b>2,663</b>	-	<b>7,045</b>	-	-	<b>2,020</b>	<b>82,177</b>	<b>2.5%</b>
CFO											
<b>C Susini (vi)</b>	<b>2022</b>	<b>435,477</b>	<b>10,000</b>	<b>5,006</b>	-	<b>26,775</b>	-	-	<b>9,708</b>	<b>486,966</b>	<b>10.6%</b>
GM USA	2021	399,042	-	12,460	66,507	13,966	-	-	7,607	499,582	11.2%
<b>O Vlietstra (vi)</b>	<b>2022</b>	<b>621,163</b>	<b>262,500</b>	<b>12,774</b>	-	-	-	-	<b>38,833</b>	<b>935,270</b>	<b>29.8%</b>
GM Japan	2021	685,128	240,000	14,255	-	-	-	-	30,428	969,811	27.2%
<b>Aggregate</b>	<b>2022</b>	<b>3,103,170</b>	<b>402,500</b>	<b>78,244</b>	-	<b>177,775</b>	-	<b>396,721</b>	<b>364,977</b>	<b>4,523,387</b>	<b>24.9%</b>
	2021	3,133,475	265,000	79,772	66,507	177,093	-	-	274,914	3,996,761	27.7%

## Notes:

- Amounts disclosed as short term cash STI in the 2022 year represent STI paid in August 2022 based on 2022 financial year global and region targets.
- Amounts disclosed as short term cash STI in the 2021 year represent STI paid in August 2021 based on 2021 financial year global and region targets.
- Amounts disclosed as share based payments relate to Options issued on 18 September 2020, 4 November 2020 or 19 May 2022. Details are set out on pages 47 and 50 of this annual report.
- The salary of A G Moufarrige includes a component paid in Yen, and the amount disclosed above will vary based on the foreign currency exchange rates. Base salary has been unchanged during the last two years. A G Moufarrige has waived his entitlement to annual leave and long service leave.
- A Clowes ceased employment with Servcorp effective 23 February 2022.
- D Godchaux, C Susini and O Vlietstra are paid in Dirham, US Dollars and Yen respectively. The amounts disclosed in AUD above will vary based on fluctuations in foreign currency exchange rates. For D Godchaux and C Susini, their base salary in their respective local currencies has been unchanged during the last two years; the difference disclosed is due to the foreign currency fluctuation. O Vlietstra's base salary increased by 10% in April 2022, in recognition of her continued outstanding performance, despite market challenges.
- L Gorman ceased employment with Servcorp effective 31 October 2021. In recognition of her more than 40 years of service, a termination payment equivalent to her average annual base salary over her last three years was approved by the Board.
- J. Henderson's base salary increased in the 2021 financial year following his initial employment period from June 2020. His base salary was unchanged in the 2022 financial year.
- D Hunt commenced employment with Servcorp effective 19 April 2022.

## KEY MANAGEMENT PERSONNEL REMUNERATION

Name & title	Year	Short term incentive grants			Maximum future value of vested STI \$
		STI paid in cash %	STI Accrued and not yet due %	STI forfeited %	
<b>A G Moufarrige</b>	<b>2022</b>	-	-	-	-
CEO	2021	-	-	-	-
<b>A Clowes</b>	<b>2022</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	-
CFO	2021	29.8%	0.0%	70.2%	-
<b>D Godchaux</b>	<b>2022</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	-
GM EMEI	2021	0.0%	0.0%	100.0%	-
<b>L Gorman</b>	<b>2022</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	-
GM AUNZ	2021	0.0%	0.0%	100.0%	-
<b>J Henderson</b>	<b>2022</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	-
COO	2021	0.0%	0.0%	100.0%	-
<b>D Hunt</b>	<b>2022</b>	-	-	-	-
CFO					
<b>C Susini</b>	<b>2022</b>	<b>25.0%</b>	<b>0.0%</b>	<b>75.0%</b>	-
GM USA	2021	-	0.0%	100.0%	-
<b>O Vlietstra (x)</b>	<b>2022</b>	<b>175.0%</b>	<b>0.0%</b>	<b>25.0%</b>	-
GM Japan	2021	150.0%	0.0%	50.0%	-
<b>Aggregate</b>	<b>2022</b>	<b>85.6%</b>	<b>0.0%</b>	<b>53.2%</b>	-
	2021	39.9%	0.0%	84.2%	-

## Notes:

- O Vlietstra forfeited half her global STI opportunity, which equated to 25% of her potential total STI target opportunity. O Vlietstra achieved 'out-perform' profits for her region and as a result achieved greater than 100% of her region STI opportunity.





## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Servcorp Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Servcorp Limited for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Kim Lawry  
Partner

Sydney  
25 August 2022

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## CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

### Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income	56
Consolidated Statement of Financial Position	57
Consolidated Statement of Changes in Equity	58
Consolidated Statement of Cash Flows	59

### Notes to the Consolidated Financial Statements

1	Basis of preparation	60
2	Operating segments	75
3	Revenue and other income	78
4	Expenses	79
5	Income tax expense	79
6	Earnings per share	80
7	Cash and cash equivalents	81
8	Trade and other receivables	81
9	Other financial assets	82
10	Tax assets and liabilities	83
11	Property, plant and equipment	84
12	Intangible asset	85
13	Right of use assets	85
14	Goodwill	86
15	Trade and other payables	88
16	Lease liabilities	88
17	Provisions	89
18	Commitments for expenditure	90
19	Contributed equity	90
20	Foreign currency translation reserve	90
21	Equity settled employee benefits reserve	90
22	Distributions	92
23	Capital structure and risks	93
24	Financial risk management	94
25	Retrospective restatement	98
26	Fair value measurement of financial instruments	100
27	Organisational structure	102
28	Key management personnel remuneration	106
29	Auditors' remuneration	108
30	Contingencies	108
31	Events occurring after the reporting date	108
32	Parent entity	109
33	Reconciliation of profit to operating cash flow	110

Directors' Declaration	111
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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

		Restated*	
	Note	2022 \$ '000	2021 \$ '000
Revenue	3	271,646	269,659
Other revenue and income	3	3,927	5,996
<b>Total revenue</b>		<b>275,573</b>	<b>275,655</b>
Service expenses		(65,707)	(60,901)
Marketing expenses		(14,681)	(16,867)
Occupancy expenses		(33,798)	(36,968)
Amortisation of right of use asset	13	(100,020)	(100,107)
Finance costs attributable to lease liabilities	16	(10,127)	(12,400)
Administrative expenses		(18,737)	(21,903)
Share of gains of joint ventures		334	281
Net foreign exchange gain (realised and unrealised)		2,958	4,861
Fair value gains/(losses) on derivatives		450	(1,024)
Net impairment of property, plant and equipment and right of use assets	13, 11	-	(1,498)
Other (losses)/gains		(1,868)	1,460
<b>Total expenses</b>	4	<b>(241,196)</b>	<b>(245,066)</b>
<b>Profit before income tax expense</b>		<b>34,377</b>	<b>30,589</b>
Income tax expense	5	(6,356)	(7,097)
<b>Profit for the year</b>		<b>28,021</b>	<b>23,492</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Translation of foreign operations (items may be reclassified subsequent to profit or loss)		(6,446)	(24,039)
<b>Other comprehensive loss for the year (net of tax)</b>		<b>(6,446)</b>	<b>(24,039)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>21,575</b>	<b>(547)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic EPS	6	28.9	24.3
Diluted EPS	6	28.9	24.3

\*The profit or loss for the year ended 30 June 2021 has been restated. Refer to note 25 for more details.

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Restated*	
	Note	2022 \$ '000	2021 \$ '000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	100,766	93,783
Trade and other receivables	8	19,958	24,032
Other financial assets	9	9,854	12,495
Current tax receivable	10	11,102	2,985
Prepayments and other assets		4,417	4,809
<b>Total current assets</b>		<b>146,097</b>	<b>138,104</b>
<b>Non-current assets</b>			
Other financial assets	9	40,471	42,260
Deferred tax assets	10	39,774	40,628
Property, plant and equipment	11	80,482	90,010
Intangible assets	12	2,075	787
Right of use assets	13	259,998	293,993
Goodwill	14	13,775	13,775
<b>Total non-current assets</b>		<b>436,575</b>	<b>481,453</b>
<b>Total assets</b>		<b>582,672</b>	<b>619,557</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	34,954	35,917
Security deposits		27,288	28,545
Lease liabilities	16	89,423	88,031
Provisions	17	9,902	9,747
<b>Total current liabilities</b>		<b>161,567</b>	<b>162,240</b>
<b>Non-current liabilities</b>			
Lease liabilities	16	221,357	261,440
Provisions	17	1,494	1,263
<b>Total non-current liabilities</b>		<b>222,851</b>	<b>262,703</b>
<b>Total liabilities</b>		<b>384,418</b>	<b>424,943</b>
<b>Net assets</b>		<b>198,254</b>	<b>194,614</b>
<b>Equity</b>			
Contributed equity	19	151,594	151,594
Reserves	21, 20	(21,986)	(16,000)
Retained earnings		68,646	59,020
<b>Total equity</b>		<b>198,254</b>	<b>194,614</b>

\*Balances for the year ended 30 June 2021 have been restated. Refer to note 25 for more details.

The accompanying notes form part of these financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Contributed equity \$ '000	Share buy back reserve \$ '000	Foreign currency translation reserve \$ '000	Employee equity settled benefits reserve \$ '000	Retained earnings \$ '000	Total \$ '000
<b>Balance at July 1, 2021</b>	<b>151,594</b>	<b>(4,733)</b>	<b>(11,639)</b>	<b>372</b>	<b>59,020</b>	<b>194,614</b>
Profit for the year	-	-	-	-	28,021	28,021
Translation of foreign operations (net of tax)	-	-	(6,446)	-	-	(6,446)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(6,446)</b>	<b>-</b>	<b>28,021</b>	<b>21,575</b>
Share-based payments	-	-	-	460	-	460
Payment of dividends	-	-	-	-	(18,395)	(18,395)
<b>Balance at 30 June 2022</b>	<b>151,594</b>	<b>(4,733)</b>	<b>(18,085)</b>	<b>832</b>	<b>68,646</b>	<b>198,254</b>

	Contributed equity \$ '000	Share buy back reserve \$ '000	Foreign currency translation reserve \$ '000	Employee equity settled benefits reserve \$ '000	Retained earnings \$ '000	Total \$ '000
<b>Balance at July 1, 2020</b>	<b>151,594</b>	<b>(4,733)</b>	<b>12,614</b>	<b>442</b>	<b>61,044</b>	<b>220,961</b>
Restatement due to correction of AASB 16 and cloud computing*	-	-	(214)	-	(8,088)	(8,302)
<b>Balance at 1 July 2020 restated*</b>	<b>151,594</b>	<b>(4,733)</b>	<b>12,400</b>	<b>442</b>	<b>52,956</b>	<b>212,659</b>
Profit for the year	-	-	-	-	23,492	23,492
Translation of foreign operations (net of tax)	-	-	(24,039)	-	-	(24,039)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(24,039)</b>	<b>-</b>	<b>23,492</b>	<b>(547)</b>
Share based payments	-	-	-	(70)	-	(70)
Payment of dividends	-	-	-	-	(17,428)	(17,428)
<b>Balance at 30 June 2021 restated*</b>	<b>151,594</b>	<b>(4,733)</b>	<b>(11,639)</b>	<b>372</b>	<b>59,020</b>	<b>194,614</b>

\*Balances for the year ended 30 June 2021 have been restated. Refer to note 25 for more details.

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$ '000	Restated* 2021 \$ '000
<b>Cash flows from operating activities</b>			
Receipts from customers		301,978	301,459
Payments to suppliers and employees		(134,352)	(137,173)
Franchise fees received		134	117
Interest and other items of similar nature received		1,067	764
Interest and other costs of finance paid		(10,127)	(12,330)
Tax paid		(13,117)	(10,293)
Payments for deconsolidation of subsidiaries		-	(2,894)
<b>Net cash generated from operating activities</b>	33	<b>145,583</b>	<b>139,650</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment		137	-
Payments for property, plant and equipment	11	(13,075)	(3,836)
Payment for intangible assets	12	(1,768)	-
Payments for landlord lease deposits		(1,030)	(1,177)
Payments for variable rate bonds and listed ordinary shares		(7,105)	(2,017)
Proceeds from sale of variable rate bonds and listed ordinary shares		10,220	560
<b>Net cash used in investing activities</b>		<b>(12,621)</b>	<b>(6,470)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities relating to current year occupancy	16	(99,214)	(106,806)
Repayment of lease liabilities relating to future occupancy years	16	(6,557)	(8,426)
Dividends paid		(18,395)	(17,428)
Landlord capital incentives received		1,895	1,402
<b>Net cash used in financing activities</b>		<b>(122,271)</b>	<b>(131,258)</b>
Effects of exchange rate changes on cash and cash equivalents		(3,708)	(8,026)
Net increase/(decrease) in cash and cash equivalents held		6,983	(6,104)
Cash and cash equivalents at beginning of financial year		93,783	99,887
<b>Cash and cash equivalents at end of financial year</b>	7	<b>100,766</b>	<b>93,783</b>

\*Balances for the year ended 30 June 2021 has been restated. Refer to note 25 for more details.

The accompanying notes form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1 Basis of preparation

### Statement of compliance

The Financial Report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

For the purposes of preparing the Consolidated Financial Statements, Servcorp Limited (the Company) and its subsidiaries together are referred to as (the Consolidated Entity) is a for-profit entity.

Compliance with Australian Accounting Standards ensures that the Consolidated Financial Statements and notes of the Consolidated Entity comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report has been prepared in accordance with and complies with IFRS as issued by the IASB.

The Consolidated Financial Statements were authorised for issue by the Directors on 25 August 2022.

Prior year comparatives have been restated relating to correction of the right of use assets and lease liabilities, and reclassification of software assets from property, plant and equipment to intangible assets. Changes in accounting policy relating to cloud computing arrangements have also been restated. Refer to note 25 for details of the restatement. The remaining comparatives are consistent with prior year disclosure.

### Basis of preparation

The Financial Report has been prepared on the basis of historical cost, except for financial instruments that are measured at their fair value as explained in note 1j. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The Consolidated Financial Statements comprise the Financial Statements of the Company and all its subsidiaries.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and, in accordance with that Instrument, amounts in the Financial Report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### Going concern

These Consolidated Financial Statements are prepared on the going concern basis. Occupancy levels through the year have been growing steadily. Growth in Virtual Offices and Coworking has also helped maintain a strong cash positive operating environment.

The Consolidated Entity has prepared an assessment of its ability to continue as a going concern, taking into account information available up to the date of signing the Financial Report. The Directors have also considered that the Consolidated Entity is in a net current asset deficiency position of \$15.5 million at reporting date.

