

SERVCORP LIMITED
ABN 97 089 222 506

APPENDIX 4D

Interim Financial Report
For the six months ended
31 December 2024

The information in this document should be read in conjunction with Servcorp Limited's Directors' Report and Financial Report for the six months ended 31 December 2024, the 2024 Annual Report and public announcements made during the period in accordance with continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rules.

Servcorp Limited
ABN 97 089 222 506
Interim Financial Report
31 December 2024

Reporting Period

Current period: 1 July 2024 to 31 December 2024
 Previous corresponding period: 1 July 2023 to 31 December 2023

Results for announcement to the market

				\$m
Revenue and other income from ordinary activities	up	7%	to	168.1
Profit from ordinary activities after tax attributable to members	up	76%	to	34.6
Net profit for the period attributable to members	up	76%	to	34.6

Dividends	Total amount	Amount per security	Franked amount per security
	\$m	(cents per share)	(cents per share)
<i>Current period</i>			
Interim dividend declared	13.8	14.00c	1.40c
<i>Previous corresponding period</i>			
Interim dividend paid	11.8	12.00c	2.40c

Record date for determining entitlements to the dividend	5 March 2025
Dividend payment date	2 April 2025

The interim dividend is 90% conduit foreign income.

	31 December 2024	30 June 2024
	\$	\$

Net tangible asset backing

Net tangible asset backing per ordinary security	2.10	1.77
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Additional 4D disclosures can be found in the Notes to the Servcorp Consolidated Interim Financial Report for the six months ended 31 December 2024 lodged with the ASX on 19 February 2025.

Management Discussion & Analysis

FY25 Guidance

- Underlying¹ NPBIT between \$61.0m and \$65.0m
- Underlying Free Cash of more than \$75.0m

1H25 Underlying Operating Profit up 22% on pcp; Statutory NPBT up 70%

Servcorp delivered a strong performance in the first half of FY25, achieving solid financial and operational results despite persistent global economic uncertainties and intense industry competition. Beyond providing world-class workspaces, Servcorp offers corporate-level resources that empower businesses, regardless of size or industry, to compete and succeed on local, domestic, and international levels.

Strategic initiatives implemented in recent years continued to drive strong business performance, with 1H25 delivering record results across multiple key performance indicators:

- Underlying Operating Profit: \$32.8m
- Underlying NPBIT: \$34.4m
- Underlying Free Cash: \$40.5m
- Dividend: 14.0 cps

Revenue increased by \$10.4m, a 7% rise, driven by improved revenue efficiency and higher service conversion across most regions. Servcorp's commitment to premium service, tailored workspace solutions, and a prestigious client experience contributed to higher client retention, enhanced business efficiency, and lower business development costs. Underlying NPBIT for 1H25 reached a record level of \$34.4m, a 19% increase from 1H24.

Servcorp continues to invest in developing and upgrading its infrastructure to ensure premium experiences and secure, reliable IT solutions for clients. A strong balance sheet and substantial cash reserves provide the flexibility for strategic organic expansion, with growth initiatives pursued where management depth supports execution. With a disciplined approach and a clear strategic direction, Servcorp further strengthened its global footprint in 1H25, reinforcing its market leadership while laying the foundation for long-term sustainable growth.

¹ "Underlying" is a non-statutory measure and is the primary reporting measure used by senior management & Board of Directors for the purpose of assessing the performance of the business.

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Headline

Disciplined execution of strategy and market leading portfolio quality enabled outperformance in 1H25:

- Underlying NPBIT up 19% to \$34.4m from \$29.0m² in 1H24
- Underlying Operating Revenue up \$10.9m or 7% on 1H24
- Underlying EPS 31.5 cents, up 21% from 26.0 cents in 1H24
- Underlying Free Cash \$40.5m, up 13% on 1H24
- Cash balance currently in excess of \$120.0m
- NTA³ \$2.10 per share, up 19% on FY24
- Statutory NPBT \$38.3m, up \$15.8m or 70% on 1H24
- Statutory NPAT \$34.6m, up \$14.9m or 76% on 1H24

Financial Summary

	1H25	1H24
		\$'m
Revenue		
Revenue and other income from ordinary activities	168.1	157.7
Underlying Operating Revenue	158.8	147.9
Statutory Results		
Statutory NPBT	38.3	22.5
<u>Less</u>		
Income tax expense	3.7	2.9
Statutory NPAT	34.6	19.6
Underlying Results		
Underlying NPBIT	34.4	29.0
<u>Less</u>		
Underlying income tax expense	3.3	3.7
Underlying NPAT	31.1	25.3
Net cash inflow		
Free Cash	38.7	32.7
Underlying Free Cash	40.5	35.8
Other KPIs		
Unencumbered cash (\$'m)	131.4	115.1
Return on Net Funds Employed	70%	68%
NTA per share (\$)	2.10	1.77
EPS (cents)	35.1	20.2
Underlying EPS (cents)	31.5	26.0
DPS (cents)	14.0	12.0

² Underlying NPBIT for 1H24 was adjusted to reflect the pre-mature/ post-closure floors in 1H25

³ NTA and Unencumbered cash as at 31 December 2024, comparing to that at 30 June 2024

Financial Summary - continued

1H25 revenue and other income was \$168.1m, up 7% on pcp (1H24: \$157.7m). Underlying Operating Revenue increased \$10.9m or 7% compared to 1H24.

1H25 Statutory NPBT was \$38.3m, up \$15.8m or 70% from 1H24 NPBT of \$22.5m, attributable to strong momentum in revenue growth. 1H25 Statutory NPAT was \$34.6m, up \$14.9m or 76% from 1H24 NPAT of \$19.6m.

1H25 Underlying NPBIT was \$34.4m, up \$5.5m or 19% on 1H24.

Basic EPS was 35.1 cps, up 74% year-on-year. Underlying EPS was 31.5 cps, up 21% year-on-year.

Return on net funds employed was 70% in 1H25⁴, up 3% from 1H24.

Underlying Free Cash was \$40.5m, up \$4.8m or 13% on pcp. Unencumbered cash balances at 31 December 2024 of \$131.4m, up \$16.3m from \$115.1m at 30 June 2024, due to strong operating performance which in turn drives cash production, coupled with a strong USD and recovering JPY.

As at the date of this report, cash balances are in excess of \$120.0m.

⁴ Annualised ROFE

Servcorp Limited
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31 December 2024

Operating performance

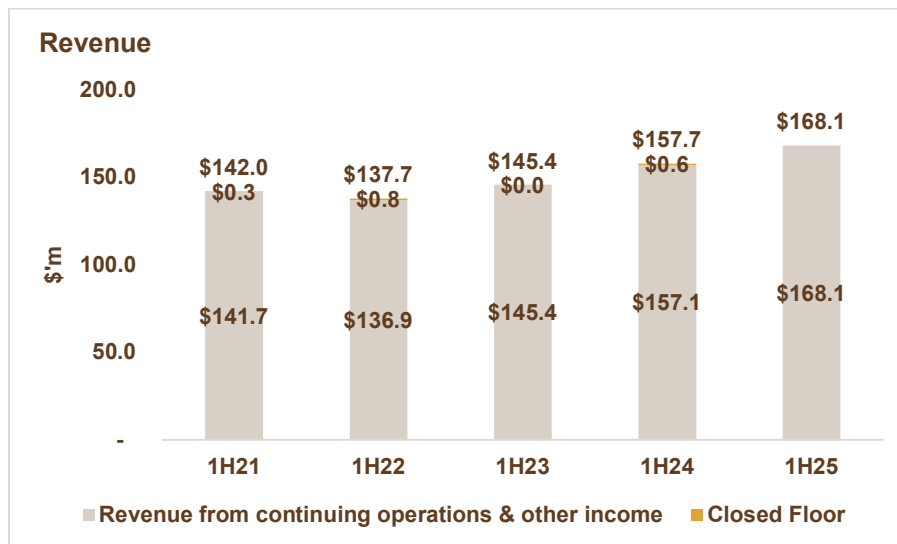
Reconciliation of Statutory and Underlying performance:

	1H25	1H24
		\$'m
Statutory NPBT	38.3	22.5
<u>Add</u>		
Operating loss from new floors pre-maturity or from closed floors post-maturity	3.0	2.0
Impairment loss, closure costs and other non-recurring costs	(6.8)	4.5
Underlying NPBIT	34.4	28.3
<u>Less</u>		
Interest & franchise income	(0.8)	(1.7)
Forex gain	(3.3)	(1.6)
Other non-operating items	2.5	1.1
Underlying Operating Profit	32.8	26.8
<u>Less</u>		
Operating loss from new floors pre-maturity or from closed floors post-closure	(3.0)	(2.0)
Total Operating Profit⁵	29.8	24.8

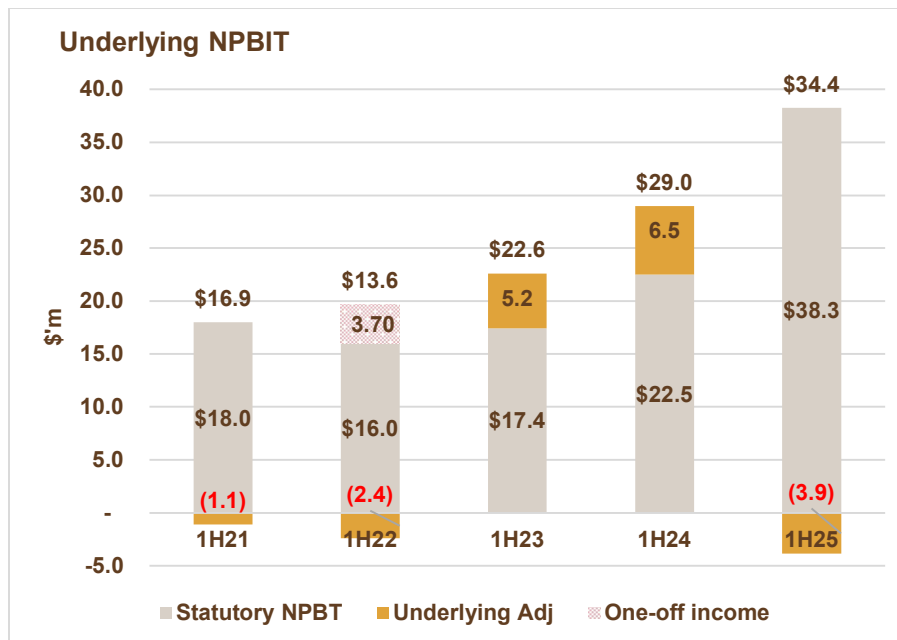
⁵ Total Operating Profit is also referred to Statutory Operating Profit. The two terms may be used interchangeably in this document and public announcements including the Results Presentation made during this period.

1H25 – Overview

1H25 revenue \$168.1m, up 7% on 1H24. Revenue from continuing operations⁶ and other income \$168.1m, up 7% on 1H24.



1H25 Underlying NPBIT \$34.4m, up 19% on 1H24. 1H25 Underlying NPBIT was underpinned by a solid performance in Europe & Middle East (“EME”), and steady recovery in Australia, New Zealand and South East Asia (“ANZ & SEA”).



⁶ Calculated as consolidated segment revenue for the period as disclosed in the Note 2 Operating segments in the 1H25 Financial Report, adjusted for Revenue from discontinued operations.

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Cash Flow

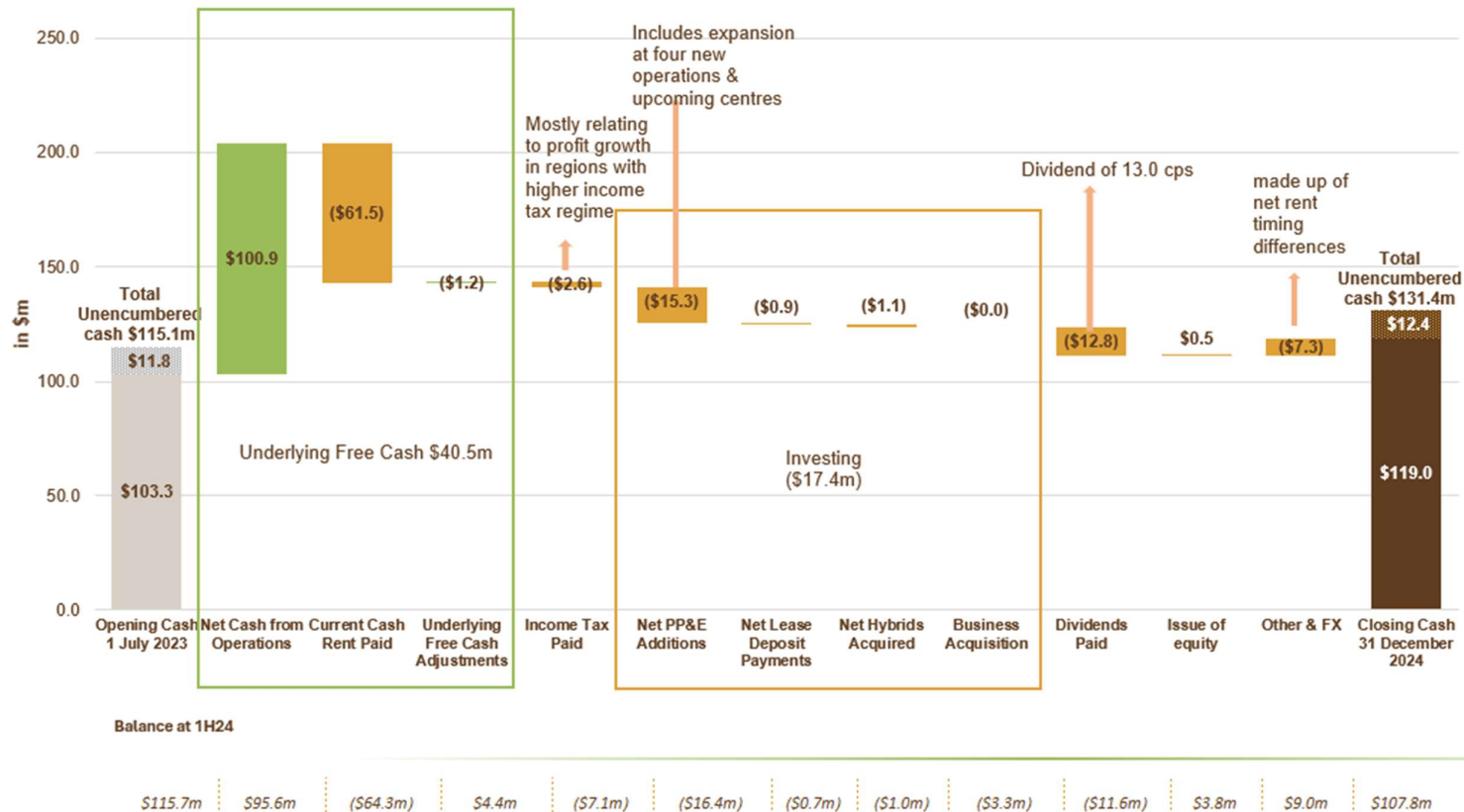
Reconciliation of Net Operating Cash Flows to Free Cash and Underlying Free Cash:

	1H25	1H24
		\$'m
Net Operating Cash flow	91.7	81.6
<i>Add:</i>		
Tax paid	2.6	7.1
<i>Less:</i>		
Lease liability Cash Rent for related period paid in related period	54.9	57.4
Cash Rent timing differences	0.7	(1.4)
Free Cash	38.7	32.7
<i>Add:</i>		
Cash Rent previously withheld now paid	0.8	1.8
<i>Less:</i>		
Cash Rent relating to current period withheld	0.4	-
Other timing differences & write-off	(1.5)	(1.2)
Underlying Free Cash	40.5	35.8

Free Cash of \$38.7m, up 18% compared to 1H24. Underlying Free Cash of \$40.5m, up 13% on 1H24.

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Cash Flow - continued



Servcorp produced Underlying Free Cash in 1H25 of \$40.5m, paid tax of \$2.6m and incurred net capital expenditure of \$15.3m (down \$1.1m from \$16.4m in 1H24). Servcorp paid \$0.9m in net lease deposits, and invested an additional \$1.1m in hybrid securities and ordinary shares. Servcorp also paid \$12.8m in dividends in 1H25 and received \$0.5m cash from the issue of equity for exercised options.

