



Service Global Footwear Limited

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SGFL/PSX/CS/30
May 19, 2023

BY PUCARS & T.C.S

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

SUBJECT: CORPORATE BRIEFING SESSION OF SERVICE GLOBAL FOOTWEAR LIMITED

Dear Sir,

This is to inform you that Corporate Briefing Session ("CBS") of Service Global Footwear Limited in respect of Annual Audited Accounts for the year ended December 31, 2022 will be held as per below schedule:

Date: May 26, 2023 (Friday)
Time: 03:00 p.m.
Venue: Shalimar Tower Hotel, Adjacent Servis House, 2 - Main Gulberg, Lahore.

Video link facility will also be available for the analysts and shareholders who wish to attend the CBS electronically. The interested participants are required to email their following credentials at shareholders@servis.com by or before 5:00 p.m. on May 25, 2023. The video link and login credentials will be shared with the registered participants.

Name	Institution represent or Shareholder	Subject matter	Contact Number
		Registration for Corporate Briefing Session - SGF	

You may please inform the TRE Certificate Holders of the Exchange and all concerned accordingly.

Thanking You.

Yours truly,

For **SERVICE GLOBAL FOOTWEAR LIMITED**

Waheed Ashraf
Company Secretary





SERVICE GLOBAL FOOTWEAR LIMITED

CORPORATE BRIEFING SESSION

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

CONTENTS

COMPANY PROFILE

03



CORPORATE SOCIAL RESPONSIBILITY

07



FINANCIAL PERFORMANCE

08

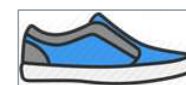


FUTURE OUTLOOK

19

COMPANY PROFILE

- SERVICE GLOBAL FOOTWEAR LIMITED (SGFL) is a subsidiary of SERVICE INDUSTRIES LIMITED – SERVICE GROUP.
- SGFL has incorporated a wholly owned subsidiary by the name of DONGGUAN SERVICE GLOBAL LIMITED (DSGL) to undertake procurement, marketing and product development activities.
- SGFL was operating as an integrated unit of Service Industries Limited (“SIL”) since 1988 which was demerged in 2019 into a separate entity.
- Export oriented unit.
- Largest footwear exporter of Pakistan accounting over 40% of the total leather footwear exports. SGFL exports almost 98% of its total production to 20+ countries over 5 continents.
- First solar powered shoe manufacturer in Asia with a total solar electricity generation capacity of 2 MW.
- Listed on Pakistan Stock Exchange in 2021.
- Total market capitalization as on May 18, 2023 is more than PKR 6 billion.



Manufacturing & Selling
of Footwear



Largest footwear
exporter of Pakistan



Export to more than 20+
countries over the
5 continents

COMPANY PROFILE (CONT.)

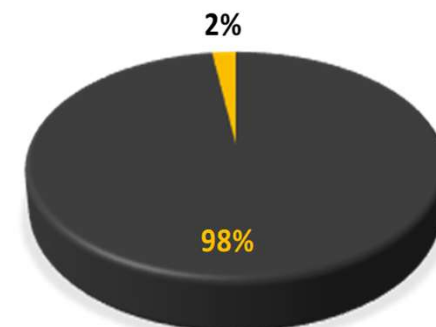
DETAILS OF SUBSIDIARY – DONGGUAN SERVICE GLOBAL LIMITED (DSGL)

- A wholly-owned subsidiary of Service Global Footwear Limited ,has been set up to undertake procurement, marketing and product development activities for footwear products.
- China, being the hub of the global footwear industry, presents an opportunity both for expanding customer base and sourcing directly at optimum prices with maximum efficiency.
- Expected reduction in average procurement prices by 3% to 4%. Efficiency in supply chain would lead to shipments being delivered on time.
- On site, closer coordination with customers for sample development would result in reduction of lead time by 3-4 weeks.
- Engagement and on-boarding of prospective customers through direct liaison due to physical presence in China, expansion of customer base and tapping of new export markets for SGFL
- R&D opportunities, learning new production techniques and assessing latest market trends enabling marketing and production teams to be more effective and responsive to industry dynamics

COMPANY PROFILE (CONT.)