Notwithstanding global economic challenges, the Directors remain confident that the Consolidated Entity will be able to continue as a going concern. This assumes the Consolidated Entity will be able to continue trading, realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of the Consolidated Financial Statements. In reaching this position, the following factors have been considered:

- the Consolidated Entity has a cash balance totaling \$100.8 million;
- the Consolidated Entity produced positive operating cash flows of \$145.6 million (2021: \$139.7 million);
- the Consolidated Entity is in a net current liabilities position due to the capitalisation of lease commitments. The corresponding right of use asset is classified as a non-current asset. Net current liabilities are impacted by the current position of lease liabilities of \$89.4 million which is forecast to be funded out of operating cash flows;
- the Consolidated Entity has no external debt; and
- the Consolidated Entity has net assets of \$198.3 million as at reporting date.

### Going concern (continued)

On the basis of these factors, the Directors believe that the going concern basis of preparation is appropriate and that the Consolidated Entity will be able to pay its debts as and when they fall due.

### Adoption of new and revised accounting standards

In the current year, the Consolidated Entity has adopted other amended standards and interpretations. Apart from change in cloud computing arrangement, the adoption of the standards and interpretations had no significant impact on the current year or any prior year and are not likely to have a significant impact in future years.

Standard name	Effective date for entity
Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Configuration or Customisation Costs in a Cloud Computing Arrangement	1 January 2022

### New accounting standards and interpretations not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting years. The Consolidated Entity has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Consolidated Entity where the standard is relevant:

Standard name	Effective date for entity
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Amendments to Australian Accounting Standards—Deferred Tax related to Assets and Liabilities arising from a Single Transaction (IAS 12)	1 January 2023

There are no standards or interpretations that are not yet effective that would be expected to have a material impact on the Consolidated Entity.

The Consolidated Entity has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### Critical accounting estimates and judgements

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## Critical accounting estimates and judgements (continued)

The following are the critical judgements that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

### Impairment

In assessing impairment, management estimates the recoverable amount of each asset or Cash Generating Unit (CGU) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

As a consequence of the global economic environment, significant judgement has been exercised in determining key assumptions for impairment testing and their sensitivity to change.

If the recoverable amount of an asset is less than its carrying value, an impairment charge is recognised in the profit or loss, and the carrying value of the asset is written-down to its recoverable amount. Should the recoverable amount increase in future years the carrying value may be adjusted to the lower of the recoverable value or the amortised cost of the asset had it not been impaired. The specific impairment test applied are detailed in the accompanying notes 13 and 14.

### Expected credit loss provision

To assess for any expected credit losses under AASB 9, there is consideration around the probability of default upon initial recognition of the asset, and subsequent consideration as to whether there have been any significant increases in credit risk on an ongoing basis at each reporting period. To assess whether there is a significant increase in credit risk the Consolidated Entity compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

AASB 9 requires the Consolidated Entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Consolidated Entity is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. AASB 9 also allows a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

### Executive share option scheme

To calculate the expense for equity settled share based payments, the fair value of the equity instruments at grant date has to be estimated. The fair value is determined using the Black Scholes option pricing model. Key judgements and assumptions include exercise price, vesting and performance criteria, share price at grant date, volatility, distribution yield and risk-free interest rate. These judgements and assumptions relating to fair value measurement may impact the expense taken to profit or loss and reserves. Refer to note 21 and the Remuneration Report.

## a Basis for consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power, rights to variable returns and the ability to use its power to affect the amount of the returns. Consistent accounting policies are employed in the preparation and presentation of the Consolidated Financial Statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess in the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the difference is credited to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period of acquisition.

## a Basis for consolidation (continued)

The Consolidated Financial Statements include the information and results of each subsidiary from the date on which the Company obtains control, and until such time as the Company ceases to control an entity. In preparing the Consolidated Financial Statements, all intercompany balances and transactions, and unrealised profits arising are eliminated in full.

## b Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in these Consolidated Financial Statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Consolidated Entity's share of profit or loss and other comprehensive income of the joint venture.

An investment in a joint venture is accounted for using the equity method of accounting from the date on which the investees became a joint venture.

The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Consolidated Entity's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment substantially increases.

## c Goodwill

Goodwill arising on acquisition is recognised as an asset and initially recognised at cost, representing the excess of the cost of acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised, but is tested for impairment at each reporting date and whenever there is an indication that goodwill may be impaired. Any impairment of goodwill is recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Consolidated Entity's CGU, or groups of CGUs, expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment of the Consolidated Entity. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. Please refer to note 14 for further details.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs) and then to the other assets of the CGUs pro-rata on the basis of the carrying amount of each asset in the CGU (or group of CGUs). On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

## d Impairment of non-financial assets

The carrying value of tangible assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when there is indications that the carrying value may be impaired. Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the CGU to which the asset belongs.

Intangible assets with undefined useful lives and intangible assets not yet available for use are tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## d Impairment of non-financial assets (continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value by using a post-tax discount rate that reflects the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of the impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income immediately.

## e Revenue recognition

### *Rental and service revenue*

Rental revenue from leases with customers in the capacity as lessor, is accounted for in accordance with AASB 16 on a straight line basis according to contractual terms. The Consolidated Entity adopted AASB 16 for the first time on 1 July 2019.

Services revenue, communications revenue and franchise fees are accounted for according to AASB 15 *Revenue from Contracts with Customers* (AASB 15).

Service revenue comprises revenue earned from telephone, communications, service and franchise fees net of the amount of goods and services tax from the provision of services to entities outside the Consolidated Entity. Services revenue are typically invoiced in advance and are recognised in the period in which the services are provided. The services provided under contract are provided over time as the customer simultaneously receives and consumes the benefit of the service. The contract liability associated with consideration received in advanced has been presented as deferred contract liabilities in the trade and other payables balance on the Consolidated Statement of Financial Position.

## f Other income/expense

### *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

### *Disposal of assets*

The profit and loss on disposal of assets is brought to account when the significant risks and rewards of ownership are passed to a party external to the Consolidated Entity.

### *Government grants*

Government grants are not recognised until there is reasonable assurance that the Consolidated Entity will comply with the conditions attaching to them and that the grants will be received. Grants are accounted for on a gross basis in revenue and expenses by the Consolidated Entity.

## g Foreign currency transactions and balances

### *Transactions*

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

Foreign currency monetary items at reporting date are translated at the exchange rates existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognised in profit and loss in the year in which they arise except exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation. Such exchange differences are recognised in the foreign currency translation reserve and in the profit and loss on disposal of the net investment.

When a foreign operation is re consolidated or borrowings that form part of the net investment are repaid, the cumulative exchange differences are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

### *Translation of controlled foreign entities*

The individual financial statements of each controlled foreign entity are presented in its functional currency, being the currency of the primary economic environment in which the entity operates. For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the Consolidated Financial Statements.

The assets and liabilities of overseas operations are translated at the rates of exchange ruling at the reporting date.

Income and expense items are translated at the average exchange rate for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

The balance of the foreign currency translation reserve relating to an overseas operation that is disposed of is recognised in the profit and loss in the period of disposal.

## h Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, and amortisation of ancillary costs using the effective interest rate method in connection with the arrangement of borrowings. Borrowing costs are expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income as incurred.

## i Income tax

### *Current income tax*

Current income tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or loss for the year. Income tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current income tax for current and prior year is recognised as a liability or asset to the extent that it is unpaid or refundable.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## i Income tax (continued)

### *Deferred tax assets and liabilities*

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Consolidated Financial Statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arises from the initial recognition of assets and liabilities, other than as a result of a business combination, which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches and associates except where the Consolidated Entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets and liabilities giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

### *Current and deferred tax for the year*

Current and deferred tax is recognised as an expense or income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised in equity.

### *Tax losses and uncertain tax matters*

Deferred tax assets for the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised. This is assessed at each reporting date. Further information is set out in note 10.

The Consolidated Entity operates across many tax jurisdictions. Application of tax law can be complex and requires judgement to assess risk and estimate outcomes. Judgements are required about the application of income tax legislation and its interaction with income tax accounting principles. There are no material uncertain tax positions that we are aware of as at the date of this report.

## i Income tax (continued)

### *Tax consolidation*

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Servcorp Limited is the head entity in the tax consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the separate taxpayer within group approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company. Under this method, each entity is subject to tax as part of the tax consolidated group.

Due to the existence of a tax funding arrangement between entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company, and each member of the tax consolidated group in relation to the tax contribution amounts paid or payable between the parent entity, and the other members of the tax consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

### *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

## j Financial instruments

Financial instruments are recognised initially on the date that the Consolidated Entity becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

### **Financial assets**

All recognised financial assets that are within the scope of AASB 9 are required to be initially recognised at fair value and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 26.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## j Financial instruments (continued)

### Financial assets (continued)

Other financial assets are classified into the following specified categories:

#### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Loans and receivables' and carried at amortised cost as the assets are held to collect contractual cash flows. The Consolidated Entity recognises a loss allowance for expected credit losses on trade receivables, loans and other receivables that are measured at amortised cost and, where applicable, contract assets. Changes in those expected credit losses at each reporting date reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Trade debtors to be settled within 30 days are carried at amounts due. AASB 9 impairment requirements use forward-looking information when determining expected credit losses. The expected credit loss model requires the Consolidated Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

#### Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that will exactly discount estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

### Financial liabilities

The Consolidated Entity measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Consolidated Entity comprise trade payables, bank and other loans and lease liabilities.

Liabilities are recognised for amounts payable in the future for goods or services received, whether or not billed to the Consolidated Entity. Trade accounts payable are normally settled within 60 days.

### Derivative financial instruments

The Consolidated Entity enters into derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates. Further details of derivative financial instruments are disclosed in note 24 to the Consolidated Financial Report.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised immediately in the profit or loss.

## k Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the Consolidated Statement of Cash Flows and are presented within current liabilities on the Consolidated Statement of Financial Position.

## l Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## m Share based payments

The Board may grant options to eligible executives in accordance with the Servcorp Executive Share Option Scheme. These equity settled share based payments are non-market based and have earnings per share performance hurdles for the vesting of options.

Equity settled share based payments with employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest.

At each reporting date, the Company revises its estimate of the number of equity instruments that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the equity settled employee benefits reserve.

## n Property, plant and equipment

### Recognition and measurement

Property, plant and equipment is stated at historical cost, less any accumulated depreciation and any accumulated impairment losses.

### Subsequent expenditure

Subsequent costs are capitalised when it is probable that the future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their useful lives. Rent incurred in bringing floors to a state of operational readiness is capitalised to leasehold improvements and depreciated over the useful life of the asset.

Costs incurred on property, plant and equipment, which do not meet the criteria for capitalisation, are expensed as incurred.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## n Property, plant and equipment (continued)

### Depreciation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated using the straight line method over their estimated useful lives. Leasehold improvements are depreciated over the useful life of the asset using the straight line method.

Leasehold improvements are depreciated over the period the assets will be utilised by the Consolidated Entity and is calculated based on each lease term contract and renewal options.

The estimated useful lives used for each class of asset are as follows:

Fixed asset class	Depreciation rate
Buildings	40 years
Leasehold improvements	Useful life of the asset
Office furniture and fittings	7.7 years
Office equipment	3 - 4 years
Software	3.7 years
Motor Vehicles	6.7 years

The estimated useful lives, residual value and depreciation methods are reviewed annually and, where changed, are accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

Assets are depreciated from the date of acquisition or from the time an asset is completed and ready for use.

The estimation of the useful lives and residual values of leasehold improvement assets has been based on historical experience and lease terms (for leasehold improvements). In addition, the condition of the assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives and residual values are made when considered necessary.

### Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recorded in profit and loss in the year the asset is derecognised.

## o Intangible assets

Intangible assets relate to internally developed software and is initially recognised at cost.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the the Consolidated Entity intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent to initial recognition the intangible assets is carried at cost less accumulated amortisation and impairment losses.

## o Intangible assets (continued)

Amortisation is calculated to write off the cost of the intangible assets over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Asset class	Amortisation rate
Internally developed software	4 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Consolidated Entity with the right to access the cloud provider's application software over the contract period. As such the Consolidated Entity does not receive a software intangible asset at the contract commencement date.

For SaaS arrangements, the Consolidated Entity assesses if the contract involves a software that it can 'control' to determine whether an intangible asset is present. If the Consolidated Entity cannot determine control of the software, the arrangement is deemed a service contract and any implementation costs including cost of configuration and customisation of the software are recognised as operating expenses when incurred.

## p Leases

### The Consolidated Entity as lessee

The Consolidated Entity assesses whether a contract is or contains a lease, at inception of the contract. For lease arrangements in which the Consolidated Entity is a lessee, a right of use asset and a corresponding liability is recognised at the date at which the leased asset is available for use by the Consolidated Entity.

When the contract does not exceed 12 months the lease is classified as short term in nature and not recognised in terms of IFRS 16. Lease payments are expensed in profit and loss.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Consolidated Entity's estimate of the amount expected to be payable under a residual value guarantee, or if the Consolidated Entity changes its assessment of whether it will exercise a purchase, extension or termination option.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivables;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercised price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the term reflects the lessee exercising that option.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## p Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Consolidated Entity recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use), measured at cost.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities.

Whenever the Consolidated Entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137). To the extent that the costs relate to a right of use asset, the costs are included in the related right of use asset.

Right of use assets are depreciated over the lease term of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Consolidated Entity expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right of use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives and any initial direct costs incurred by the lessee; and
- an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset.

Subsequently the right of use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

Right of use assets are subject to impairment in accordance with AASB 136 *Impairment of Assets* (AASB 136). Any identified impairment loss is accounted for in line with our accounting policy for 'Property, plant and equipment'.

### COVID-19 Related rent concessions

#### The Consolidated Entity as lessee

The Consolidated Entity is currently party to a lease portfolio of 120 leases as lessee. As a result of the COVID-19 pandemic, the Consolidated Entity negotiated a range of concessions and modifications to lease terms with the lessors. The resultant outcome of concessions and varied lease terms fall in two categories:

- reduced rentals for a period of time ranging from 1 to 12 months and no amendments to any other contractual terms of the lease (Rent Reductions); and
- reduced rentals for a period of time ranging from 1 to 36 months, but with several other changes to terms negotiated resulting in substantive modifications to the original lease agreement (Modifications).

## p Leases (continued)

The practical expedient utilised by the Consolidated Entity only applies to rent concessions as a consequence of COVID-19 that meet all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022;
- there is no substantive change to other terms and conditions.