Other cash outflows of \$7.3m include \$1.2m of Underlying Free Cash adjustments (refer reconciliation on page 7), \$3.4m of Cash Rent relating to future years, \$12.1m effects of exchange rate changes.

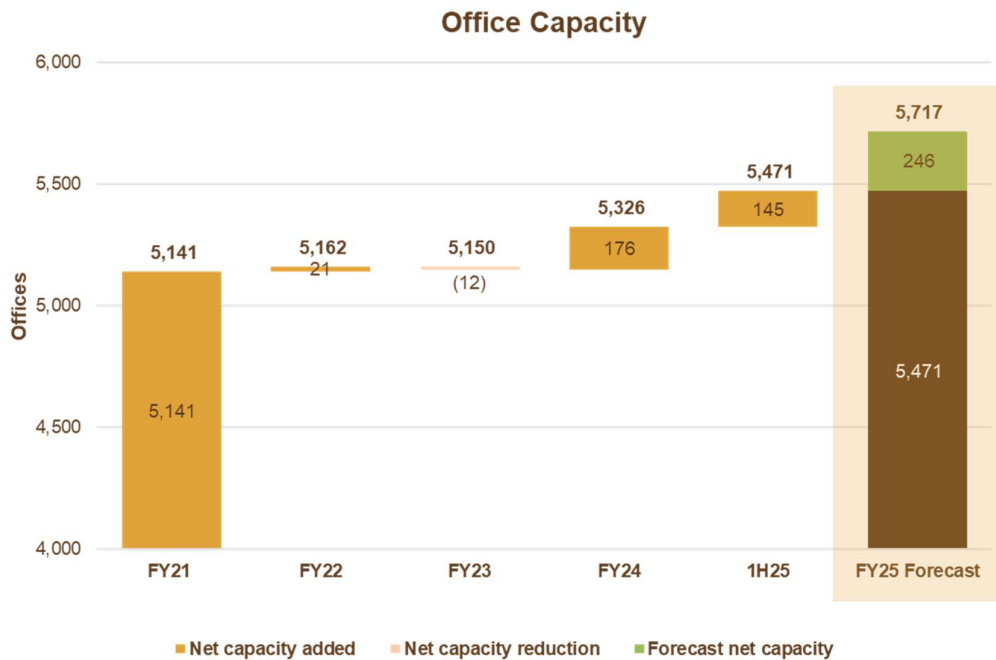
Overall cash increased by \$16.3m from \$115.1m at 30 June 2024 to \$131.4m at 31 December 2024.

Office Capacity

In 1H25, Servcorp continued expanding its global footprint where suitable opportunities and management depth are present.

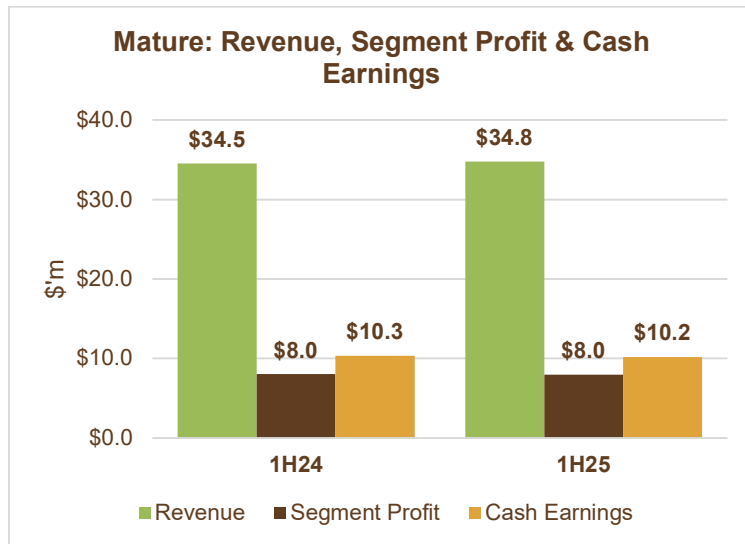
In the 6 months to 31 December 2024, \$14.8m capital expenditure were invested to launch 4 new locations, including a replacement floor, taking the floor count to 135 as of 31 December 2024, in 41 cities across 20 countries.

Net capacity increased by 145 offices to 5,471, and capacity for FY25 is forecast, based on the new leases signed or schedule to be signed in the coming weeks, to increase by 246 offices to 5,717.



Operating Summary by Region⁷

ANZ & South East Asia



Mature revenue showed a slight increase, rising from \$34.5m to \$34.8m, reflecting a 1% growth. While the growth was modest, it demonstrates the resilience of the regional operations in maintaining stable revenue levels despite market fluctuations. This steady performance highlights the company's ability to sustain demand and deliver value to clients.

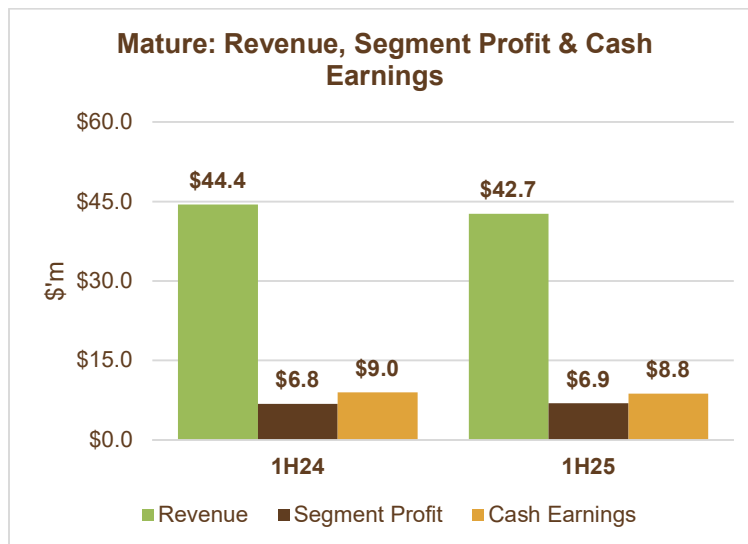
Mature segment profit remained steady at \$8.0m, indicating a stable margin despite external challenges. This consistency reflects disciplined cost management and operational efficiency, ensuring that profitability is maintained even in a flat revenue environment. Servcorp continues to focus on optimizing resources to sustain and improve profit margins.

Mature cash earnings saw a minor decrease from \$10.3m to \$10.2m, representing a 1% dip. This slight decline reflects normal business fluctuations and investment in growth initiatives. Despite this, cash generation remains strong, providing a solid foundation for future expansion and operational improvements.

⁷ Mature revenue and Mature Segment profit is also known as Underlying Operating Revenue and Underlying Operating Profit. Segment cash earnings from operating activities (exclusive of non-operating activities and any timing difference in cash receipts/ payments).

Operating Summary by Region – continued

North Asia



Mature revenue declined from \$44.4m to \$42.7m, primarily due to unfavourable foreign exchange movements when converting local currency revenue into AUD. The underlying business remains stable.

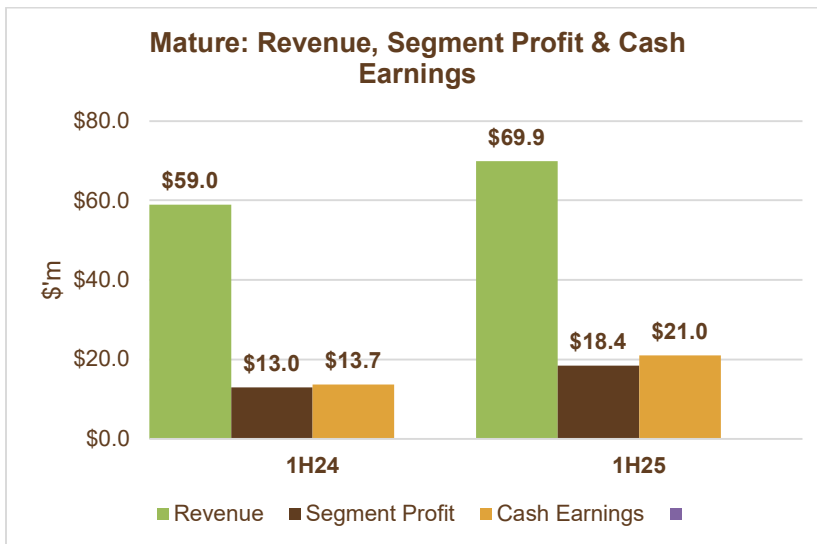
North Asia showed a modest increase in mature segment profit from \$6.8m to \$6.9m, reflecting disciplined cost management and operational efficiency. While revenue was affected by forex headwinds, strategic initiatives helped sustain profitability.