- Total revenue of around PKR 11.75 Billion (US\$ 57M) comes from the following streams:
 - Exports - 98% of total sales
 - Local - 2% of total sales
 - Export sales amounted to PKR 11.50 Billion (US\$ 56M) in the year 2022.
 - Domestic Footwear sales amounted to PKR 257 Million (US\$ 1M) in the year 2022.
- Total production during the year 2022 is 3.6 million pairs.

■ Export Sales ■ Local Sales

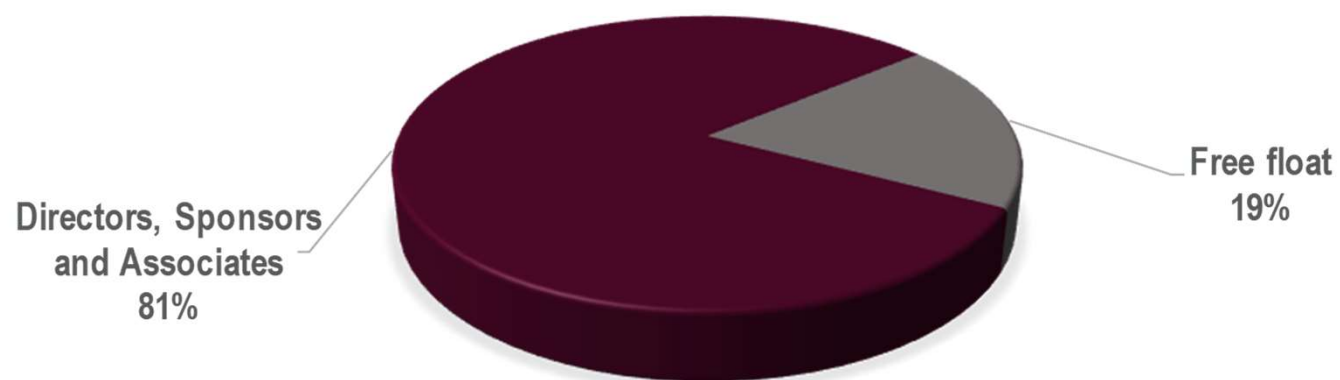


Exported – 3.6 Million Pairs

Domestic – 0.26 Million Pairs

COMPANY PROFILE (CONT.)

- **Free float** shares are 38,605,480 out of total paid up share capital of 205,087,500 which make up 19%.



COMPANY PROFILE (CONT.)

SGFL has been formed with the vision to become a socially conscious business following its Parent Group's tradition of corporate giving.

The newly established SGFL envisions to take forward the Group's CSR activities within its current factory catchment i.e., Muridke, Sheikhupura.

- Environment
- Industrial Relations
- Equal opportunity employment
- Consumer protection measures
- Contribution to national exchequer

Company contributed PKR 254 million to the Government's nation building efforts in FY 2022.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

SGFL houses Asia's first solar powered footwear manufacturing facility. It is spread over four acres of land, consisting of 3,125 solar panels with an annual power generation of 2 MWh, becoming the first solar powered footwear factory in Asia. The initiative is equivalent to planting 100 trees daily, reducing carbon dioxide emissions by 730 tons annually.



INDUSTRIAL RELATIONS

SGFL is Business Social Compliance Initiative (BSCI) certified, promoting workplace conditions in accordance with human rights, ILO conventions and national labor law. Additionally, SGFL is a member of Sedex, ensuring our dedication to driving improvements in responsible and ethical business practices in the global supply chain, providing our family the best working conditions for increased productivity

INCLUSION AND DIVERSITY

SGFL is proud to be an equal opportunity employer and encourages the participation of females and persons with special needs in the workforce. SGFL has taken steps to create a work environment conducive to females by dedicating separate production lines employing ~171 females.