The Consolidated Entity applied the practical expedient to the lease agreements where Rent Reductions were negotiated and accounted for the forgiveness or waiver of lease payments as a variable lease payment. The Consolidated Entity has therefore derecognised that part of the lease liability that has been extinguished by the forgiveness of lease payments with a corresponding credit in profit or loss, presented in occupancy expense, the timing of which will depend on the facts and circumstances.

The COVID-19 pandemic has resulted in amendments to accounting standards to provide lessees with a practical expedient not to assess whether COVID-19 related rent concessions are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

In May 2020, amendments to AASB 16 were issued "COVID-19 Related Rent Concessions" (the 2020 amendments). The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance.

The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated. As a result, lessors and lessees are negotiating rent concessions that extend beyond 30 June 2021. The practical expedient has been extended by 12 months and permits lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Multiple lease term amendments (referred to Modifications as described above) have been accounted for as a lease modification to the existing lease by remeasuring the lease liability using a revised discount rate with the corresponding change in lease liability reflected against the right of use asset.

#### The Consolidated Entity as lessor

The Consolidated Entity's principal activities are the provision of Executive Serviced and Virtual Offices, Coworking and IT, Communications and Secretarial Services. The Consolidated Entity classifies and accounts for these leases as operating sublease agreements under AASB 16, when entering into sub-lease arrangements for properties.

Due to the short-term nature of lease agreements where the Consolidated Entity is the lessor, no modifications to contractual lease terms were negotiated with tenants as a result of the impact of COVID-19.

#### Make good provisions

At each reporting date, management reviews the portfolio of make good obligations based on the estimated cost and the likelihood of incurring these costs. The provision for lease make good represents the present value of the estimated costs to make good the premises leased by the Consolidated Entity at the end of the respective lease terms.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## q Employee benefits

### Wages, salaries and annual leave

The provision for employee benefits in respect of wages, salaries and annual leave represents the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the reporting date. Provisions made in respect of employee benefits expected to be settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

### Long service leave

The provision for employee benefits in respect of long service leave represents the present value of the estimated future cash outflows to be made by the Consolidated Entity resulting from employees' services provided up to the reporting date.

Provisions for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at the reporting date which most closely match the terms of maturity of the related liabilities.

In determining the provision for employee benefits, consideration has been given to future increases in wage and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have also been included in the liability.

### Contributions to Australian superannuation funds

The Company and other Australian controlled entities contribute to defined contribution superannuation plans. Contributions are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income as they are incurred.

## r Earnings per share

### Basic earnings per share

Basic EPS is calculated by dividing the net profit attributable to members of the Consolidated Entity for the year by the weighted average number of ordinary shares of the Company.

### Diluted earnings per share

Diluted EPS is calculated by adjusting the basic EPS earnings by the effect of conversion to ordinary shares of the associated dilutive potential ordinary shares. The notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted are not included.

The diluted EPS weighted average number of shares includes the number of shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing ordinary operations and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary shares. There is no impact on diluted EPS resulting from shares under option.

## s Debt and equity instruments

### Details of reserves included in Consolidated Statement of Changes in Equity

The share buy back reserve records fair value changes at each reporting date on instruments classified at fair value through other comprehensive income.

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

## 2 Operating segments

The Consolidated Entity identifies its operating segments based on the internal reporting provided to the Group-level executives, who are the Consolidated Entity's chief operating decision makers.

The information reported to the Group-level executives is based on the geographic regions in which business units largely share a high level of similarity in regulatory and business environment, and other economic characteristics. The segment manager has regular contact with the chief operating decision makers to discuss operating activities, financial results, forecasts, or plans for the segment. The chief operating decision makers are responsible for performance monitoring and resource allocation amongst operating segments.

In line with the requirements under AASB 8 *Operating Segments* (AASB 8), four reportable segments are identified: Australia, New Zealand and South East Asia (ANZ/SEA); United States of America (USA); Europe and Middle East (EME); North Asia. Information about other business activities and operating segments that are not reportable under the four reportable segments identified under AASB 8 is aggregated and disclosed as Other.

The Consolidated Entity's reportable operating segments under AASB 8 are presented below. The accounting policies of the reportable operating segments are the same as the Consolidated Entity's accounting policies. Intersegment sales were eliminated in full.

For the year ended 30 June 2022, the Consolidated Entity's Virtual Office revenue and Serviced Office revenue were \$82.0 million and \$189.7 million respectively (2021: \$80.1 million and \$189.6 million, respectively).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 2 Operating segments (continued)

	Lease revenue 2022 \$ '000	Service & other revenue 2022 \$ '000	Total revenue 2022 \$ '000	Lease revenue 2021 \$ '000	Service & other revenue 2021 \$ '000	Total revenue 2021 \$ '000	Segment profit/(loss) 2022 \$ '000	Segment profit/(loss) 2021 \$ '000
<b>Continuing operations</b>								
Australia, New Zealand & South East Asia	48,705	11,929	60,634	50,834	14,344	65,178	6,252	(316)
North Asia	86,438	25,070	111,508	90,861	28,275	119,136	16,347	22,188
Europe & Middle East	49,834	24,666	74,500	48,728	21,412	70,140	8,122	4,545
United States of America	14,210	2,280	16,490	11,047	2,334	13,381	262	(4,541)
Other	1,289	618	1,907	796	527	1,323	2,344	(1,910)
<b>Total continuing operations</b>	<b>200,476</b>	<b>64,563</b>	<b>265,039</b>	<b>202,266</b>	<b>66,892</b>	<b>269,158</b>	<b>33,327</b>	<b>19,966</b>
<b>Closed floors (i)</b>								
Australia, New Zealand & South East Asia	1,625	402	2,027	3	15	18	(766)	74
North Asia	583	149	732	(6)	1	(5)	(179)	(14)
Europe & Middle East	2,590	1,124	3,714	83	53	136	151	(266)
United States of America	-	-	-	180	55	235	(6)	2,300
Franchise fee income	4,798	1,675	6,473	260	124	384	(800)	2,094
	-	134	134	-	117	117	134	117
<b>Consolidated total</b>	<b>205,274</b>	<b>66,372</b>	<b>271,646</b>	<b>202,526</b>	<b>67,133</b>	<b>269,659</b>	<b>32,661</b>	<b>22,177</b>

## 2 Operating segments (continued)

	Lease revenue 2022 \$ '000	Service & other revenue 2022 \$ '000	Total revenue 2022 \$ '000	Lease revenue 2021 \$ '000	Service & other revenue 2021 \$ '000	Total revenue 2021 \$ '000	Segment profit/(loss) 2022 \$ '000	Segment profit/(loss) 2021 \$ '000
Interest revenue	-	1,126	1,126	-	696	696	1,126	696
Foreign exchange gains	-	-	-	-	-	-	3,408	4,537
Centralised unrecovered head office overheads	-	-	-	-	-	-	(2,831)	(3,338)
Share of profit of joint venture	-	-	-	-	-	-	334	281
Gain/(loss) on asset disposal	-	-	-	-	-	-	(1,863)	437
COVID-19 payments received from governments (iii)	-	1,916	1,916	-	4,298	4,298	1,916	4,298
Impairment of right of use assets (ii)	-	-	-	-	-	-	-	(3,648)
Impairment reversal of leasehold improvements (ii)	-	-	-	-	-	-	-	2,150
Lease restatement (iv)	-	-	-	-	-	-	-	(192)
Cloud computing restatement (iv)	-	-	-	-	-	-	-	2,234
Unallocated	-	885	885	-	1,002	1,002	(374)	957
<b>Profit before tax</b>							<b>34,377</b>	<b>30,589</b>
Income tax expense							<b>(6,356)</b>	<b>(7,097)</b>
<b>Consolidated segment revenue and profit</b>	<b>205,274</b>	<b>70,299</b>	<b>275,573</b>	<b>202,526</b>	<b>73,129</b>	<b>275,655</b>	<b>28,021</b>	<b>23,492</b>

Notes:

- Closed floors represent floors no longer operational, either through deconsolidation or termination.
- Refer to note 13 for details on the net impairment of the right of use assets and leasehold improvements.
- The comparative 30 June 2021 COVID-19 payments received from governments has been reclassified from Australia, New Zealand and South East Asia continuing operations.
- Segment profit and loss has been restated for the year ended 30 June 2021. Refer to note 25 for more details.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 2 Operating segments (continued)

	30 June 2022			30 June 2021 Restated*		
	Segment assets \$ '000	Segment liabilities \$ '000	Net assets \$ '000	Segment assets \$ '000	Segment liabilities \$ '000	Net assets \$ '000
Australia, New Zealand & South East Asia	246,927	(110,444)	136,483	223,691	(72,387)	151,304
North Asia	179,885	(126,730)	53,155	234,049	(186,285)	47,764
Europe & Middle East	169,454	(50,851)	118,603	172,824	(75,430)	97,394
United States of America	(12,843)	(96,362)	(109,205)	(10,277)	(90,823)	(101,100)
Other	(751)	(31)	(782)	(730)	(18)	(748)
	<b>582,672</b>	<b>(384,418)</b>	<b>198,254</b>	<b>619,557</b>	<b>(424,943)</b>	<b>194,614</b>

\*Balances for the year ended 30 June 2021 have been restated. Refer to note 25 for more details.

## 3 Revenue and other income

The Consolidated Entity has four main revenue streams: lease, communications, service and franchise fee income.

	2022 \$ '000	2021 \$ '000
<b>Revenue</b>		
Lease revenue	205,274	202,526
Service revenue	37,651	36,589
Communication revenue	28,587	30,427
Franchise fee income	134	117
<b>Total revenue</b>	<b>271,646</b>	<b>269,659</b>
<b>Other income</b>		
Interest income - bank deposits	1,126	696
Australian COVID-19 government grants	-	2,514
Foreign COVID-19 government grants	1,916	1,784
Other income	885	1,002
<b>Total other income</b>	<b>3,927</b>	<b>5,996</b>
<b>Total revenue and other income</b>	<b>275,573</b>	<b>275,655</b>

## 4 Expenses

Expenses and outgoings include rates and taxes and are recognised on an accruals basis.

Profit before income tax was arrived at after charging/(crediting) the following from/(to) continuing operations:

	2022 \$ '000	Restated* 2021 \$ '000
Amortisation of right of use assets	100,020	100,107
Depreciation of property, plant and equipment	19,660	22,417
Amortisation of intangible assets	480	231
Loss/(gain) on disposal of property, plant & equipment	1,466	(391)
Loss/(gain) on disposal of financial assets	397	(46)
(Increase)/decrease in fair value of financial assets classified as fair value through the profit & loss	(450)	1,024
Net movement in provision for bad debt	(1,949)	2,150
Impairment of right of use assets	-	3,648
Impairment reversal of leasehold improvements	-	(2,150)

Refer to note 11 and 13 for further details of impairment.

## 5 Income tax expense

The major components of tax expense/(income) comprise:

	2022 \$ '000	Restated* 2021 \$ '000
Current tax expense		
Local income tax - current year	6,229	9,404
(Over)/under provision in prior years – current tax	(1,098)	205
Deferred tax expense		
Origination and reversal of temporary differences	1,774	(3,093)
(Over)/under provision in prior years – deferred tax	(549)	581
<b>Income tax expense</b>	<b>6,356</b>	<b>7,097</b>

\*The amortisation of right of use assets and depreciation of property, plant and equipment and related tax balance have been restated. Refer to note 25 for more details.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 5 Income tax expense (continued)

All of the Consolidated Entity's tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or loss for the year.

Reconciliation of income tax to accounting profit:

	Restated*	
	2022	2021
	\$ '000	\$ '000
Profit before income tax	34,377	30,589
Tax percentage	30.00 %	30.00 %
Income tax expense	10,313	9,177
<i>Add/(less) the tax effect of:</i>		
Income tax (over)/under provision in prior years	(1,648)	115
Unused tax losses and tax offsets not recognised as deferred tax assets	503	2,873
Deductible local taxes	(285)	(649)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,410)	(684)
Other non-deductible/(non-assessable) items	(1,090)	(3,735)
Unrecognised tax losses of controlled entities recouped	(27)	-
<b>Income tax expense</b>	<b>6,356</b>	<b>7,097</b>

\* Profit for the year has been restated for the year ended 30 June 2021. Refer to note 25 for more details.

## 6 Earnings per share

(a) Earnings used to calculate overall Earning Per Share ("EPS")

	Restated*	
	2022	2021
	\$ '000	\$ '000
Profit attributable to shareholders used to calculate basic and diluted EPS	28,021	23,492

(b) Weighted Average Number of Ordinary Shares ("WANOS") outstanding during the year used in calculating EPS

	2022	2021
	'000	'000
WANOS used in calculating basic and diluted EPS	96,818	96,818

(c) Earnings per share

	Restated*	
	2022	2021
	Cents	Cents
Basic EPS	28.9	24.3
Diluted EPS	28.9	24.3

\* Profit for the year has been restated for the year ended 30 June 2021. Refer to note 25 for more details.

## 7 Cash and cash equivalents

	2022	2021
	\$ '000	\$ '000
Cash at bank and in hand	54,440	69,145
Bank short term deposits	46,326	24,638
	<b>100,766</b>	<b>93,783</b>

Bank short term deposits mature within an average of 106 days (2021: 77 days) and are considered cash and cash equivalents on the basis of being short term and subject to an insignificant risk of change in value. These deposits and the interest-earning portion of the cash balance earn interest at a weighted average rate of 1.42% (2021: 0.53%).

## 8 Trade and other receivables

	2022	2021
	\$ '000	\$ '000
Trade receivables	21,386	27,507
Less: impairment of trade receivables	(1,838)	(5,035)
<b>Net trade receivables</b>	<b>19,548</b>	<b>22,472</b>
Other receivables	410	1,560
	<b>19,958</b>	<b>24,032</b>

All of the Consolidated Entity's trade receivables relate to customers purchasing workplace solutions and associated services and no individual customer has a material balance owing as a trade receivable. The Consolidated Entity applies the simplified approach to trade receivables and recognises expected credit losses by establishing a provision matrix for forward-looking factors specific to the debtors and the economic environment. The average credit period allowed on rendering of services is 7 days. The Consolidated Entity has applied the expected credit loss model to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the assets. Receivables are assessed for impairment at each reporting date and as at 30 June 2022 the Directors believe the provisions raised are sufficient.

The Consolidated Entity's impairment of trade receivables includes an ECL allowance for the financial year ended 30 June 2022 totaling \$1.8 million (2021: \$5.0 million).