Mature cash earnings declined slightly from \$9.0m to \$8.8m, reflecting the revenue impact and ongoing operational challenges in certain markets. Despite this minor decline, North Asia as a whole continues to generate strong cash flows, ensuring financial stability and flexibility to invest in future growth opportunities.

China operations continue to underperform, leading to an impairment charge of \$4.9m. Additionally, goodwill of \$0.2m was derecognized.

Operating Summary by Region – continued

Europe & Middle East



Mature revenue increased significantly from \$59.0m to \$69.9m, reflecting a 19% year-on-year growth, highlighting Servcorp's ability to capitalize on market opportunities and deliver value to clients.

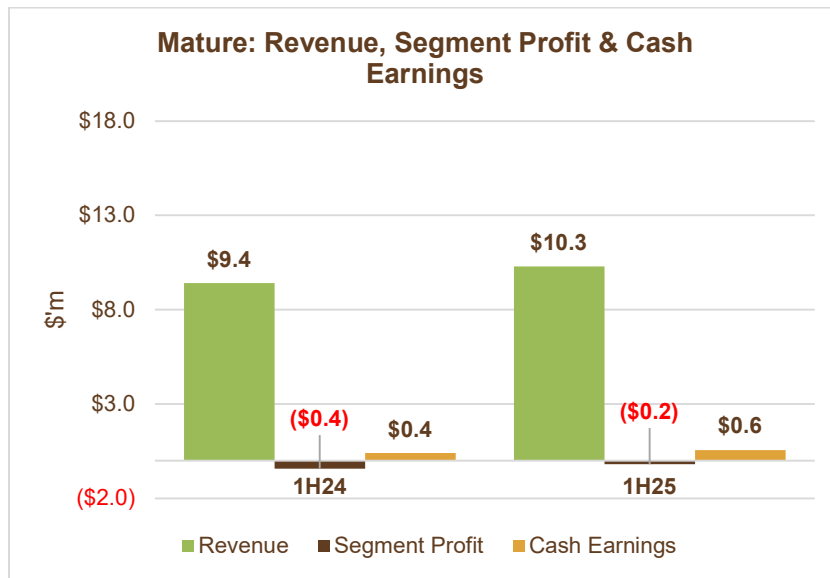
Mature segment Profit increased from \$13.0m to \$18.4m, as a result of management focus on operational efficiency, cost discipline, and strategic investments that drive profitability.

Mature cash earnings improved from \$13.7m to \$21.0m, attributed to strong underlying performance, improved collections, and disciplined financial management. The rise in cash earnings reinforces the underlying financial resilience and ensures ability to reinvest in future growth initiatives.

Despite the strong overall performance, an impairment charge of \$1.7m was recognized in Europe.

Operating Summary by Region – continued

USA

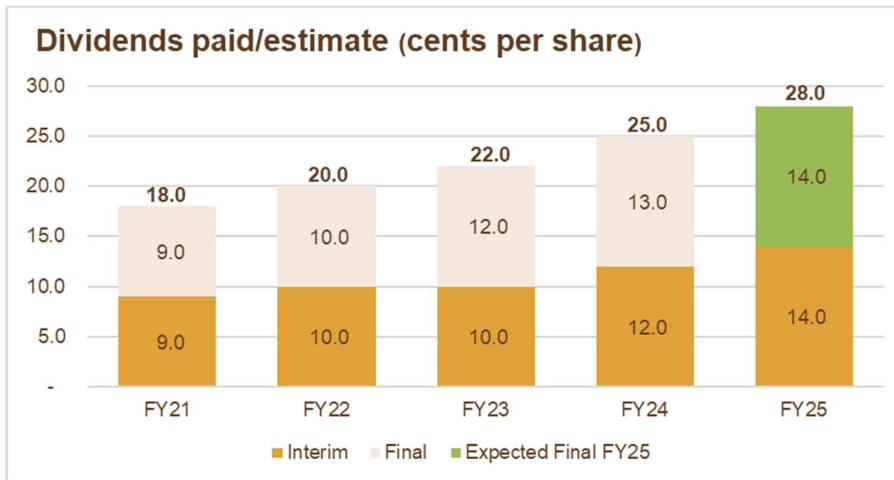


In the first half of 2025, USA achieved solid growth, with key financial metrics showing notable improvements. Mature revenue grew from \$9.4m in 1H24 to \$10.3m in 1H25, up 9% on pcp. The improved performance was underpinned by growing demand and effective pricing strategies, demonstrating the effectiveness and adaptability of the business model albeit in a competitive market.

In addition, USA managed to decrease the segment loss from \$0.4m in 1H24 to \$0.2m in 1H25, a 50% reduction, as management continued improving operational efficiency and controlling costs. By addressing key areas of underperformance, management have demonstrated our ability to transform challenges into opportunities for growth and profitability.

Mature cash earnings grew by 50%, rising from \$0.4m in 1H24 to \$0.6m in 1H25, following the organic growth in the underlying business performance. The augmented cash earnings also provide ongoing financial strength and capacity to reinvest in future initiatives for organic expansion when suitable opportunities present.

Dividends



The Directors have declared an interim dividend of 14.0 cps, 10% franked, payable on 2 April 2025.

The final FY25 dividend will be no less than 14.0 cps (franking uncertain). We expect to make dividend payments consistent with our long term history and commitment to shareholders.

Future dividends are subject to currencies remaining constant, continued strong cash generation, and the global economic climate.

FY25 Guidance Reaffirmed

With the first half of FY25 behind us, Servcorp continues to demonstrate resilience and steady business performance. Our disciplined execution and strategic initiatives have led to positive momentum across key operational metrics. While macroeconomic uncertainties and competitive pressures persist, our focus remains on driving sustainable growth through revenue efficiency and enhanced service conversion.

Our strong Balance Sheet provides the flexibility to pursue strategic and organic expansion in high-potential markets, ensuring long-term value creation. While challenges remain, our adaptability and market responsiveness position us well to capitalize on emerging opportunities. New operations are progressing across various stages of development, reinforcing our growth trajectory.

We are pleased with the results for the first half of FY25. We reaffirm our guidance for FY25, for underlying NPBIT between \$61.0m and \$65.0m, and believe we are tracking towards the higher end of that range, with associated underlying free cash of more than \$75.0m.

These projections underscore our commitment to profitability, cash flow strength, and long-term value creation. Servcorp remains dedicated to operational excellence, strategic expansion, and delivering sustained value to stakeholders.

Forecasts and future dividends are subject to currencies remaining constant, continued strong cash generation, and the continued impacts of global economic uncertainties on the operations.

Servcorp Limited
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Interim Financial Report
31 December 2024

Glossary

1H	First half of financial year - six months to 31 December
2H	Second half of financial year - six months to 30 June
ANZ	Australia & New Zealand
Cash Earnings	Is profit minus depreciation and other non-cash expenses
cps	Cents per share
EPS	Earnings per share
EME	Europe & Middle East
Free Cash	Is the Net Operating Cash Flows before tax as reported in the Consolidated Statement of Cash Flows contained in the Servcorp Consolidated Financial Report minus Cash Rent paid
FY	Financial year
Immature	Immature means floors that are not mature, excluding closed floors
m or \$'m	Million
Mature	Mature means floors that were open in both the current and comparative reporting periods. A floor is categorised as Mature at the earlier of 24 months from the date it becomes operational or 3 months consecutive operating profit For the avoidance of doubt, Mature excludes closed floors
NPAT	Net Profit After Tax
NPBT	Net Profit Before Tax
NPBIT	Net Profit Before non-cash Impairment of Assets and Tax
NTA	Net tangible asset per share
ROFE	Return on Net Funds Employed
SEA	South East Asia
Segment Profit/(Loss)	Calculated in accordance with Australian Accounting Standards as reported in the Servcorp Consolidated Financial Report
Statutory NPAT/ NPBT	Calculated in accordance with Australian Accounting Standards as reported in the Servcorp Consolidated Financial Report
Underlying Free Cash	Is Free Cash adjusted for significant items (before tax) which relate to the reported financial year however, because of timing, either occurred in the preceding financial year or will occur in the subsequent financial year
Underlying NPAT	Is the Statutory NPAT adjusted for significant items (net of tax) that are one-off in nature and that do not reflect the underlying performance of our business
Underlying NPBIT	Is the Statutory NPBT adjusted for significant items (before tax) that are one-off in nature and that do not reflect the underlying performance of our business
Underlying Operating Revenue	Is revenue generated from operating activities from Mature floors. Is also known as Mature Revenue
Total Operating Profit	Is profit generated from operating activities from all floors, excluding any profit or losses generated from non-operating activities. Is also known as Statutory Operating Profit
USA	United States of America