CONSUMER PROTECTION MEASURES

SGFL is endeavoring to ensuring a Quality Management System focused on consistently providing products that meet the requirements of customers and applicable statutory and regulatory rules. We have the following buyer-driven certifications of compliance: BSCI, Euro Centra, TCP- Scan, C-TPAT, Next, Jack & Jones, TCP-Social Compliance, Levis, Inditex-SLCP-Higg, and Rock Fall-Sedex.



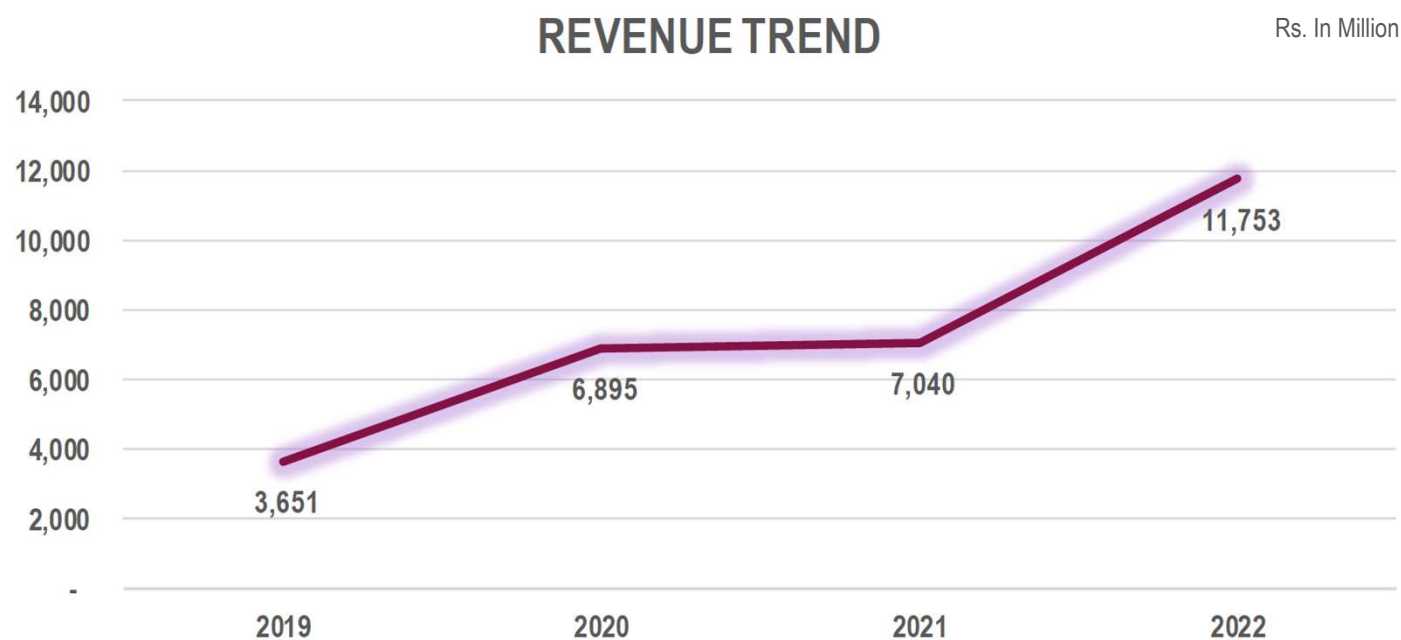
FINANCIAL HIGHLIGHTS

		2022	2021	2020	2019 *
EXPORT SALES	Rs. (millions)	11,496	6,521	6,597	3,531
LOCAL SALES	Rs. (millions)	257	519	298	120
REVENUE	Rs. (millions)	11,753	7,040	6,895	3,651
GROSS PROFIT	Rs. (millions)	2,186	1,238	1,369	816
NET PROFIT	Rs. (millions)	342	403	709	493
GROSS PROFIT RATIO	%	19%	18%	20%	22%
NET PROFIT RATIO	%	3%	6%	10%	14%