### Reconciliation of changes in the provision for expected credit loss:

	2022	2021
	\$ '000	\$ '000
Balance at beginning of the year	(5,035)	(1,499)
Amounts written off	1,248	2,145
Net measurement of loss allowances	-	(5,681)
Unused amounts reversed	1,949	-
<b>Balance at end of the year</b>	<b>(1,838)</b>	<b>(5,035)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 8 Trade and other receivables (continued)

### Trade receivables - days past due

30 June 2022	Current \$ '000	< 30 days overdue \$ '000	31 - 60 days overdue \$ '000	> 61 days overdue \$ '000	Total \$ '000
Trade receivables	10,116	7,573	1,618	2,079	21,386
Expected credit loss rate	3 %	3 %	15 %	48 %	
<b>30 June 2021</b>					
Trade receivables	11,356	10,048	1,483	4,620	27,507
Expected credit loss rate	9 %	9 %	24 %	59 %	

The Consolidated Entity calculated expected credit losses based on the anticipated impact of default events arising either in the 12 months after reporting date, or the entire lifetime of the asset. Receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any loss allowance. All receivables with maturities greater than 12 months after balance date are classified as non-current. The decrease in provisions during the year ended 30 June 2022 represents Management's judgement based on information available at the time on the impact of economic conditions and the recoverability of debtors. The decrease of \$1.9 million (2021: increase \$2.1 million) was recognised through the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the year.

Considering the current economic environment and global disruptions, the Consolidated Entity reviewed the recoverability of its debtor profile and is satisfied with the expected credit-loss for the financial year ended 30 June 2022. The recoverability of outstanding balances are estimated to have improved from prior year. Historically the overall debtor profile of the Consolidated Entity has not incurred significant credit losses and continues to maintain significant customer deposits as additional security in the rare event of non-performance of customer contracts.

## 9 Other financial assets

	2022 \$ '000	2021 \$ '000
<b>Current</b>		
<b>At fair value through profit or loss</b>		
Investment in bank hybrid variable rate securities	4,408	10,759
Listed ordinary shares	3,056	-
<b>At amortised cost</b>		
Lease deposits	2,390	1,736
	<b>9,854</b>	<b>12,495</b>
<b>Non-current</b>		
<b>At fair value through profit or loss</b>		
Forward foreign currency exchange contracts	766	1,216
<b>At amortised cost</b>		
Lease deposits	38,696	40,027
Other	1,009	1,017
	<b>40,471</b>	<b>42,260</b>

Australia has \$0.7 million in securities which is encumbered (2021: \$7.6 million).

## 9 Other financial assets (continued)

No expected credit loss has been provided on lease deposits as, based on past experience, these are expected to be recovered in full.

## 10 Tax assets and liabilities

### Current tax asset

	2022 \$ '000	2021 \$ '000
Net tax refunds receivable	11,102	2,985

### Deferred tax assets

	Balance at 1 July \$ '000	Recognised in profit or loss \$ '000	Balance at 30 June \$ '000	Deferred tax asset \$ '000	Deferred tax liability \$ '000
<b>30 June 2022</b>					
Accruals not currently deductible	5,612	1,334	6,946	7,904	(958)
Doubtful debts	1,395	(7)	1,388	1,388	-
Depreciable and amortisable assets	12,879	35	12,914	12,993	(79)
Tax losses	5,481	436	5,917	5,917	-
Foreign exchange	(239)	(508)	(747)	(193)	(554)
Deferred rent incentive	(1)	(2)	(3)	(2)	(1)
Lease asset and liability	14,532	(1,847)	12,685	77,852	(65,167)
Others	969	(295)	674	972	(298)
<b>Tax assets/(liabilities) before set-off</b>	<b>40,628</b>	<b>(854)</b>	<b>39,774</b>	<b>106,831</b>	<b>(67,057)</b>
Set-off of tax	-	-	-	(67,057)	67,057
<b>Net tax assets/(liabilities)</b>	<b>40,628</b>	<b>(854)</b>	<b>39,774</b>	<b>39,774</b>	<b>-</b>

	Balance at 1 July \$ '000	Recognised in profit or loss \$ '000	Balance at 30 June \$ '000	Deferred tax asset \$ '000	Deferred tax liability \$ '000
<b>Restated*</b>					
<b>30 June 2021</b>					
Accruals not currently deductible	6,581	(969)	5,612	7,521	(1,909)
Doubtful debts	229	1,166	1,395	1,395	-
Depreciable and amortisable assets	13,811	(932)	12,879	11,530	1,349
Tax losses	3,303	2,178	5,481	5,481	-
Foreign exchange	(260)	21	(239)	(64)	(175)
Deferred rent incentive	(8)	7	(1)	(1)	-
Lease asset and liability	15,825	(1,293)	14,532	85,355	(70,823)
Others	814	155	969	1,220	(251)
<b>Tax assets/(liabilities) before set-off</b>	<b>40,295</b>	<b>333</b>	<b>40,628</b>	<b>112,437</b>	<b>(71,809)</b>
Set-off of tax	-	-	-	(71,809)	71,809
<b>Net tax assets/(liabilities)*</b>	<b>40,295</b>	<b>333</b>	<b>40,628</b>	<b>40,628</b>	<b>-</b>

\* Deferred tax assets for the year ended 30 June 2021 have been restated. Refer to note 25 for more details.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 10 Tax assets and liabilities (continued)

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

	2022	2021
	\$ '000	\$ '000
Temporary difference	16	16
Tax losses - capital	2,086	2,086
Tax losses - revenue	23,416	22,390
	<u>25,518</u>	<u>24,492</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits therein.

## 11 Property, plant and equipment

	Freehold land and buildings	Leasehold improvements	Office furniture and fittings	Office equipment	Capital works in progress	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Year ended 30 June 2022</b>						
Balance at the beginning of year	7,188	67,005	11,214	2,402	2,201	90,010
Additions and transfers	-	9,947	1,688	3,048	(1,608)	13,075
Disposals	-	(1,368)	(11)	(225)	-	(1,604)
Depreciation expense	(118)	(14,214)	(2,980)	(2,348)	-	(19,660)
Foreign exchange movements	(470)	(431)	(381)	(57)	-	(1,339)
<b>Net book value</b>	<u>6,600</u>	<u>60,939</u>	<u>9,530</u>	<u>2,820</u>	<u>593</u>	<u>80,482</u>
Cost	7,501	206,250	38,239	48,804	593	301,387
Accumulated depreciation	(901)	(145,311)	(28,709)	(45,984)	-	(220,905)
<b>Balance at the end of the year</b>	<u>6,600</u>	<u>60,939</u>	<u>9,530</u>	<u>2,820</u>	<u>593</u>	<u>80,482</u>
<b>Year ended 30 June 2021</b>						
Balance at the beginning of year	8,157	81,090	15,408	15,274	1,386	121,315
Restatement (refer note 25)	-	-	-	(8,955)	-	(8,955)
<b>Balance at the beginning of year restated*</b>	<u>8,157</u>	<u>81,090</u>	<u>15,408</u>	<u>6,319</u>	<u>1,386</u>	<u>112,360</u>
Additions and transfers	-	4,225	213	451	815	5,704
Disposals	-	(33)	(45)	(49)	-	(127)
Depreciation expense	(135)	(15,609)	(3,105)	(3,568)	-	(22,417)
Impairment reversal	-	2,150	-	-	-	2,150
Foreign exchange movements	(834)	(4,818)	(1,257)	(751)	-	(7,660)
<b>Net book value</b>	<u>7,188</u>	<u>67,005</u>	<u>11,214</u>	<u>2,402</u>	<u>2,201</u>	<u>90,010</u>
Cost	8,027	206,169	38,107	46,980	2,201	301,484
Accumulated depreciation	(839)	(139,164)	(26,893)	(44,578)	-	(211,474)
<b>Balance at the end of the year</b>	<u>7,188</u>	<u>67,005</u>	<u>11,214</u>	<u>2,402</u>	<u>2,201</u>	<u>90,010</u>

## 11 Property, plant and equipment (continued)

Leasehold improvements are assessed for indicators of impairment under AASB 136. Refer to note 13 for further details of impairment testing.

\*Software has been retrospectively reclassified from office equipment and software to intangible assets note 12. The opening balances and movements have been restated for the year ended 30 June 2021. Refer to note 25 for more details.

## 12 Intangible asset

Intangible assets relate to assets other than goodwill. For detailed disclosure of goodwill refer to note 14.

	2022	Restated*
	\$ '000	\$ '000
Opening balance	787	-
Restatement (refer note 25)*	-	1,018
<b>Opening balance - restated*</b>	<u>787</u>	<u>1,018</u>
Additions	1,768	-
Amortisation	(480)	(231)
	<u>2,075</u>	<u>787</u>

\*Software previously disclosed as part of property, plant and equipment has been reclassified as intangible assets. The opening balances and movements have been restated for the year ended 30 June 2021. Refer to note 25 for more details.

## 13 Right of use assets

The Consolidated Entity leases property. Information about leased property for which the Consolidated Entity is a lessee is presented below:

	2022	Restated*
	\$ '000	\$ '000
Balance at beginning of year	293,993	355,047
Restatement (refer note 25)	-	(1,507)
<b>Opening balance restated</b>	<u>293,993</u>	<u>353,540</u>
Additions to right of use assets	71,099	76,032
Terminations	-	(11,740)
Amortisation charge for the year	(100,020)	(100,107)
Impairment of right of use assets	-	(3,648)
Foreign exchange movements	(5,074)	(20,084)
	<u>259,998</u>	<u>293,993</u>

\*Right of use asset movement and opening balances have been restated for the year ended 30 June 2021. Refer to note 25 for more details.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 13 Right of use assets (continued)

Right of use assets and leasehold improvements are assessed for indicators of impairment under AASB 136. Where impairment indicators exist, the CGU is tested for impairment. This test has respective assets grouped into CGUs to determine its "Value in Use" (ViU). The ViU assessment is conducted using a discounted cash flow methodology requiring the Directors to estimate the discounted future cash flows expected to arise from the respective CGU. When applying the ViU approach to calculate the recoverable amount for each CGU, we deduct the carrying amount of the lease liability both from the CGU's carrying amount and from its ViU.

The prolonged effects of the current global economic conditions, including extended preventative COVID-19 measures in some of the Consolidated Entity's markets, is expected to continue to impact the business in the financial year to 30 June 2023. As a result of these conditions, the Consolidated Entity carried out a comprehensive review for potential impairments across the whole portfolio at a CGUs level.

Impairment tests for right of use assets are performed on a CGU basis when impairment triggers arise. CGUs are defined as individual cities, being the smallest identifiable group of assets that generate cash flows that are largely independent of other groups of assets. The Consolidated Entity assesses whether there is an indication that a CGU may be impaired, including persistent operating losses, net cash outflows and poor performance against forecasts. The recoverable amounts of right of use assets are based on the higher of fair value less costs to sell and ViU. The Consolidated Entity considered both fair value less costs to dispose and ViU in the impairment testing on a city by city level. Value in use calculations are based on cash flow projections and discount rates that are developed using market participant based assumptions for items of right of use assets. The post-tax WACC used in the Consolidated Entity's calculations range between 7.1% and 12.0% (2021: 4.9% and 11.0%). Impairment charges are recognised within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Based on the approach discussed above, no material impairment risks were identified from the assessment or the downside stress test, therefore no impairment loss was raised for the year ended 30 June 2022. Given the continued uncertainty in global economic conditions no previously recognised impairment loss was reversed.

## 14 Goodwill

### Allocation of goodwill to cash generating units

Each of the following countries is a stand-alone CGU:

Japan, Australia, New Zealand, China, Malaysia, Singapore, Thailand, Belgium, United Arab Emirates, Bahrain, Qatar, Saudi Arabia, Philippines, Lebanon, Turkey, France, Germany, United States of America, Kuwait and United Kingdom.

Goodwill was allocated to the CGU in which goodwill arose. Not every CGU has goodwill allocated to it.

The carrying amounts of goodwill relating to each group of CGU as at 30 June 2022 were as follows:

	2022	2021
	\$ '000	\$ '000
Japan	9,161	9,161
Australia	2,636	2,636
New Zealand	785	785
Singapore	706	706
Thailand	326	326
China	161	161
	<b>13,775</b>	<b>13,775</b>

## 14 Goodwill (continued)

The Consolidated Entity tested goodwill for impairment as at 30 June 2022. The recoverable amount of a CGU or group of CGUs to which goodwill is allocated is determined based on the greater of its value in use and its fair value less costs of disposal. Fair value is determined as being the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. If relevant, this fair value assessment less costs of disposal is conducted by management based on extensive knowledge of the industry including the current market conditions prevailing. The value in use (ViU) assessment is conducted using a discounted cash flow methodology requiring the Directors to estimate the discounted future cash flows expected to arise from the CGU.

When applying the ViU approach to calculate the recoverable amount for each CGU, the Consolidated Entity incorporates the use of projected financial information and a discount rate that are developed using market participant based assumptions. The cash-flow projections are based on five-year financial forecasts developed by management that include revenue projections, capital spending trends, and investment in working capital to support anticipated revenue growth. The selected discount rate considers the risk and nature of the respective reporting unit's cash flows and the rates of return market participants would require to invest their capital in the Consolidated Entity's reporting units. The Consolidated Entity's methodology for determining recoverable amounts remained consistent for the years presented.

The following key assumptions have been used in calculating the ViU for each country:

- future cash flows are based on forecasts prepared by management. The model excludes cost savings and restructurings that are anticipated but had not been committed to at the date of the determination of the ViU;
- these forecasts exclude the impact of acquisitive growth expected to take place in future periods;
- management considers these forecasts to be a reasonable projection of margins. Cash flows beyond 30 June 2022 have been extrapolated using a nil growth rate which management believes is a reasonable long-term growth rate for any of the markets in which the Consolidated Entity operates. A nil terminal value is included in the assessment, reflecting the Consolidated Entity's expectation that it will continue to operate in these markets and the long-term nature of the businesses; and
- the Consolidated Entity applies a country specific post-tax discount rate to the post-tax cash flows for each country. The country specific discount rate is based on the underlying weighted average cost of capital (WACC) for the Consolidated Entity. The WACC is then adjusted for each country to reflect the assessed market risk specific to that country.

The recoverable amount of goodwill relating to each group of CGU was determined based on ViU calculations, which is based on a discounted cash flow ("DCF") analysis by discounting the estimated future cash flows over the next five year to their present value in order to estimate the value-in-use. Cash flows beyond the five year period have been extrapolated using estimated nil growth rates (2021: nil growth rate).

For the year ended 30 June 2022, the post-tax discount rate applied to the above countries ranged from 3.9%-12.0% (2021: 3.5%-11.0%).

Downside sensitivity analysis has been performed on the assumptions used in the model and concluded that there is no risk of impairment as at 30 June 2022. The Consolidated Entity undertook a valuation at 30 June 2022 updated for the continued global economic uncertainty and its impact on the business. The valuation updates included assumptions regarding revenue, operating expenses, capital expenditure and interest rates.

