



Victory Offices
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Victory Offices Limited (ASX:VOL)

ASX Release, 31 August 2020

Victory Offices Limited FY2020 Results

Victory Offices' revenue from flexible workspace services was down 10% to \$42.3 million as a result of the significant impact of COVID-19.

Underlying net profit after tax was a loss of \$0.4 million. Statutory net loss after tax was \$8.1 million impacted by impairment of receivables and impairment of assets.

COVID-19 has had a significant and unprecedented impact on Victory Offices' business. While the first three quarters of the 2020 financial year were profitable the impact of COVID-19 was felt from late March.

A provision for impairment of assets has been identified for \$8.5 million (\$6.0 million after tax) across the portfolio after performing value-in-use calculations. The impairment provision is non-cash and will result in a reduced depreciation charge going forward. The impairment provision was required, in part, due to having reflected a significant right of use asset pursuant to the requirements of AASB 16 *Leases*. All locations are providing a positive value-in-use however a very small number of locations have a value not in excess of the carrying value of the cash generating unit due to, in part, the current and forecast short-term trading conditions.

The Company has been proactive in managing its response to COVID-19 including: completion of a capital raising in July 2020 raising \$14.6 million (net of costs) to strengthen the balance sheet and provide working capital; implementing cost saving measures in relation to staffing, wages and discretionary spending; and utilisation of government support measures such as JobKeeper subsidy and negotiating lease rental deferrals and waivers with our landlords.

Dan Baxter, CEO and Managing Director of Victory Offices said that "the 2021 financial year is expected to be challenging. The current lockdown restrictions in Victoria are having an adverse effect on short-term revenue both in Victoria and the rest of Australia as all Australians assess the 'second wave' of COVID-19. We remain cautiously optimistic that the business will begin to see a recovery commencing from October 2020 onwards as people slowly return to office buildings. We are forecasting a gradual recovery in trading during the 2021 financial year and is anticipating that the 2022 financial year will see a return to profitability."



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“As COVID-19 becomes more manageable and better controlled, the Directors of Victory Offices Limited are of the view that flexible workspaces will become more strategically important to the way the world does business. Victory’s service offering will become more attractive to businesses when they decide how to establish a more efficient workplace environment as workers return from working from home.”

This release was authorised by the Board of Directors.

For further information contact:

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About Victory Offices Limited

Victory Offices Limited is a leading company in the evolving Australian flexible workspace industry, providing comprehensive serviced office packages and coworking spaces as an alternative to traditional office space. Victory Offices Limited has locations in high quality buildings across Melbourne, Sydney, Brisbane, Perth, Canberra and Adelaide.