Servcorp Limited

ABN 97 089 222 506

Consolidated Interim Financial Report

For the half-year ended 31 December 2024

Servcorp Limited

For the Half Year Ended 31 December 2024

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Directors' Report

31 December 2024

The Directors of Servcorp Limited ("the Company") submit herewith the consolidated interim financial report for the Company and its consolidated entities ("the Consolidated Entity") for the half-year ended 31 December 2024. In order to comply with the provisions of the Corporations Act 2001 the Directors report as follows:

1 Principal activities

The Consolidated Entity provides a global network of the finest flexible workspace solutions.

2 Directors

The Directors of the Company at any time during or since the end of the half-year period are:

Name	Position	Date Appointed
Mr Alf Moufarrige AO	Managing Director and CEO	August 1999
The Hon. Mark Vaile AO	Chairman and Independent Non-Executive Director	June 2011
Mrs Wallis Graham	Independent Non-Executive Director	October 2017
Mr Tony McGrath	Independent Non-Executive Director	August 2019

3 Other

(1) Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Consolidated Entity during the half-year.

(2) Subsequent events

Dividend

On 19 February 2025, the Directors declared an interim dividend of 14.00 cents per share franked to 10%, payable on 2 April 2025.

No matters or circumstances have arisen since the end of the financial half-year which 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.

Directors' Report

31 December 2024

4 Operating results and review of operations for the year

4.1 Review of operations

Revenue and other income from operating activities increased by 6.6% to \$168.1 million for the half-year ended 31 December 2024 (31 December 2023: \$157.7 million).

Net profit before tax for the half-year ended 31 December 2024 was \$38.3 million, an increase of 70.2% from \$22.5 million net profit before tax for the half-year ended 31 December 2023.

Net profit after tax was \$34.6 million (31 December 2023: \$19.6 million).

Cash and cash equivalents as at 31 December 2024 was \$119.0 million (30 June 2024: \$103.3 million).

The Directors have declared an interim dividend of 14.00 cents per share franked to 10%, payable on 2 April 2025.

4.2 Servcorp capacity

As at 31 December 2024, Servcorp operated 135 floors, in 41 cities across 20 countries.

During the half-year ended 31 December 2024, Servcorp opened 3 new floors. Net capacity increased by 145 offices to 5,471.

4.3 Operating summary by region

a Australia, New Zealand and Southeast Asia

During the half-year ended 31 December 2024, revenue increased from \$34.5 million to \$34.8 million, up 0.9% year on year.

The region's mature cash earnings was \$10.2 million (Dec 2023: \$10.3 million).

b North Asia

Greater China had an impairment charge of \$4.9 million and derecognised \$0.2 million of goodwill during the half-year ended 31 December 2024. Mature revenue was \$42.7 million (Dec 2023: \$44.4 million). Mature cash earnings was \$8.8 million (Dec 2023: \$9.0 million).

c Europe and the Middle East

Europe and the Middle East continued to perform well. Mature revenue was \$69.9 million (Dec 2023: \$59.0 million), an increase of 18.5% year on year. Mature cash earnings increased to \$21.0 million (Dec 2023: \$13.7 million). An impairment charge of \$1.7 million was recognised in Europe.

d United States of America

Mature revenue continued to grow in the United States of America ("USA"), recording an increase of 9.4% compared to the first half of the previous year. Mature revenue was \$10.3 million (Dec 2023: \$9.4 million). Mature cash earnings increased to \$0.6 million (Dec 2023: \$0.4 million).

Directors' Report

31 December 2024

5 Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the half-year ended 31 December 2024 has been received and is set out on page 4, and forms part of this report.

6 ASIC Corporations Instrument 2016/191 rounding of amounts

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

Signed in accordance with a resolution of Directors made pursuant to s 306(3) of the Corporations Act 2001.

On behalf of the Directors

Director:

A G Moufarrige AO
Managing Director and CEO



Dated this 19th day of February 2025



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 review of Servcorp Limited for the half-year ended 31 December 2024 there have been:

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

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Paul Thomas'.

Paul Thomas

Partner

Sydney

19 February 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2024

		31 Dec 2024	31 Dec 2023
	Note	\$ '000	\$ '000
Revenue	8	167,258	155,876
Other revenue and income	8	856	1,797
Total revenue		168,114	157,673
Amortisation of right-of-use asset		(48,862)	(47,403)
Service expenses		(40,686)	(40,081)
Occupancy expenses		(19,389)	(19,340)
Marketing expenses		(12,680)	(9,604)
Administrative expenses		(12,602)	(12,123)
Impairment losses		(6,811)	(1,639)
Finance costs attributable to lease liability		(6,596)	(6,920)
Net foreign exchange gains realised and unrealised		3,964	1,280
Fair value (loss)/gains on derivatives		(679)	286
Share of gains of joint venture		232	358
Net other gains	9	14,248	18
Total expenses		(129,861)	(135,168)
Profit before income tax		38,253	22,505
Income tax expense	10	(3,703)	(2,860)
Profit for the half-year		34,550	19,645
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Translation of foreign operations (items may be reclassified subsequent to profit or loss)		9,915	(4,863)
Other comprehensive income for the half-year, net of tax		9,915	(4,863)
Total comprehensive income for the half-year		44,465	14,782
		Cents	Cents
Basic EPS	11	35.1	20.2
Diluted EPS	11	34.3	20.2

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	31 Dec 2024 \$ '000	30 Jun 2024 \$ '000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		118,963	103,300
Trade and other receivables	12	39,626	35,852
Other financial assets	13	13,983	13,543
Current tax receivable		6,091	9,515
Prepayments and other assets		4,779	5,180
TOTAL CURRENT ASSETS		183,442	167,390
NON-CURRENT ASSETS			
Other financial assets	13	38,808	36,682
Property, plant and equipment	14	99,741	89,616
Intangible assets	15	2,605	2,708
Right-of-use assets		309,623	316,490
Deferred tax assets		47,197	44,193
Goodwill	17	17,113	17,274
TOTAL NON-CURRENT ASSETS		515,087	506,963
TOTAL ASSETS		698,529	674,353
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		63,637	63,684
Security deposits		34,478	30,502
Lease liabilities		98,538	94,364
Provisions		13,460	12,563
TOTAL CURRENT LIABILITIES		210,113	201,113
NON-CURRENT LIABILITIES			
Lease liabilities		259,523	276,834
Provisions		1,833	1,789
TOTAL NON-CURRENT LIABILITIES		261,356	278,623
TOTAL LIABILITIES		471,469	479,736
NET ASSETS		227,060	194,617
EQUITY			
Contributed equity	18	156,193	155,567
Reserves		(26,825)	(36,909)
Retained earnings		97,692	75,959
TOTAL EQUITY		227,060	194,617

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2024

	Contributed Equity \$ '000	Share Buy-Back Reserve \$ '000	Foreign Currency Translation Reserve \$ '000	Employee Equity Settled Benefits Reserve \$ '000	Retained Earnings \$ '000	Total \$ '000
Balance at 1 July 2024	155,567	(4,733)	(33,776)	1,600	75,959	194,617
Profit attributable to members of the parent entity	-	-	-	-	34,550	34,550
Translation of foreign operations (net of tax)	-	-	9,915	-	-	9,915
Transactions with owners in their capacity as owners						
Dividends paid	-	-	-	-	(12,817)	(12,817)
Share based payment transactions	626	-	-	169	-	795
Balance at 31 December 2024	156,193	(4,733)	(23,861)	1,769	97,692	227,060