The Consolidated Entity has considered the impairment testing undertaken and disclosures made in relation to the value of the Company's goodwill and has challenged the key assumptions made by management in their valuation methodology. The Consolidated Entity considers that an appropriately cautious approach has been used by management and is satisfied that no impairment of goodwill is required.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 15 Trade and other payables

	Restated*	
	2022	2021
	\$ '000	\$ '000
Trade creditors	2,075	4,675
Deferred contract liabilities	19,352	19,228
Other creditors and accruals	13,527	12,014
	<u>34,954</u>	<u>35,917</u>

\*Trade and other payables have been restated for the year ended 30 June 2021. Refer to note 25 for more details.

## 16 Lease liabilities

The Consolidated Entity has 120 (2021:118) leasing arrangements as lessee comprising leased offices as at 30 June 2022. These leases have been accounted for in line with AASB 16.

Refer to note 13 for a detailed breakdown of the right of use asset amount. Information about lease liabilities and variable lease payments incurred during the year is presented below:

### Future minimum lease payments

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>2022</b>					
Lease liabilities	96,025	190,989	48,416	335,430	310,780
<b>2021</b>					
Lease liabilities restated*	102,791	240,400	43,017	386,208	349,471

### Lease liabilities included in the Consolidated Statement of Financial Position

	Restated*	
	2022	2021
	\$ '000	\$ '000
Current	89,423	88,031
Non-current	221,357	261,440
	<u>310,780</u>	<u>349,471</u>

\* Lease liabilities for the year ended 30 June 2021 have been restated. Refer to note 25 for more details.

## 16 Lease liabilities (continued)

### Amounts recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Restated*	
	2022	2021
	\$ '000	\$ '000
Interest expense on lease liability	10,127	12,400
Short term lease expenses	3,768	5,895
Amortisation of right of use assets	100,020	100,107
COVID-19 rent reductions	(4,595)	(3,259)
	<u>109,320</u>	<u>115,143</u>

Short term lease expenses are leases with terms of less than 12 months.

\* Lease liabilities for the year ended 30 June 2021 have been restated. Refer to note 25 for more details.

### Amounts recognised in the Consolidated Statement of Cash Flows

	2022	2021
	\$ '000	\$ '000
Repayment of lease liabilities relating to current year occupancy (financing cashflows)	(99,214)	(106,806)
Repayment of lease liabilities relating to future occupancy years (financing cashflows)	(6,557)	(8,426)
	<u>(105,771)</u>	<u>(115,232)</u>

## 17 Provisions

	2022	2021
	\$ '000	\$ '000
<b>Current</b>		
Employee benefits	7,252	7,663
Other	2,650	2,084
	<u>9,902</u>	<u>9,747</u>
<b>Non-current</b>		
Employee benefits	1,494	1,263

The current provision for employee benefits includes \$7.0 million of annual leave and vested long service leave entitlements accrued (2021: \$7.1 million).

	Employee benefits	Other	Total
	\$ '000	\$ '000	\$ '000
Opening balance at July 1, 2021	8,926	2,084	11,010
Additional provisions raised	6,354	6,926	13,280
Provisions utilised	(6,272)	(6,361)	(12,633)
Foreign exchange translation movement	(262)	1	(261)
<b>Balance at June 30, 2022</b>	<u>8,746</u>	<u>2,650</u>	<u>11,396</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 17 Provisions (continued)

	Employee benefits \$ '000	Others \$ '000	Total \$ '000
Opening balance at 1 July 2020	9,142	1,943	11,085
Additional provisions raised	19,590	185	19,775
Provisions used	(19,248)	(18)	(19,266)
Foreign exchange translation movement	(558)	(26)	(584)
<b>Balance at 30 June 2021</b>	<b>8,926</b>	<b>2,084</b>	<b>11,010</b>

## 18 Commitments for expenditure

	2022 \$ '000	2021 \$ '000
<b>Capital expenditure commitments - property, plant &amp; equipment</b>		
<b>Committed but not provided for and payable</b>		
Not later than 1 year	6,259	8,441
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<b>6,259</b>	<b>8,441</b>

## 19 Contributed equity

	2022 \$ '000	2021 \$ '000
96,817,888 (2021: 96,817,888) Ordinary shares	<b>151,594</b>	151,594

## 20 Foreign currency translation reserve (FCTR)

Servcorp has controlled entities operating in 20 countries and its presentation currency is Australian dollars. The assets and liabilities are translated to Australian dollars using the exchange rate at year end; income and expenses are translated using an average exchange rate for the year. On translation of foreign operations, exchange differences are recognised in other comprehensive income and the FCTR.

	2022 \$ '000	Restated* 2021 \$ '000
Balance 1 July	(11,639)	12,400
Exchange difference on translation of foreign operations	(6,446)	(24,039)
Balance at 30 June	<b>(18,085)</b>	(11,639)

## 21 Equity settled employee benefits reserve

The equity settled employee benefits reserve arises on the grant of rights to Key Management Personnel (KMP), senior executives and managers in accordance with the provisions of Servcorp's Executive Share Option Scheme. Amounts are transferred out of the reserve and into share capital when the rights vest, the options are exercised and shares issued. Further information about the share-based payments to employees is set out in the Remuneration Report contained in the Annual Report for the year ended 30 June 2022.

## 21 Equity settled employee benefits reserve (continued)

For the year ended 30 June 2022 the following options were granted:

	No. of option holders	No. of options granted	No. of options cancelled	No. of options on issue
CEO	1	-	-	1,500,000
KMP	5	100,000	175,000	525,000
Senior executives & managers	41	100,000	82,500	701,250
	<b>47</b>	<b>200,000</b>	<b>257,500</b>	<b>2,726,250</b>

	Balance 1 July	Issued	Forfeited	Balance 30 June
Total options FY22	2,783,750	200,000	(257,500)	2,726,250
Total options FY21	1,268,750	2,831,250	(1,316,250)	2,783,750

### Inputs used to determine fair value at grant date

	19 May 2022	3 Sep 2021	18 Sep 2020
Grant date	19 May 2022	3 Sep 2021	18 Sep 2020
Share price at grant date	\$3.39	\$3.40	\$2.29 - \$2.39
Exercise price	\$3.54	\$3.35	\$2.48
Expected volatility	30.29%	56.29%	54.78% - 54.87%
Expected life	1,826 days	1,826 days	1,779 - 1,825 days
Expected dividends	5.60%	10.11%	7.53%
Risk free interest rate	2.77%	0.66%	0.26% - 0.36%
Fair value at grant date	\$0.5145	\$0.7206	\$0.5368 - \$0.5825

On 19 May 2022, 100,000 unquoted options over unissued shares in Servcorp Limited were issued to the Chief Financial Officer. The options expire 19 May 2027 with vesting conditions of cumulative EPS of 15% per annum for the financial years ending 30 June 2023 and 30 June 2024 with continual service until 19 May 2025. The contractual life of the options is 5 years, with the last exercise date occurring 19 May 2027 (unless the options lapse earlier in accordance with the terms). The fair value of the services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model.

On 3 September 2021, 100,000 unquoted options over unissued shares in Servcorp Limited were issued to senior executives and managers. The options expire on 3 September 2026 with vesting conditions of cumulative EPS of 15% per annum for the financial years ending 30 June 2022 and 30 June 2023 and continual service until 3 September 2024 (vesting date). The exercise period is two years from vesting date to expiry date. The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using Black-Scholes model.

On 31 December 2021, 100,000 options and on 17 March 2022, 157,500 options over unissued ordinary shares in Servcorp Limited, expiring on 18 September 2025 were cancelled due to the option holders ceasing to be an employee of Servcorp Limited.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 21 Equity settled employee benefits reserve (continued)

The movements in the equity settled employee benefits reserve are as follows:

	2022	2021
	\$ '000	\$ '000
Balance 1 July	372	442
Total movement taken to reserve	460	(70)
<b>Balance 30 June</b>	<b>832</b>	<b>372</b>

The Consolidated Entity recognised \$0.5 million (2021: \$0.1 million) as a share based payment expense for the year ended 30 June 2022. These costs have been included in administrative expenses.

## 22 Distributions

### Recognised distributions

Ordinary distributions paid/payable and distribution per share:

		Cents per share	Total amount \$ '000	Date of payment	Tax rate for franking credits	Percentage franked
<b>2022</b>						
Final	Fully paid ordinary shares	9.00	8,714	7 October 2021	30 %	- %
Interim	Fully paid ordinary shares	10.00	9,682	6 April 2022	30 %	- %
<b>2021</b>						
Final	Fully paid ordinary shares	9.00	8,714	10 October 2020	30 %	- %
Interim	Fully paid ordinary shares	9.00	8,714	7 April 2021	30 %	- %

### Unrecognised amounts

Since the end of the financial year, the Directors have declared the following dividend:

Final	Fully paid ordinary shares	10.00	9,682	6 October 2022	30 %	- %
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In determining the level of future dividends, the Directors will seek to balance growth objectives and rewarding shareholders with income. This policy is subject to the cash flow requirements of the Consolidated Entity and its investment in new opportunities aimed at growing earnings. The Directors cannot give any assurances concerning the extent of future dividends, or the franking of such dividends, as they are dependent on future profits, the financial and taxation position of the Company and the impact of taxation legislation.

### Dividend franking account

	2022	2021
	\$ '000	\$ '000
30% franking credit available	3,065	142

The above available balance is based on the dividend franking account at year-end adjusted for:

- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The tax rate at which paid dividends have been franked at 30 June 2022 is 30% (2021: 30%). Dividends declared and unpaid will be franked at the rate of 30% as at 30 June 2022 (2021: 30%).

## 23 Capital structure and risks

This section outlines the market, credit and liquidity risks that the Consolidated Entity is exposed to and how it manages these risks. Capital comprises shareholders' equity and financing arrangements.

### Capital management

The Company's Audit and Risk Committee oversees the establishment of the capital and financial risk management system, which identifies, evaluates, classifies, monitors, qualifies and reports significant risks to the Board of Directors. All controlled entities in the Consolidated Entity apply this risk management system to manage their own risks.

The Company's objective when managing capital is to ensure that entities within the Consolidated Entity will be able to continue as a going concern while maximising the return to stakeholders.

The Company's overall strategy remains unchanged from the prior year. The capital structure of the Consolidated Entity consists of equity attributable to equity holders of the parent company issued capital, reserves and retained earnings.

The Consolidated Entity operates globally, primarily through subsidiary companies established in the markets in which the Consolidated Entity operates. Operating cash flows are used to maintain and expand the Consolidated Entity, as well as to make routine outflows of tax and dividend payments.

### Financing facilities and liquidity

The Consolidated Entity has access to financing facilities.

Bank guarantees have been issued to secure rental bonds over premises. Details are in note 32.

Bill acceptance, payroll and other facilities have been established to facilitate the encashment of cheques, and to accommodate direct entry payroll and direct entry supplier payments.

The Consolidated Entity has access to the following finance facilities:

	2022	2021
	\$ '000	\$ '000
<b>Total facilities available</b>		
Bank guarantees	27,000	27,000
Bank overdrafts and loans	551	465
Bill acceptance/payroll/other facilities	4,150	4,150
	<b>31,701</b>	<b>31,615</b>
<b>Facilities utilised at reporting date</b>		
Bank guarantees	23,147	21,568
Bank overdrafts and loans	90	65
	<b>23,237</b>	<b>21,633</b>
<b>Facilities not utilised at reporting date</b>		
Bank guarantees	3,853	5,432
Bank overdrafts and loans	461	400
Bill acceptance/payroll/other facilities	4,150	4,150
	<b>8,464</b>	<b>9,982</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 24 Financial risk management

The Consolidated Entity activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Consolidated Entity enters into forward foreign currency exchange contracts to economically hedge anticipated transactions.

### (a) Financial risk management objectives

The financial risks that result from the Consolidated Entity's activities are credit risk and market risk (interest rate risk and foreign exchange risk).

The Consolidated Entity's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the Consolidated Entity.

The Consolidated Entity does not apply hedge accounting. The use of financial derivatives is governed by policies approved by the Board of Directors.

The Consolidated Entity's corporate treasury function reports to the Company's Audit and Risk Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

### (b) Market risk

The Consolidated Entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Consolidated Entity enters into forward foreign currency exchange contracts to economically hedge anticipated transactions.

#### (i) Foreign exchange risk

The Consolidated Entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

The Consolidated Entity's foreign exchange risk arises primarily from:

- risk of fluctuations in foreign exchange rates to the Australian dollar (the functional and presentation currency);
- firm commitments of receipts and payments settled in foreign currencies or with prices dependent on foreign currencies;
- investments in foreign operations; and
- loans and trading accounts to foreign operations.

#### Foreign currency assets and liabilities

For accounting purposes, net investment in foreign operations are revalued at the end of each reporting year with the movement reflected as a movement in the foreign currency translation reserve. Borrowings and forward exchange contracts not forming part of the net investment in foreign operations are revalued at the end of each reporting year with the fair value movement reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as exchange gains or losses.

## 24 Financial risk management (continued)

### Foreign currency sensitivity analysis

The following table summarises the material sensitivity of financial instruments held at reporting date to movements in the exchange rate of the Australian dollar to foreign exchange rates, with all other variables held constant. The sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five-year period.

### Sensitivity analysis – foreign exchange risk and interest rate risk

	Impact on profit		Impact on equity	
	2022	2021	2022	2021
Pre-tax gain/(loss)	\$ '000	\$ '000	\$ '000	\$ '000
AUD/USD +6% (2021: +7%)	(507)	(523)	3,462	3,677
AUD/USD - 6% (2021: -7%)	400	581	(3,926)	(4,205)
AUD/AED +6% (2021: +5%)	1,107	615	78	16
AUD/AED -6% (2021: -5%)	(1,256)	(685)	(89)	(17)
AUD/JPY +7% (2021: +5%)	(1,384)	(900)	3,710	1,269
AUD/JPY -7% (2021: -5%)	3,424	3,571	(4,290)	(1,387)
AUD/EUR +3% (2021: +5%)	(48)	139	166	227
AUD/EUR -3% (2021: -5%)	51	152	(178)	(249)
AUD/HKD +5%	365	-	-	-
AUD/HKD -5%	(406)	-	-	-
AUD/RMB +3% (2021: +3%)	(276)	(203)	4	48
AUD/RMB -3% (2021: -3%)	293	215	(4)	(54)
AUD/SGD +4% (2021: +4%)	(491)	(443)	-	-
AUD/SGD -4% (2021: -4%)	535	477	-	-

### Forward foreign currency exchange contracts

The following table sets out the details of forward foreign currency exchange contracts in place as at 30 June 2022. These are level 2 fair value measurements derived from inputs as defined in note 26.

	Average exchange rate		Foreign currency		Fair value movement	
	2022	2021	2022	2021	2022	2021
			million	million	\$ '000	\$ '000
<b>Outstanding contracts</b>						
Sell JPY						
No later than one year	81.47	72.53	100	650	116	1,171
Later than one year and not later than five years	78.80	81.43	900	200	732	46
Sell USD						
Later than one year and not later than five years	0.69	-	3	-	(82)	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 24 Financial risk management (continued)

### (ii) Interest rate risk

Interest rate risk on cash or short term deposits is not considered to be a material risk due to the short-term nature of these financial instruments.

The following table summarises the sensitivity of the financial instruments held at reporting date, following a movement to interest rates, with all other variables held constant. The sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates. Nil impact on equity.

	Impact on profit	
	2022	2021
	\$ '000	\$ '000
<b>Pre-tax gain/(loss)</b>		
AUD balances		
125 basis point increase	628	290
125 basis point decrease	(467)	(68)
Other balances		
125 basis point increase	63	128
125 basis point decrease	(39)	(314)

### (c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of short, medium and long term funding. The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities.

The following table details the Consolidated Entity's expected maturity for its financial assets. The table below was drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned.

	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 + years	Total	Weighted average effective interest rate %
2022	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
<b>Non-interest bearing</b>							
Receivables	19,958	-	-	-	-	19,958	
Lease deposits	2,104	3,856	7,923	16,098	8,715	38,696	
Forward foreign currency exchange contracts	-	-	1,227	15,755	-	16,982	
Listed ordinary shares	3,056	-	-	-	-	3,056	
<b>Interest bearing</b>							
Cash and cash equivalents	54,440	-	-	-	-	54,440	0.78
Bank short term deposits	18,211	22,770	5,345	-	-	46,326	1.42
Variable rate securities	4,408	-	-	-	-	4,408	3.77
	<b>102,177</b>	<b>26,626</b>	<b>14,495</b>	<b>31,853</b>	<b>8,715</b>	<b>183,866</b>	

## 24 Financial risk management (continued)

### (c) Liquidity risk (continued)

	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 + years	Total	Weighted average effective interest rate %
2021	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
<b>Non-interest bearing</b>							
Receivables	24,032	-	-	-	-	24,032	
Lease deposits	373	1,369	6,934	22,160	9,189	40,025	
Forward foreign currency exchange contracts	-	1,314	7,679	2,442	-	11,435	
<b>Interest bearing</b>							
Cash and cash equivalents	69,145	-	-	-	-	69,145	0.59
Bank short term deposits	6,165	8,265	5,824	-	-	20,254	0.53
Variable rate securities	10,759	-	-	-	-	10,759	3.67
	<b>110,474</b>	<b>10,948</b>	<b>20,437</b>	<b>24,602</b>	<b>9,189</b>	<b>175,650</b>	

The following table details the Consolidated Entity's remaining contractual maturity for its financial liabilities. The table is based on the earliest date on which undiscounted cash flows of financial liabilities are contractually to be paid. The table includes both principal and interest cash flows.

	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 + years	Total	Weighted average effective interest rate %
2022	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
<b>Non-interest bearing</b>							
Payables	2,075	13,527	-	-	-	15,602	
Forward foreign currency exchange contracts	-	-	1,067	14,196	-	15,263	
Security deposits	-	-	27,288	-	-	27,288	
<b>Interest bearing</b>							
Lease liability	11,643	15,185	69,197	190,989	48,416	335,430	3.00
	<b>13,718</b>	<b>28,712</b>	<b>97,552</b>	<b>205,185</b>	<b>48,416</b>	<b>393,583</b>	
<b>2021</b>							
<b>Non-interest bearing</b>							
Payables	4,675	12,014	-	-	-	16,689	
Forward foreign currency exchange contracts	-	1,200	6,602	2,401	-	10,203	
Security deposits	-	-	28,545	-	-	28,545	
<b>Interest bearing</b>							
Lease liability	10,791	27,180	64,820	240,400	43,017	386,208	3.33
	<b>15,466</b>	<b>40,394</b>	<b>99,967</b>	<b>242,801</b>	<b>43,017</b>	<b>441,645</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 24 Financial risk management (continued)

### (d) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Consolidated Entity does not have any significant credit risk exposure to any single counterparty or any group of any counterparties having similar characteristics. Security deposits are received from customers when entering into a contract which reduces the credit risk. Security deposits held are disclosed in the Consolidated Statement of Financial Position.

Credit risk on cash and short-term fixed deposits is limited because counterparties are banks with high credit ratings assigned by international credit rating agencies. These liquid funds are managed centrally by the Company's senior management on a daily basis.

## 25 Retrospective restatement

### Correction of error - AASB 16 restatement

During the year, the Consolidated Entity identified certain errors with the lease accounting which, whilst not material to the Consolidated Financial Statements as a whole, have been corrected in the prior year balances.

These corrections relate to:

- revision of the lease commencement dates as per AASB 16 Leases to earlier dates where the Consolidated Entity had access to the leased premises prior to the rent commencement dates to perform office fit-out work;
- correction of errors in the inputs used in the calculation of lease balances under AASB 16 Leases. These include errors in lease payment amounts, annual increase rates, and incremental borrowing rate used to discount the lease payments; and
- correction of the treatment of lease incentives with a number of leases.

The majority of the errors identified relate to leases that existed on initial adoption of AASB 16 Leases on 1 July 2019. If these errors had been identified by the Consolidated Entity on the initial adoption of AASB 16 Leases, different right of use assets, lease liabilities, and opening retained earnings impact would have been recorded.

### Change in accounting policies - Cloud computing adjustments

On 27 April 2021, the International Financial Reporting Interpretations Committee (IFRIC) issued an addendum regarding the treatment of "Configuration or Customisation Costs in a Cloud Computing Arrangement". The addendum clarified how a customer should account for the cost of configuring or customising a supplier's software when it is a "Software as a Service" (SaaS) product.

The IFRIC concluded that configuration or customisation costs incurred by a customer in relation to application software which the customer has access to but does not own, should be expensed through profit or loss as these costs do not create a resource controlled by the customer which is separate from the software unless they are paid to the suppliers of the SaaS arrangement to significantly customise the cloud-based software for the the Consolidated Entity, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

Following an assessment of the applicable costs incurred, the Consolidated Entity has retrospectively changed its accounting policy in respect of SaaS arrangements previously recorded as office equipment and software included in the balance for property, plant and equipment. Software costs that meet the capitalisation requirements have been reclassified as intangible assets. Cost incurred that do not meet the requirements have been expensed.

## 25 Retrospective restatement (continued)

As a result of the change in accounting policy, software costs have been reclassified from property, plant and equipment to intangible assets.

As a result of the correction of these errors and change in accounting policy, the following changes have been made to the comparative Consolidated Statement of Financial Position balances in the Consolidated Financial Statements for the year ended 30 June 2022:

### Consolidated Statement of Financial Position

	Previously stated	AASB 16 restatement	Cloud computing adjustment	Software reclassification	30 June 2021 Restated
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>2021</b>					
Right of use asset	295,863	(1,870)	-	-	293,993
Property, plant and equipment	96,500	-	-	(6,490)	90,010
Intangible assets	-	-	(5,703)	6,490	787
Deferred tax asset	38,294	623	1,711	-	40,628
<b>Total assets</b>	<b>624,796</b>	<b>(1,247)</b>	<b>(3,992)</b>	<b>-</b>	<b>619,557</b>
Trade payables	(35,397)	(520)	-	-	(35,917)
Lease liabilities	(348,740)	(731)	-	-	(349,471)
<b>Total liabilities</b>	<b>(423,692)</b>	<b>(1,251)</b>	<b>-</b>	<b>-</b>	<b>(424,943)</b>
Retained earnings	(65,736)	2,724	3,992	-	(59,020)
Reserves	16,226	(226)	-	-	16,000
<b>Total equity</b>	<b>(201,104)</b>	<b>2,498</b>	<b>3,992</b>	<b>-</b>	<b>(194,614)</b>

	Previously stated	AASB 16 restatement	Cloud computing adjustment	Software reclassification	30 June 2020 Restated
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>2020</b>					
Right of use asset	355,047	(1,507)	-	-	353,540
Property, plant and equipment	121,315	-	-	(8,955)	112,360
Intangible assets	-	-	(7,937)	8,955	1,018
Deferred tax asset	37,047	912	2,381	-	40,340
Current tax asset	2,179	(17)	-	-	2,162
<b>Total assets</b>	<b>723,927</b>	<b>(612)</b>	<b>(5,556)</b>	<b>-</b>	<b>717,759</b>
Trade payables	(44,755)	74	-	-	(44,681)
Lease liabilities	(414,352)	(2,208)	-	-	(416,560)
<b>Total liabilities</b>	<b>(502,966)</b>	<b>(2,134)</b>	<b>-</b>	<b>-</b>	<b>(505,100)</b>
Retained earnings	(61,044)	2,532	5,556	-	(52,956)
Reserves	(8,323)	214	-	-	(8,109)
<b>Total equity</b>	<b>(220,961)</b>	<b>2,746</b>	<b>5,556</b>	<b>-</b>	<b>(212,659)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 25 Retrospective restatement (continued)

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Previously stated	AASB 16 restatement	Cloud computing adjustment	30 June 2021 Restated
2021	\$ '000	\$ '000	\$ '000	\$ '000
Amortisation of right of use asset	(99,591)	(516)	-	(100,107)
Administrative expenses	(24,137)	-	2,234	(21,903)
Net foreign exchange gain	4,537	324	-	4,861
<b>Profit before income tax expense</b>	<b>28,547</b>	<b>(192)</b>	<b>2,234</b>	<b>30,589</b>
Income tax expense	(6,427)	-	(670)	(7,097)
<b>Profit for the year</b>	<b>22,120</b>	<b>(192)</b>	<b>1,564</b>	<b>23,492</b>
<b>Other comprehensive income for the year (net of tax)</b>	<b>(24,479)</b>	<b>440</b>	<b>-</b>	<b>(24,039)</b>
<b>Total comprehensive income for the year</b>	<b>(2,359)</b>	<b>248</b>	<b>1,564</b>	<b>(547)</b>

### Consolidated Statement of Cash Flows

	Previously stated	AASB 16 restatement	Cloud computing adjustment	30 June 2021 Restated
2021	\$ '000	\$ '000	\$ '000	\$ '000
<b>Profit from ordinary activities</b>	<b>22,120</b>	<b>(192)</b>	<b>1,564</b>	<b>23,492</b>
Depreciation and amortisation of non-current assets	25,447	-	(2,799)	22,648
Amortisation of right of use assets	100,785	516	-	101,301
Increase in deferred tax balance	(1,277)	-	670	(607)
Unrealised foreign exchange gain	9,791	(10,827)	-	(1,036)
Decrease in accounts payable	(8,845)	(520)	-	(9,365)
<b>Cashflows from operations</b>	<b>151,238</b>	<b>(11,023)</b>	<b>(565)</b>	<b>139,650</b>
Payments to suppliers and employees	(125,585)	(11,023)	(565)	(137,173)
<b>Net cash generated from operating activities</b>	<b>151,238</b>	<b>(11,023)</b>	<b>(565)</b>	<b>139,650</b>
Payments for property, plant and equipment	(4,401)	-	565	(3,836)
<b>Net cash used in investing activities</b>	<b>(7,035)</b>	<b>-</b>	<b>565</b>	<b>(6,470)</b>
Repayment of lease liabilities relating to current year occupancy	(117,829)	11,023	-	(106,806)
<b>Net cash used in financing activities</b>	<b>(142,280)</b>	<b>11,023</b>	<b>-</b>	<b>(131,257)</b>

Basic or diluted earnings per share of the Consolidated Entity's has also been restated. The amount of the restatement for both basic and diluted earnings per share increased from \$0.23 to \$0.24 for the year ended 30 June 2021.

## 26 Fair value measurement of financial instruments

### Fair value hierarchy

Servcorp measures various financial assets and liabilities at fair value which, in some cases, may be subjective and depend on the inputs used in the calculations. The different levels of measurement are described below:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

## 26 Fair value measurement of financial instruments (continued)

### Fair value hierarchy (continued)

The Board of Directors consider that the carrying amount of financial assets and financial liabilities approximate their fair value other than in respect of the Company's investment in subsidiaries.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which fair value is observable.

The table below shows the assigned level for each asset and liability held at fair value by the Consolidated Entity:

	Level 1	Level 2	Level 3	Total
30 June 2022	\$ '000	\$ '000	\$ '000	\$ '000
<b>Financial assets</b>				
Bank hybrid variable rate securities	4,408	-	-	4,408
Listed ordinary shares	3,056	-	-	3,056
Forward foreign currency exchange contracts	-	766	-	766
<b>30 June 2021</b>				
<b>Financial assets</b>				
Bank hybrid variable rate securities	10,759	-	-	10,759
Forward foreign currency exchange contracts	-	1,216	-	1,216

There were no transfers between the fair value hierarchy levels during the year. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Fair value	Fair value	Fair value	Valuation technique & key inputs
Asset category	2022	2021	2021	
	\$ '000	\$ '000	\$ '000	
Bank hybrid variable rate securities	4,408	10,759	Level 1	Quoted prices in an active market
Listed ordinary shares	3,056	-	Level 1	Quoted prices in an active market
Forward foreign currency exchange contracts	766	1,216	Level 2	Future cash flows are estimated based on observable forward exchange rates



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 27 Organisational structure

This section explains how the Consolidated Entity is structured, and disclosures for the parent entity.

### Subsidiary entities

The Consolidated Financial Statements of Servcorp incorporate the assets, liabilities and results of all controlled entities. Controlled entities are all entities over which the Consolidated Entity has power to direct the activities of the entity and an exposure to and ability to influence its variable returns from its involvement with the entity.

An entity, including a structured entity, is considered a subsidiary when we determine that the Company has control over the entity. Control exists when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Consolidated Entity assesses power by examining existing rights that give the Company the current ability to direct the relevant activities of the entity. The effect of all transactions between entities in the Consolidated Entity have been eliminated on consolidation.

Controlled entities are fully consolidated from the date control is obtained until the date that control ceases. Inter-entity transactions and balances are eliminated.