	Contributed Equity \$ '000	Share Buy-Back Reserve \$ '000	Foreign Currency Translation Reserve \$ '000	Employee Equity Settled Benefits Reserve \$ '000	Retained Earnings \$ '000	Total \$ '000
Balance at 1 July 2023	151,594	(4,733)	(20,370)	938	60,349	187,778
Profit attributable to members of the parent entity	-	-	-	-	19,645	19,645
Translation of foreign operations (net of tax)	-	-	(4,863)	-	-	(4,863)
Transactions with owners in their capacity as owners						
Dividends provided for or paid	-	-	-	-	(11,618)	(11,618)
Share based payment transactions	3,974	-	-	834	-	4,808
Balance at 31 December 2023	155,568	(4,733)	(25,233)	1,772	68,376	195,750

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes in the Consolidated Financial Statements

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2024

	31 Dec 2024 \$ '000	31 Dec 2023 \$ '000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	183,842	168,505
Payments to suppliers and employees	(83,570)	(74,473)
Interest received	619	1,568
Interest and other costs of finance paid	(6,596)	(6,920)
Tax paid	(2,641)	(7,086)
Net operating cash inflows	91,654	81,594
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(14,758)	(19,491)
Payment for intangible asset	(596)	(1,383)
Payment for purchase of business, net of cash acquired	-	(3,277)
Proceeds on disposal of property, plant and equipment	15	4,457
Payments for securities and shares	(1,841)	(1,349)
Proceeds from sale of variable rate bonds and listed ordinary shares	711	365
Payments for landlord lease deposits	(933)	(709)
Net investing cash outflows	(17,402)	(21,387)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity securities of the parent	466	3,811
Dividends paid	(12,817)	(11,618)
Prepayment of leasing liability relating to future occupancy periods	(3,415)	(6,847)
Repayment of leasing liabilities relating to current period occupancy	(54,926)	(57,367)
Net financing cash outflows	(70,692)	(72,021)
Effects of exchange rate changes on cash and cash equivalents	12,103	2,286
Net increase/(decrease) in cash and cash equivalents held	15,663	(9,528)
Cash and cash equivalents as at 1 July	103,300	105,364
Cash and cash equivalents as at 31 December	118,963	95,836

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the Consolidated Financial Statements

Notes to the Financial Statements

For the half-year ended 31 December 2024

1 Reporting entity

Servcorp Limited ("the Company") and the subsidiaries ("the Consolidated Entity") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The address of the Consolidated Entity's registered office is Level 63, 25 Martin Place, Sydney NSW 2000. Servcorp Limited is a for-profit entity, and the principal activities of the Consolidated Entity during the half-year were the provision of a global network of the finest flexible workspace solutions.

The financial report of the Consolidated Entity for the half year ended 31 December 2024 was authorised for issue in accordance with a resolution of the Directors on 19 February 2025.

The consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2024 is available from the Consolidated Entity's website www.servcorp.com.au or upon request from the Consolidated Entity's registered office.

2 Basis of preparation

The consolidated interim financial statements for the half year ended 31 December 2024 represent a condensed set of financial statements and have been prepared in accordance with *AASB 134 Interim Financial Reporting*.

The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Consolidated Entity's annual consolidated financial statements as at 30 June 2024 and any public announcements made by Servcorp Limited during the half year ended 31 December 2024 in accordance with the continuous disclosure requirements of the ASX listing rules.

3 Judgements and estimates

In preparing this consolidated interim financial report, significant judgements and key sources of estimation of uncertainty were the same as those applied to the annual financial report for 30 June 2024.

4 Principal risks

As a part of the half year risk assessment the Directors considered the impact of geopolitical factors on the principal risks of the Consolidated Entity over the next six months to remain unchanged.

5 Changes to accounting standards

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Consolidated Entity's annual consolidated financial statements for the year ended 30 June 2024.

Several amendments and interpretations apply for the first time in the current period but do not have a material impact on the interim consolidated financial statements of the Consolidated Entity.

Notes to the Financial Statements

For the half-year ended 31 December 2024

6 Going concern

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 \$26.7 million at balance date.

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 manage actual and potential risks faced by the Consolidated Entity including those risks related to inflation. In reaching this position, the following factors have been considered.

- The Consolidated Entity has a cash balance totaling \$119.0 million;
- The Consolidated Entity produced positive cash from operations of \$91.7 million;
- The Consolidated Entity is in a net current liabilities position due to the capitalisation of lease commitments. The corresponding Right of Use Asset ("ROU") is classified as non-current asset in full. Net current liabilities are impacted by the current position of lease liabilities of \$98.5 million;
- The Consolidated Entity has no external debt; and
- The Consolidated Entity has net assets of \$227.1 million as at 31 December 2024;

On the basis of these factors, the Directors have a reasonable expectation that the going concern basis of preparation is appropriate.

7 Operating segments

Segment information

The Consolidated Entity identifies its operating segments based on the business activities it engages from which it earns revenues and incurs expenses. These are reviewed regularly by the chief operating decision makers of the Consolidated Entity.

The geographic segments are based on the geographic regions in which business units largely share a high level of similarity in regulatory, economic relationships, time zones, market characteristics, cultural similarities, language clusters, which form the basis for geographic results to the chief operating decision maker. Each reportable segment has its own distinct senior manager responsible for the performance of the segment. The chief operating decision maker is responsible for performance and resource allocation amongst operating segments. All reportable segments are involved in the provision of workspace solutions.

In line with the requirements under AASB 8 Operating Segments (AASB 8), the Consolidated Entity is run on a worldwide basis but has four reportable segments: 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 accounting policies of the reportable operating segments are the same as those disclosed in the annual financial report for 30 June 2024.

For the half-year 31 December 2024, the Consolidated Entity's Virtual Office revenue and Serviced Office revenue were \$49.7 million and \$117.6 million respectively (31 December 2023: \$47.5 million and \$108.4 million respectively).

Notes to the Financial Statements
For the half-year ended 31 December 2024

7 Operating segments (continued)

Segment performance

	Lease revenue	Service and other revenue	Total revenue	Lease revenue	Service and other revenue	Total revenue	Segment profit/ (loss)	Segment profit/ (loss)
	31 Dec 2024	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Continuing operations								
Australia, New Zealand and Southeast Asia	30,395	9,135	39,530	30,975	8,663	39,638	6,990	6,819
North Asia	34,084	11,182	45,266	33,906	11,454	45,360	6,646	6,057
Europe and Middle East	43,434	26,844	70,278	38,766	20,838	59,604	17,114	12,530
USA	8,901	2,186	11,087	8,204	2,008	10,212	17	(91)
Other	815	286	1,101	219	290	509	(2,342)	(2,109)
Total continuing operations	117,629	49,633	167,262	112,070	43,253	155,323	28,425	23,206
Closed floors (i)								
Australia, New Zealand and Southeast Asia	-	(4)	(4)	444	128	572	-	32
North Asia	-	-	-	(7)	(12)	(19)	-	(25)
Europe and Middle East	-	-	-	-	-	-	-	(10)
USA	-	-	-	-	-	-	-	(15)
	-	(4)	(4)	437	116	553	-	(18)
Consolidated total	117,629	49,629	167,258	112,507	43,369	155,876	28,425	23,188

Notes to the Financial Statements
For the half-year ended 31 December 2024

7 Operating segments (continued)

Segment performance

	Lease revenue	Service and other revenue	Total revenue	Lease revenue	Service and other revenue	Total revenue	Segment profit/ (loss)	Segment profit/ (loss)
	31 Dec 2024	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Other								
Interest revenue	-	837	837	-	1,568	1,568	837	1,568
Foreign exchange gains	-	-	-	-	-	-	3,285	1,566
Gain on derecognition of lease (iii)	-	-	-	-	-	-	14,855	-
Central unrecovered head office overheads	-	-	-	-	-	-	(992)	(955)
Share of profits of joint venture	-	-	-	-	-	-	232	358
Gain on asset disposal	-	-	-	-	-	-	(633)	18
Impairment of ROU assets (ii)	-	-	-	-	-	-	(6,814)	(1,639)
Amortisation of customer contracts	-	-	-	-	-	-	-	(451)
Restructure	-	-	-	-	-	-	(1,231)	(1,278)
Unallocated	-	19	19	-	229	229	289	130
Income tax expense	-	-	-	-	-	-	(3,703)	(2,860)
Total	117,629	50,485	168,114	112,507	45,166	157,673	34,550	19,645

Note:

i. Closed floors represent floors no longer operational, either through deconsolidation or termination.

ii. Refer to note 16 for details on the net impairment of the ROU asset.

iii. Refer to Note 9 for further details.