Name of entity	Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
<b>Parent entity</b>			
Servcorp Limited	Australia		
<b>Controlled entities</b>			
Servcorp Australian Holdings Pty Ltd	Australia	100	100
Servcorp Offshore Holdings Pty Ltd	Australia	100	100
Servcorp Exchange Square Pty Ltd	Australia	100	100
Servcorp Air Office Pty Ltd	Australia	100	100
Servcorp (North Ryde) Pty Ltd	Australia	100	100
Servcorp Smart Office Pty Ltd	Australia	100	100
Servcorp Smart Homes Pty Ltd	Australia	100	100
Servcorp Business Service (Beijing) Pty Ltd	Australia	100	100
Servcorp Virtual Pty Ltd	Australia	100	100
Servcorp Holdings Pty Ltd	Australia	100	100
Servcorp Administration Pty Ltd	Australia	100	100
Servcorp Adelaide Pty Ltd	Australia	100	100
Servcorp Barangaroo Pty Ltd	Australia	100	100
Servcorp Brisbane Pty Ltd	Australia	100	100
Servcorp Mount Street Pty Ltd (formerly Servcorp Workspaces Pty Ltd)	Australia	100	100
Servcorp Gateway Pty Ltd	Australia	100	100
Servcorp Chifley 29 Pty Ltd	Australia	100	100
Servcorp Communications Pty Ltd	Australia	100	100
Servcorp IT Pty Ltd	Australia	100	100
Servcorp Melbourne Virtual Pty Ltd	Australia	100	100
Servcorp MLC Centre Pty Ltd	Australia	100	100
Servcorp Melbourne 27 Pty Ltd	Australia	100	100
Servcorp Sydney Virtual Pty Ltd	Australia	100	100
Servcorp William Street Pty Ltd	Australia	100	100
Servcorp Melbourne 18 Pty Ltd	Australia	100	100

## 27 Organisational structure (continued)

### Subsidiary entities (continued)

Name of entity	Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Servcorp Perth Pty Ltd	Australia	100	100
Servcorp Brisbane Riverside Pty Ltd	Australia	100	100
Servcorp Market Street Pty Ltd	Australia	100	100
Office Squared Pty Ltd	Australia	100	100
Servcorp WA Pty Ltd	Australia	100	100
Servcorp Parramatta Pty Ltd	Australia	100	100
Servcorp Sydney 56 Pty Ltd	Australia	100	100
Servcorp Norwest Pty Ltd	Australia	100	100
Servcorp Level 12 Pty Ltd	Australia	100	100
Servcorp Western Australia Pty Ltd	Australia	100	100
Office Squared (Nexus) Pty Ltd	Australia	100	100
Servcorp SA 30 Pty Ltd	Australia	100	100
Servcorp City Square Pty Ltd	Australia	100	100
Servcorp North Sydney 32 Pty Ltd	Australia	100	100
Servcorp Docklands Pty Ltd	Australia	100	100
Servcorp Sydney 22 Pty Ltd	Australia	100	100
Servcorp Hobart Pty Ltd	Australia	100	100
Servcorp Brisbane 400 Pty Ltd	Australia	100	100
Servcorp Southbank Pty Ltd	Australia	100	100
Office Squared (Atlas) Pty Ltd	Australia	100	100
Gnee Pty Ltd	Australia	100	100
Servcorp Enterprise Pty Ltd	Australia	100	100
Beechreef (New Zealand) Limited	New Zealand	100	100
Servcorp New Zealand Limited	New Zealand	100	100
Company Headquarters Limited	New Zealand	100	100
Servcorp Wellington Limited	New Zealand	100	100
Servcorp Queen Street Limited	New Zealand	100	100
Servcorp BFH W.L.L	Bahrain	100	100
Servcorp Brussels Sprl	Belgium	100	100
Servcorp Business Service (Shanghai) Co. Ltd	China	100	100
Servcorp Business Service (Beijing) Co., Ltd	China	100	100
Beijing Servcorp Sihui Business Service Co., Ltd	China	100	100
Guangzhou Servcorp Business Service Co., Ltd	China	100	100
Chengdu Servcorp (OAC) Business Service Co., Ltd	China	100	100
Servcorp Hong Kong Limited	China	100	100
Servcorp HK Central Limited	China	100	100
Shanghai Servcorp Business Service Co., Ltd	China	100	100
Servcorp Paris SARL	France	100	100
Servcorp Edouard VII SARL	France	100	100
Servcorp Berlin GmbH	Germany	100	100
Servcorp Japan KK	Japan	100	100
Servcorp Tokyo KK	Japan	100	100
Servcorp Shinagawa KK	Japan	100	100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 27 Organisational structure (continued)

### Subsidiary entities (continued)

Name of entity	Country of incorporation	Ownership interest	Ownership interest
		2022	2021
		%	%
Servcorp Co-working GK	Japan	100	100
Servcorp Phoenicia SAL	Lebanon	100	100
Amalthea Nominees (Malaysia) Sdn Bhd	Malaysia	100	100
Office Squared Malaysia Sdn Bhd	Malaysia	100	100
SRV KL Sdn Bhd	Malaysia	100	100
SRV Central Sdn Bhd	Malaysia	100	100
Servcorp Manila, Inc. (in liquidation)	Philippines	100	100
Servcorp Bonifacio, Inc.	Philippines	100	100
Jeddah Branch of Servcorp Square Pte Ltd	Saudi Arabia	100	100
Riyadh Branch of Servcorp Square Pte Ltd	Saudi Arabia	100	100
Al Khobar Branch of Servcorp Square Pte Ltd	Saudi Arabia	100	100
Servcorp Serviced Offices Pte. Ltd	Singapore	100	100
Servcorp Franchising Pte. Ltd	Singapore	100	100
Servcorp Battery Road Pte. Ltd	Singapore	100	100
Servcorp Marina Pte. Ltd	Singapore	100	100
Servcorp Singapore Holdings Pte. Ltd	Singapore	100	100
Servcorp Hottdesk Singapore Pte. Ltd	Singapore	100	100
Servcorp Metropolis Pte. Ltd	Singapore	100	100
Servcorp Square Pte. Ltd	Singapore	100	100
Servcorp SR Pte. Ltd	Singapore	100	100
Servcorp Co., Ltd	Thailand	100	100
Servcorp Thai Holdings Ltd	Thailand	100	100
Headquarters Co., Ltd	Thailand	100	100
Servcorp Is Merkezi Isletmeciligi Limited Sirketi	Turkey	100	100
Servcorp Sixteen Paylasimli Ofis Isletmeciligi Limited Sirketi	Turkey	100	100
Servcorp Level 54 DMCC	UAE	100	100
Servcorp EMEIA Holdings Ltd	UAE	100	100
Servcorp UK Limited	UK	100	100
Servcorp Leadenhall Limited	UK	100	100
Servcorp Mayfair Limited	UK	100	100
Servcorp Sunshine IP Limited (in liquidation)	UK	100	100
Servcorp Europe Holdings Limited	UK	100	100
Servcorp US Holdings, Inc	USA	100	100
Servcorp America LLC	USA	100	100
Servcorp New York LLC	USA	100	100
Servcorp Washington LLC	USA	100	100
Servcorp Houston LLC	USA	100	100
Servcorp State Street LLC	USA	100	100
Servcorp Fulton Street LLC	USA	100	100
Servcorp West Lake LLC	USA	100	100
Servcorp Battery Park LLC	USA	100	100
Servcorp Madison LLC	USA	100	100

## 27 Organisational structure (continued)

### Subsidiary entities (continued)

Name of entity	Country of incorporation	Ownership interest	Ownership interest
		2022	2021
		%	%
Servcorp Manhattan LLC	USA	100	100
Servcorp Philadelphia LLC (in liquidation)	USA	100	100
Servcorp Dallas LLC (in liquidation)	USA	100	100

The following subsidiaries are not wholly owned by the Consolidated Entity. However, the Consolidated Entity still controls these subsidiaries because it has power to direct the activities of the entity and an exposure to and ability to influence its variable returns from its involvement with the entity. These entities are fully consolidated from the date control is obtained until the date that control ceases. Inter-entity transactions and balances are eliminated. The table below sets out the Company's ownership interest:

Name of subsidiary	Country of incorporation	Ownership interest	Ownership interest
		2022	2021
		%	%
Servcorp Aswad Real Estate Company WLL	Kuwait	49	49
Servcorp Qatar LLC	Qatar	49	49
Servcorp LLC	UAE	49	49
Servcorp Administration Services WLL	UAE	49	49

A Company in the Consolidated Entity exercises control over Servcorp Aswad Real Estate Company WLL, Servcorp Qatar LLC, Servcorp LLC and Servcorp Administration Services WLL despite owning 49% of the issued capital. Arrangements are in place that entitle the Company or its controlled entities to the benefits and risks of ownership notwithstanding that the majority shareholding may be vested in another party.

Name of joint venture	Country of incorporation	Ownership interest	Ownership interest
		2022	2021
		%	%
Etihad Towers Service Offices LLC	UAE	49	49

A subsidiary in the Consolidated Entity entered into a joint venture with Emirates Consortium LLC. The joint venture is accounted for using the equity method in the Consolidated Financial Statements. The investment in the joint venture has been fully impaired in prior years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 28 Key management personnel remuneration

### Compensation of key management personnel

The key management personnel of the Company are the Directors and Executives of the Consolidated Entity who have the authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Key management personnel compensation is as follows.

	2022	2021
	\$ '000	\$ '000
Long term and short term employee benefits	3,936	3,889
Post-employment benefits	213	210
Termination benefits	397	-
Share-based payments	365	275
	<b>4,911</b>	<b>4,374</b>

Dividends totaling \$18.4 million have been paid during the year (2021: \$17.4 million), which include amounts paid to Directors and other key management personnel.

### Details of key management personnel

The Directors of the Company at any time during or since the end of the financial year 30 June 2022 are:

#### Non-executive Directors

The Hon. Mark Vaile	Chair and Non-Executive Director	Appointed June 2011
Wallis Graham	Non-Executive Director	Appointed October 2017
Tony McGrath	Non-Executive Director	Appointed August 2019

#### Executive Director

Alf Moufarrige AO	Chief Executive Officer	Appointed August 1999
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#### Other Group-level executive \*

David Hunt	Chief Financial Officer	Appointed April 2022
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#### Regional executives

David Godchaux	CEO, Middle East & Europe	Appointed June 2018
John Henderson	Chief Operating Officer	Appointed July 2020
Colleen Susini	General Manager - USA	Appointed April 2020
Olga Vlietstra	General Manager - Japan	Appointed September 2004
Anton Clowes	Chief Financial Officer	Resigned February 2022
Liane Gorman	General Manager – Australia & New Zealand	Resigned October 2021

### Key management personnel related party transactions

Several key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted in conjunction with the Consolidated Entity in the reporting year or prior year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. For further details and information related to key management personnel remuneration, please refer to the Remuneration Report.

\* This year, and in prior years, the Regional executives were included as KMP. In April 2022, the Directors appointed a new CFO, whose involvement will include elevated levels of responsibility in the business, and encompass a wider operational focus from 1 July 2022. As a result, the authority for planning, directing and controlling the activities of the Consolidated Entity will reside with the CEO and CFO from 1 July 2022.

## 28 Key management personnel remuneration (continued)

### Key management personnel related party transactions (continued)

From time to time Directors of the Company and its controlled entities, or their Director-related entities, may purchase services from or provide services to the Consolidated Entity. These purchases or sales are on the same terms and conditions as those entered into by other employees, suppliers or customers of the Consolidated Entity and are trivial or domestic in nature.

All transactions with Director-related entities are disclosed to the Board and reviewed to ensure they bring a benefit to the Consolidated Entity.

Related parties entered into the following transactions with the Consolidated Entity.

Mr. A G Moufarrige has an interest in and is a Director of Tekfon Pty Ltd (Tekfon). Servcorp has a lease on arm's length terms with Tekfon for the use of Tekfon's premises for storage. Servcorp utilises off-site storage facilities in many of its global locations, for storage of office furniture and retention of records. Tekfon's premises are in a suburb of Sydney, and have been utilised by Servcorp's Sydney locations and head office for storage since before the Consolidated Entity's IPO in 1999. Research confirms that the lease is at arm's length terms for similar facilities in the area. The Board, with Mr. A G Moufarrige absent, reviews the lease with Tekfon on an annual basis to ensure that the terms are at market rate or better.

A relative of Mr. A G Moufarrige has an interest in Enideb Pty Ltd (Enideb). Mr. A G Moufarrige has no interest in the affairs of Enideb. Enideb operates the Servcorp franchise in Canberra on arm's length terms. The Canberra franchise has been operating for more than 29 years, and the Canberra locations bring a benefit to Servcorp's operations. The Board reviews the terms of the franchise agreement on a regular basis to ensure that it is conducted on proper commercial terms, consistent with any other franchise operations.

Relatives of Mr. A G Moufarrige have an interest in Nualight AUSNZ Pty Ltd (Nualight), Light Energy Australia Pty Ltd (LEA) and Ility Pty Ltd, who are clients of Servcorp in Sydney, Melbourne, Wellington, New York and London.

Mr A G Moufarrige has no interest in the affairs of Nualite, LEA or Ility.

Mr. A G Moufarrige has an interest in and is a Director of Sovori Pty Ltd (Sovori). Mr. A G Moufarrige has personal credit cards which, in the main, are used to pay for Servcorp expenses during his business travels. For convenience, these are paid by Servcorp whilst he travels and they are then reconciled upon his return and personal expenses are repaid, on a monthly basis, to Servcorp by Sovori.

Servcorp has in excess of 21,000 clients globally. From time to time a client will be an entity which is defined as a Director related party, even though the Director has had no involvement in the decision to become a client of Servcorp. The following disclosures fall into this category.

Mrs. W Graham has an involvement with ECP Management, LP (ECP) (formerly Energy Capital Partners), a US-based private equity firm. ECP is a client of Servcorp in Sydney. Mrs. W Graham did not have any involvement in negotiation of the arrangement with ECP, which are at arm's length terms.

The terms and conditions of the transactions with Directors and their Director-related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director-related parties on an arm's length basis.

Director	Director related entity	Transaction	2022	2021
			\$	\$
A G Moufarrige	Tekfon Pty Ltd	Premises rental	97,544	95,472
	Enideb Pty Ltd	Franchisee	385,301	345,205
	Sovori Pty Ltd	Reimbursements	178,520	191,527
	Nualight AUSNZ Pty Ltd and Light Energy Australia Pty Ltd	Client	1,915	2,446



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 28 Key management personnel remuneration (continued)

### Key management personnel related party transactions (continued)

Director	Director related entity	Transaction	2022 \$	2021 \$
A G Moufarrige	Ility Pty Ltd	Client	111,303	132,724
W Graham	ECP Management, LP	Client	4,172	3,483

Amounts receivable from and payable to Directors and their Director-related entities at balance sheet date arising from these transactions were as follows:

Current receivables/(payable)	2022 \$	2021 \$
Tekfon Pty Ltd	(8,206)	(15,948)
Enideb Pty Ltd	29,790	(63,110)
Ility Pty Ltd	8,769	7,587

## 29 Auditors' remuneration

### KPMG and related network firms

	2022 \$	2021 \$
<b>Core audit fee:</b>		
KPMG Australia	854,138	636,700
KPMG Overseas firms	970,501	972,638
<b>Total audit fees</b>	<b>1,824,639</b>	<b>1,609,338</b>
Non-audit services: other advisory services	4,115	96,769
	<b>1,828,754</b>	<b>1,706,107</b>

## 30 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021:None).

## 31 Events occurring after the reporting date

The Financial Report was authorised for issue on 25 August 2022 by the Board of Directors.

### Dividend

On 25th August 2022 the Directors declared a final dividend of 10.00 cents per share unfranked, payable on 6 October 2022.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

## 32 Parent entity

The financial information for the parent entity, Servcorp Limited, is prepared on the same basis as the Consolidated Financial Statements.

	2022 \$ '000	2021 \$ '000
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	132,279	165,257
Non-current assets	36,439	40,746
Total Assets	<b>168,718</b>	<b>206,003</b>
<b>Liabilities</b>		
Current liabilities	4,397	28,237
Total Liabilities	<b>4,397</b>	<b>28,237</b>
<b>Net assets</b>	<b>164,321</b>	<b>177,766</b>

### Equity

Contributed equity	151,594	151,594
Retained earnings	17,460	30,905
Share buy back reserve	(4,733)	(4,733)
Total Equity	<b>164,321</b>	<b>177,766</b>

### Statement of Profit or Loss and Other Comprehensive Income

Total profit or loss for the year	<b>2,705</b>	50,817
<b>Total comprehensive income</b>	<b>2,705</b>	<b>50,817</b>

As at 30 June 2022:

- Servcorp Limited guaranteed Company Headquarters Limited (a subsidiary) as part of a New Zealand lease;
- Servcorp Limited has a Corporate Guarantee and Indemnity with the Australian and New Zealand Banking Group Limited, pursuant to which the bank agreed to make available to the Consolidated Entity of \$27 million interchangeable facility for general corporate purposes. The liability under the deed by and between the Australian and New Zealand companies is limited to \$52 million. Refer to note 23 for details;
- there were no contingent liabilities of the parent entity;
- there were no commitments for the acquisition of property, plant and equipment by the parent entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 33 Reconciliation of profit to operating cash flow

### Reconciliation of result for the year to cashflows from operating activities

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash at bank and short term deposits at call.

	2022	Restated*
	\$ '000	\$ '000
Profit for the year	28,021	23,492
<b>Non-cash flows in profit:</b>		
Movements in provisions	670	74
Depreciation and amortisation of non-current assets	20,140	22,648
Share of profits of joint venture	334	281
Impairment of non-current assets	-	(1,498)
Gain on sales of financial assets	181	-
Loss on disposal of non-current assets	1,466	391
Gain from financial assets	-	46
Amortisation of right of use assets	100,020	101,301
Increase in current tax asset	(8,118)	(806)
Decrease/(increase) in deferred tax balances	994	(607)
Unrealised foreign exchange gain	(5,987)	(1,036)
Share based payment expense	460	-
<b>Changes in assets and liabilities:</b>		
Decrease in prepayments	306	34
Decrease in trade debtors and other receivables	5,243	7,058
(Increase)/decrease in current assets	(461)	2,349
Decrease in deferred contract liabilities	-	(513)
Decrease in client security deposits	(922)	(4,199)
Increase/(decrease) in accounts payable	3,236	(9,365)
<b>Cashflows from operations</b>	<b>145,583</b>	<b>139,650</b>

\*Balances for the year ended 30 June 2021 have been restated. Refer to note 25 for more details.

# DIRECTORS' DECLARATION

The Directors of the Company declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- b) the attached Consolidated Financial Statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the Consolidated Financial Report;
- c) in the Directors' opinion, the attached Consolidated Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  - i. compliance with accounting standards; and
  - ii. giving a true and fair view of the financial position and performance of the Consolidated Entity;
- d) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



.....  
**A G Moufarrige AO**  
**Managing Director and CEO**

Dated 25 August 2022



# Independent Auditor's Report

To the shareholders of Servcorp Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Servcorp Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Consolidated Entity's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Consolidated Entity** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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## Key Audit Matters

The **Key Audit Matters** we identified are:

- Accounting for leases; and
- Recoverability of right-of-use assets and leasehold improvements.

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current year.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Accounting for leases (Right-of-use assets \$260m and lease liability \$311m)

Refer to Note 13 'Right of use assets' and Note 16 'Lease Liabilities' in the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Accounting for leases is a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>• significance of leases to the financial statements; and</li> <li>• large volume of individualised lease agreements which increase the complexity and judgement required by management in determining the right-of-use asset and lease liability balances.</li> </ul> <p>We focused our testing on the accounting for leases that were new, renewed and modified during the financial year.</p> <p>The Consolidated Entity, when calculating the right-of-use asset and lease liability balances, applied judgement to determine the effective date, expected lease term, incremental borrowing rate (IBR), and application of the rent review terms and lease incentives. These were key features subject to our audit testing.</p> <p>We involved our senior audit team members in assessing this key audit matter, along with our debt advisory specialists.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the Consolidated Entity's accounting policies against the requirements of the accounting standard (AASB 16 <i>Leases</i>) and our understanding of the business.</li> <li>• Assessing the completeness of the Consolidated Entity's leases by:                             <ul style="list-style-type: none"> <li>- For each location published on the Servcorp global website, we checked for a corresponding lease at the location to the Consolidated Entity's lease listing.</li> <li>- Checking new or terminated leases noted in Board minutes were appropriately captured or disposed of in the Consolidated Entity's lease listing.</li> </ul> </li> <li>• For new, renewed and modified leases, we:                             <ul style="list-style-type: none"> <li>- Compared the key inputs used in the Consolidated Entity's lease calculation model including the effective date, expected lease term, fixed rent payments, rent review terms, lease incentives and renewal options, to underlying source documents including the current lease agreements.</li> <li>- Using the above key inputs and adopted incremental borrowing rate (IBR), we recalculated the lease balances including the right-of-use asset, lease liability, depreciation and interest expense.</li> </ul> </li> </ul>





	<ul style="list-style-type: none"> <li>- Compared our re-calculated lease balances to the amounts recorded by the Consolidated Entity for the financial year and investigated any significant variances.</li> <li>• Working together with our debt advisory specialists, we independently assessed against accounting standard requirements Servcorp's methodology to determine the IBRs including reference rates and credit spreads applied.</li> <li>• We assessed the financial statement disclosures in the financial report using our understanding obtained from our testing, against the accounting standard requirements.</li> </ul>
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**Recoverability of right-of-use assets (\$260m) and leasehold improvements (\$61m)**

Refer to Note 11 'Property, plant and equipment' and Note 13 'Right of use assets' in the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The recoverability of right-of-use assets and leasehold improvements is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• the significance of these assets to the financial statements; and</li> <li>• the continuing impact of the COVID-19 and the emerging economic challenges on the business globally.</li> </ul> <p>We focused on the significant forward-looking assumptions the Consolidated Entity applied in its value-in-use (VIU) model, including:</p> <ul style="list-style-type: none"> <li>• Forecast pricing and occupancy growth rates – these assumptions are influenced by duration, renewal and terms of tenant contracts, demand from tenants, competitive market conditions and the current economic outlook on each Cash Generating Unit (CGU);</li> <li>• Forecast operating cash flows – estimating projected cash flow forecasts is inherently subjective and susceptible to differences in outcome, in particular due to the ongoing</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Together with our valuation specialists, we assessed the appropriateness of the VIU methodology applied by the Consolidated Entity to perform its impairment test against the requirements of the accounting standards (AASB 136 <i>Impairment of assets</i>).</li> <li>• We assessed the integrity of the VIU model used, including the accuracy of the underlying calculation formulas.</li> <li>• We assessed the accuracy of previous Consolidated Entity's forecasts to inform our evaluation of forecasts incorporated in the models.</li> <li>• We compared the forecast cash flows contained in the VIU model to forecasts presented to the Board.</li> <li>• We assessed the Consolidated Entity's indicators of impairment analysis for each cash generating unit (CGU) based on</li> </ul>



<p>challenging market conditions; and</p> <ul style="list-style-type: none"> <li>• Discount rates - these are subjective in nature and vary according to the specific conditions and environment of the relevant CGU. We involve our valuations specialists with this assessment.</li> </ul> <p>The Consolidated Entity has a high number of individual CGUs during the year necessitating our consideration of the Consolidated Entity's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows.</p> <p>The Consolidated Entity has not recorded any impairment in this financial year.</p>	<p>business performance.</p> <ul style="list-style-type: none"> <li>• We challenged the Consolidated Entity's significant forecast cash flow and growth assumptions, such as pricing and occupancy rates, in light of expected continuation of challenging market conditions. We used our knowledge of the Consolidated Entity, their past performance, business and customers, and our industry experience.</li> <li>• Working with our valuation specialists, we independently developed a discount rate range using publicly available market data for comparable entities, adjusted by risk factors specific to the Consolidated Entity and the industry it operates in.</li> <li>• We considered the sensitivity of the models by varying key assumptions, such as forecast pricing and occupancy growth rates and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures.</li> <li>• We considered the Consolidated Entity's determination of their CGUs based on our understanding of the operations of the Consolidated Entity's business, and how independent cash inflows were generated, against the requirements of the accounting standards.</li> <li>• We assessed the disclosures in the financial report using our understanding of the information obtained from our testing and against the requirements of the accounting standards.</li> </ul>
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### Other Information

Other Information is financial and non-financial information in Servcorp Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Consolidated Entity and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity and Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.



### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of Servcorp Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

#### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

#### Our responsibilities

We have audited the Remuneration Report included in pages 41 to 53 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Kim Lawry  
Partner

Sydney  
25 August 2022

# SHAREHOLDER INFORMATION

The shareholder information set out below is provided in accordance with the Listing Rules and was applicable as at 26 August 2022.

## CLASS OF SHARES AND VOTING RIGHTS

### Ordinary shares

There were 2,104 holders of the ordinary shares of the Company.

At a general meeting:

- on a show of hands, every member present in person or by direct vote, proxy, attorney or representative has one vote;
- on a poll, every member present has one vote for each fully paid share held.

### Options

There were 47 holders of options over 2,726,250 unissued ordinary shares of the Company, granted to employees under the Servcorp Executive Share Option Scheme.

There are no voting rights attached to the options. Voting rights will be attached to the unissued ordinary shares when the options have been exercised. The options are unquoted.

## ON-MARKET BUY-BACK

There is no current on-market buy-back.

## DISTRIBUTION OF SHAREHOLDERS

SIZE OF HOLDING	ORDINARY SHARES			OPTIONS		
	NUMBER OF HOLDERS	NUMBER OF SHARES	% OF SHARES	NUMBER OF HOLDERS	NUMBER OF OPTIONS	% OF OPTIONS
1 – 1,000	928	403,107	0.42%	-	-	-
1,001 – 5,000	730	1,882,033	1.94%	3	13,750	0.50%
5,001 – 10,000	209	1,569,262	1.62%	24	192,500	7.06%
10,001 – 100,000	211	5,932,282	6.13%	18	820,000	30.08%
100,001 and over	26	87,031,204	89.89%	2	1,700,000	62.36%
<b>Totals</b>	<b>2,104</b>	<b>96,817,888</b>	<b>100.00%</b>	<b>47</b>	<b>2,726,250</b>	<b>100.00%</b>

There were 230 holders of ordinary shares holding less than a marketable parcel, based on the closing market price at the specified date.

## SUBSTANTIAL SHAREHOLDERS

The following organisations have given a substantial shareholder notice to Servcorp.

NAME	NUMBER OF SHARES	% OF VOTING POWER
FMR LLC	9,262,560	9.57%
Highclere International Investors LLP	6,005,665	6.20%
Perpetual Limited	5,388,494	5.57%
Sovori Pty Ltd	51,338,105	53.03%

## TWENTY LARGEST SHAREHOLDERS

HOLDER NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF CAPITAL HELD
Australian Executor Trustees Limited <No 1 Account>	115,607	0.12%
BNP Paribas Noms (NZ) Ltd <DRP>	430,000	0.44%
BNP Paribas Noms Pty Ltd <DRP>	759,767	0.78%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	177,055	0.18%
Citicorp Nominees Pty Limited	3,303,623	3.41%
Eniat Pty Ltd	1,800,000	1.86%
HSBC Custody Nominees (Australia) Limited	22,078,103	22.80%
HSBC Custody Nominees (Australia) Limited A/C 2	2,773,463	2.86%
JP Morgan Nominees Australia Pty Limited	1,161,190	1.20%
Marlinda Pty Ltd <JMK Super Fund A/C>	120,000	0.12%
MFLE Pty Ltd	1,800,000	1.86%
Moufarrige, Alfred George	547,436	0.57%
Mutual Trust Pty Ltd	306,278	0.32%
National Nominees Limited	3,383,123	3.49%
Neweconomy Com Au Nominees Pty Limited <900 Account>	395,576	0.41%
Omnioffices Pty Ltd	2,526,646	2.61%
Sandhurst Trustees Ltd <Wentworth Williamson A/C>	1,920,933	1.98%
Smithstock Pty Ltd <Warialda 1 Unit A/C>	113,779	0.12%
Sovori Pty Ltd	42,928,077	44.34%
Uvira Superannuation Pty Limited <Uvira Holdings Employees Super Fund Account>	358,440	0.37%
<b>Totals for Top 20</b>	<b>86,999,096</b>	<b>89.86%</b>



## CORPORATE INFORMATION

### DIRECTORS

The Hon. Mark Vaile	Chairman & non-executive Director, independent
Wallis Graham	Non-executive Director, independent
Tony McGrath	Non-executive Director, independent
Alf Moufarrige	CEO & Managing Director

### COMPANY SECRETARY

Gregory Pearce

### REGISTERED OFFICE AND PRINCIPAL OFFICE

Level 63, MLC Centre  
19-29 Martin Place  
Sydney NSW 2000

Telephone: + 61 (2) 9231 7500  
Facsimile: + 61 (2) 9231 7665

### AUDITOR

KPMG  
International Towers Sydney 3  
300 Barangaroo Avenue  
SYDNEY NSW 2000

### SHARE REGISTRY

Boardroom Pty Limited  
Level 12, Grosvenor Place  
225 George Street  
Sydney NSW 2000

GPO Box 3993  
Sydney NSW 2001

Telephone: 1300 737 760  
+ 61 (2) 9290 9600

Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

### STOCK EXCHANGE

Servcorp Limited shares are quoted on the Australian Securities Exchange under the code **SRV**.

The Home Exchange is Sydney.

### ANNUAL GENERAL MEETING

The annual general meeting of Servcorp Limited will be held at 4.30pm on Wednesday, 9 November 2022 at:

Servcorp Limited  
Level 63, MLC Centre  
19-29 Martin Place  
Sydney NSW 2000





 **SERVCORP**

*Annual Report 2022*

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