Notes to the Financial Statements
For the half-year ended 31 December 2024

7 Operating segments (continued)

Segment net assets

	Segment assets	Segment liabilities	Net assets	Segment assets	Segment liabilities	Net assets
	31 Dec 2024	31 Dec 2024	31 Dec 2024	30 Jun 2024	30 Jun 2024	30 Jun 2024
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Australia, New Zealand and Southeast Asia	290,709	(123,330)	167,379	256,610	(89,328)	167,282
North Asia	161,735	(141,725)	20,010	156,952	(137,510)	19,442
Europe and Middle East	275,060	(125,140)	149,920	271,448	(149,766)	121,682
USA	(28,157)	(81,222)	(109,379)	(27,429)	(85,589)	(113,018)
Other	(819)	(51)	(870)	(727)	(44)	(771)
Total	698,528	(471,468)	227,060	656,854	(462,237)	194,617

8 Revenue and other income

Revenue

The Consolidated Entity has three main revenue streams: lease, communications and service income.

	31 Dec 2024	31 Dec 2023
	\$ '000	\$ '000
Revenue		
- Lease revenue	117,629	112,507
- Service revenue	27,222	24,029
- Communication revenue	22,407	19,340
Total revenue	167,258	155,876
Other income		
- Interest income - bank deposits	837	1,568
- Other income	19	229
Total revenue and other income	856	1,797

Notes to the Financial Statements
For the half-year ended 31 December 2024

9 Net other gains

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
	\$	\$
Gain on derecognition of lease	14,855	-
Other losses	(607)	18
	<u>14,248</u>	<u>18</u>

During the period, the Consolidated Entity recognised a gain of \$14.8 million arising from the derecognition of lease liabilities and other related payables following the termination of operations in North Asia.

10 Tax expense

Profit before income tax includes the following specific expenses:

	31 Dec 2024	31 Dec 2023
	\$ '000	\$ '000
Profit before income tax	38,253	22,505
Tax rate	30%	30%
Income tax expense calculated at 30%	<u>11,476</u>	<u>6,752</u>
Add:		
Tax effect of:		
- (Utilisation of previously unrecognised tax losses)/current year loss for which no deferred tax is recognised	<u>(1,881)</u>	117
	<u>9,595</u>	6,869
Adjustments:		
Tax effect of:		
- Deductible local taxes	(130)	(79)
- Effect of different tax rates of subsidiaries operating in other jurisdictions	(9,219)	(4,867)
- Other non assessable items	145	721
- Income tax under provision in prior years	1,193	156
- Derecognition of previously recognised timing difference	<u>2,119</u>	<u>60</u>
Income tax expense	<u>3,703</u>	<u>2,860</u>

Notes to the Financial Statements
For the half-year ended 31 December 2024

11 Earnings per share

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

	31 Dec 2024	31 Dec 2023
	\$ '000	\$ '000
Profit attributable to security holders used to calculate basic and diluted EPS (\$'000)	<u>34,550</u>	<u>19,645</u>

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

	31 Dec 2024	31 Dec 2023
	No.	No.
WANOS used in calculating basic EPS ('000)	98,574	97,284
WANOS used in calculating diluted EPS ('000)	100,827	97,499

The movement in number of shares reflects the exercise of options during the half year end.

	31 Dec 2024	31 Dec 2023
	Cents	Cents
Basic EPS	35.1	20.2
Diluted EPS	<u>34.3</u>	<u>20.2</u>

12 Trade and other receivables

	31 Dec 2024	30 Jun 2024
	\$ '000	\$ '000
At amortised cost		
Trade receivables	41,478	35,988
Less: impairment of trade receivables	<u>(3,281)</u>	<u>(1,796)</u>
Net trade receivables	38,197	34,192
Other receivables	<u>1,429</u>	<u>1,660</u>
Total current trade and other receivables	<u>39,626</u>	<u>35,852</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

There has been no change to the Consolidated Entity's accounting policies in relation to trade receivables and provision for expected credit loss (ECL) in the half-year period ended on 31 December 2024. For further explanation of the ECL approach, refer to the annual financial statements for 30 June 2024.

Notes to the Financial Statements
For the half-year ended 31 December 2024

13 Other financial assets

	31 Dec 2024	30 Jun 2024
	\$ '000	\$ '000
CURRENT		
At fair value through profit or loss		
Investment in bank hybrid variable rate securities (i)	4,842	4,737
Ordinary listed shares	8,138	7,655
At amortised cost		
Other financial asset	1,003	1,151
	<u>13,983</u>	<u>13,543</u>
NON-CURRENT		
At fair value through profit or loss		
Forward foreign currency exchange contracts	574	1,472
At amortised cost		
Lease deposits	38,176	35,156
Other	58	54
	<u>38,808</u>	<u>36,682</u>
Total other financial assets	<u><u>52,791</u></u>	<u><u>50,225</u></u>

Note:

(i) Australia has \$0.7 million in securities which are encumbered (30 June 2024: \$0.7 million).

Notes to the Financial Statements

For the half-year ended 31 December 2024

14 Property, plant and equipment

	Freehold land and buildings \$ '000	Leasehold improvements \$ '000	Office furniture and fittings \$ '000	Office equipment \$ '000	Capital works in progress \$ '000	Total \$ '000
Dec 2024						
Balance at 1 July 2024	3,162	65,373	9,999	3,553	7,529	89,616
Additions/(transfers)	-	13,097	1,678	1,417	(1,433)	14,758
Disposals	-	(34)	23	(1)	-	(12)
Depreciation expense	(16)	(7,165)	(1,403)	(955)	-	(9,539)
Foreign exchange movements	222	3,789	678	229	-	4,918
Net book value at 31 Dec 2024	3,368	75,060	10,975	4,243	6,095	99,741
	Freehold land and buildings \$ '000	Leasehold improvements \$ '000	Office furniture and fittings \$ '000	Office equipment \$ '000	Capital works in progress \$ '000	Total \$ '000
Cost	3,769	250,678	45,601	52,879	6,095	359,022
Accumulated depreciation	(401)	(175,618)	(34,626)	(48,636)	-	(259,281)
Net book value at 31 Dec 2024	3,368	75,060	10,975	4,243	6,095	99,741
	Freehold land and buildings \$ '000	Leasehold improvements \$ '000	Office furniture and fittings \$ '000	Office equipment \$ '000	Capital works in progress \$ '000	Total \$ '000
Jun 2024						
Balance as at 1 July 2023	6,482	61,583	8,582	3,191	520	80,358
Additions/(transfers)	-	21,164	4,558	2,151	7,009	34,882
Disposals	(3,124)	(1,320)	(197)	(87)	-	(4,728)
Depreciation expense	(46)	(14,018)	(2,558)	(1,584)	-	(18,206)
Foreign exchange movements	(150)	(2,036)	(386)	(118)	-	(2,690)
Net book value at 30 Jun 2024	3,162	65,373	9,999	3,553	7,529	89,616
	Freehold land and buildings \$ '000	Leasehold improvements \$ '000	Office furniture and fittings \$ '000	Office equipment \$ '000	Capital works in progress \$ '000	Total \$ '000
Cost	3,517	223,626	41,192	49,290	7,529	325,154
Accumulated depreciation	(355)	(158,253)	(31,193)	(45,737)	-	(235,538)
Balance as at 30 Jun 2024	3,162	65,373	9,999	3,553	7,529	89,616

Leasehold improvements are assessed for indicators of impairment under AASB 136. Refer to note 16 for further details of impairment assessment.

Notes to the Financial Statements

For the half-year ended 31 December 2024

15 Intangible asset

Intangible assets relate to software assets and customer contracts acquired. For detailed disclosure of goodwill refer to note 17.

	31 Dec 2024	30 June 2024
	\$ '000	\$ '000
Opening balance	2,707	2,433
Additions	596	1,403
Amortisation	(698)	(1,128)
Closing balance	<u>2,605</u>	<u>2,708</u>

16 Right of use assets

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

	31 Dec 2024	30 Jun 2024
	\$ '000	\$ '000
Opening balance	316,490	305,311
Acquired through business combination	-	6,302
Additions to right-of-use assets	31,633	110,374
Amortisation charge for the period	(48,862)	(95,200)
Impairment charge	(6,650)	(2,470)
Net foreign exchange movement	17,012	(7,827)
	<u>309,623</u>	<u>316,490</u>

The key assumptions and methodology in calculating right-of-use assets and the corresponding lease liability remain consistent with those noted in the annual financial report for 30 June 2024.

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 recoverable amount of ROU Assets is the higher of fair value less costs to sell and value in use ("VIU").

Challenging market conditions are expected to continue to impact the business in the half year to 31 December 2024. As a result of these conditions, the Consolidated Entity continues to review the whole portfolio at a CGUs level for indicators of impairment.

Notes to the Financial Statements

For the half-year ended 31 December 2024

16 Right of use assets (continued)

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 7.7% and 46.32% (30 June 2024: 6.7% and 47.9%). Impairment charges are recognised within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

In the approach detailed above, an impairment loss of \$6.7 million was raised in relation to CGUs in Europe and China for the half year ended 31 December 2024.

17 Goodwill

For goodwill impairment testing purposes, goodwill is allocated to groups of cash generating units (CGUs) based on the country where the CGUs reside. This represents the lowest level which goodwill is monitored for internal management purposes and is lower than the operating segment level.

The carrying amounts of goodwill relating to each group of cash-generating unit as at 31 December 2024 were as follows:

	31 Dec 2024	30 Jun 2024
	\$ '000	\$ '000
Japan	9,161	9,161
Australia	6,136	6,136
New Zealand	785	785
Singapore	706	706
Thailand	325	326
China	-	160
	17,113	17,274

The Consolidated Entity tests goodwill for impairment annually. A preliminary review of the recoverability of the goodwill has been performed and the goodwill balance associated with China was impaired in full. The Consolidated Entity will complete and report the annual goodwill impairment testing under AASB 136 Impairment of Assets in the annual financial report for the financial year ending on 30 June 2025.

Notes to the Financial Statements

For the half-year ended 31 December 2024

18 Contributed equity

	31 Dec 2024	30 Jun 2024
	\$ '000	\$ '000
31 December 2024: 98,672,888 (30 June 2024: 98,420,388)		
Opening balance	155,567	151,594
Exercise of share options (Refer to Note 20)	626	3,973
Total issued capital	156,193	155,567

19 Bank guarantees and contingent liabilities

The Consolidated Entity has bank guarantees and letters of credit held with certain banks, predominantly in support of leasehold contracts with a variety of landlords, amounting to \$28.2 million (30 June 2024: \$28.5 million).

There are no contingent liabilities as at 31 December 2024 (30 June 2024: nil).

20 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 Employee Incentive Plan, and previously the Executive Share Option Scheme. Further information about the share-based payments to employees are set out in the Remuneration Report contained in the Annual Report for the year ended 30 June 2024.

During the six months ended 31 December 2024, the Company issued 252,500 ordinary shares as a result of the exercise of Options over unissued shares. The amount paid on each share was \$2.48. The total due upon exercise was \$626,200 which increased contributed equity.

During the six months ended 31 December 2024, 1,225,000 unquoted options over unissued shares in Servcorp Limited were issued to senior executives and managers at an exercise price of \$4.90 per option. The options were granted 4 December 2024. The fair value of services received in return for options granted is based on the fair value of options granted, measured using the Binomial approximation model.

During the six months ended 31 December 2024, 260,000 Options over unissued shares expired or were cancelled. The options lapsed as a result of conditional rights to securities' conditions having not been met, or having become incapable of being satisfied.

Notes to the Financial Statements

For the half-year ended 31 December 2024

21 Distributions

Ordinary distributions paid / payable and distribution per security:

Recognised amounts

		Cents per share	Total amount \$'000	Date of payment	Tax rate for franking credit	Percentage franked
30 June 2024						
Interim	Fully paid ordinary share	12.00	11,810	4 April 2024	30%	20%
Final	Fully paid ordinary share	13.00	12,817	2 October 2024	30%	20%
30 June 2023						
Interim	Fully paid ordinary share	10.00	9,682	5 April 2023	30%	0%
Final	Fully paid ordinary share	12.00	11,618	5 October 2023	30%	0%

In determining the level of future dividends, the Directors will seek to balance growth objectives and rewarding shareholders with income. The continuing macroeconomic uncertainties and capital allocation policy of the Consolidated Entity is subject to the cash flow requirements 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

	31 Dec 2024	30 Jun 2024
	\$ '000	\$ '000
30% Franking credit available	596	551

The above amounts represent the balance of the franking account as at the end of the half-year, adjusted for:

- Franking debits that will arise from the prepayment of dividends recognised as a liability at the reporting date; and
- Franking credit that will arise from the receipt of dividends recognised as receivable at the reporting date.
- The amount disclosed includes the franking credits that will arise from the receipt of tax refunds recognised as a receivable at the reporting date.

The tax rate at which paid dividends have been franked at 31 December 2024 is 30% (30 June 2024: 30%). Dividends declared and unpaid will be franked at the tax rate of 30% as at 31 December 2024 (30 June 2024: 30%).

Notes to the Financial Statements

For the half-year ended 31 December 2024

22 Fair value measurement

Fair value hierarchy

The Consolidated Entity 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	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Not traded in an active market but calculated with significant inputs coming from observable market data; and
Level 3	Significant inputs to the calculation that are not based on observable market data (unobservable inputs).

The Consolidated Entity holds level 1 and level 2 financial instruments.

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 Level 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 Consolidated Entity:

	Level 1	Level 2	Level 3	Total
	\$ '000	\$ '000	\$ '000	\$ '000
31 December 2024				
Recurring fair value measurements				
Financial assets				
Bank hybrid variable rate securities	4,842	-	-	4,842
Listed ordinary shares	8,138	-	-	8,138
Forward foreign currency exchange contracts	-	574	-	574
	Level 1	Level 2	Level 3	Total
	\$ '000	\$ '000	\$ '000	\$ '000
30 June 2024				
Recurring fair value measurements				
Financial assets				
Bank hybrid variable rate securities	4,737	-	-	4,737
Listed ordinary shares	7,655	-	-	7,655
Forward foreign currency exchange contracts	-	1,473	-	1,473

Notes to the Financial Statements
For the half-year ended 31 December 2024

22 Fair value measurement (continued)

Fair value hierarchy (continued)

	Fair value at 31 Dec 2024 \$ '000	Fair value at 30 Jun 2024 \$ '000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets				
Bank hybrid variable rate securities	4,842	4,737	1	Quoted price in an active market
Listed ordinary shares	8,138	7,655	1	Quoted price in an active market
Forward foreign currency exchange contracts	574	1,473	2	Future cash flows are estimated

23 Events occurring after the reporting date

The consolidated financial report was authorised for issue on 19 February 2025 by the Board of Directors.

Dividend

On 19 February 2025, the Directors declared an interim dividend of 14.00 cents per share, franked to 10% and payable on 2 April 2025.

The financial effect of the above transaction has not been brought to account in the financial statements for the half-year ended 31 December 2024.

No matters or circumstances have arisen since the end of the financial half-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.

Servcorp Limited

Directors' Declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 5 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date.
2. 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.

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



A G Moufarrige AO

Managing Director and CEO

Dated at Sydney this 19th day of February 2025.

Independent Auditor's Review Report

To the shareholders of Servcorp Limited

Report on the Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying **Consolidated Interim Financial Report** of Servcorp Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Consolidated Interim Financial Report of Servcorp Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Consolidated Entity's** financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Consolidated Interim Financial Report** comprises:

- Consolidated Statement of Financial Position as at 31 December 2024
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date
- Notes 1 to 23 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The **Consolidated Entity** comprises Servcorp Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Consolidated Entity in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Consolidated Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Consolidated Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Consolidated Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Consolidated Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG



Paul Thomas

Partner

Sydney

19 February 2025