CASH DIVIDEND	Rs. Per Share	3.5**	2	-	-
PAID UP SHARE CAPITAL	No.	205,087,500	204,437,500	163,550,000	5,050,000
EARNING PER SHARE	Rs.	1.67	2.10	8.25	467.51
CURRENT RATIO		1.01	1.16	1.45	1.41
GEARING RATIO	%	06 : 94	04 : 96	09 : 91	11 : 89
SHAREHOLDER'S EQUITY	Rs. (millions)	6,165	6,729	4,231	2,512
RETURN ON EQUITY	%	6%	6%	17%	20%
MARKET PRICE	Rs.	33.14	46.36	-	-
TOTAL ASSETS	Rs. (millions)	14,365	12,562	10,522	7,364

* SGFL was incorporated on July 19, 2019 and figures of FY 2019 represents six months results.

** Interim cash dividend of Rs. 2 per shares has been approved in the June 2022 and Final cash dividend of Rs.1 per share was approved in the AGM meeting held on March 30, 2023.

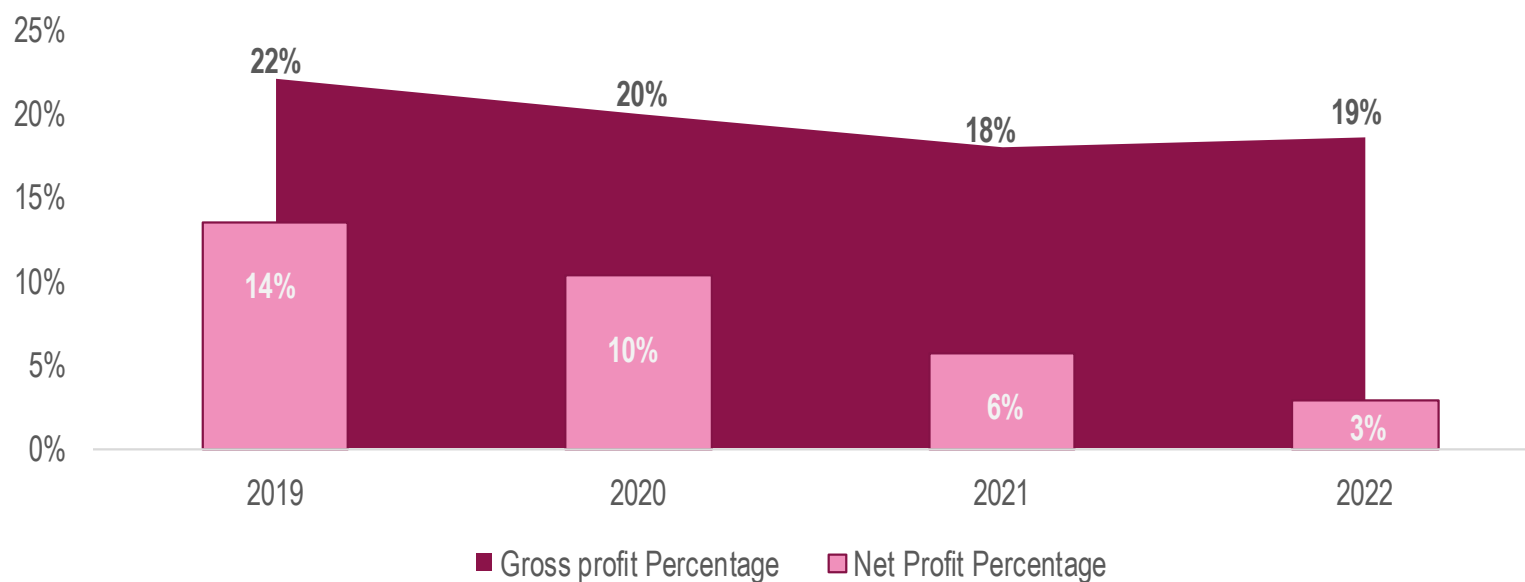
FINANCIAL HIGHLIGHTS



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FINANCIAL HIGHLIGHTS

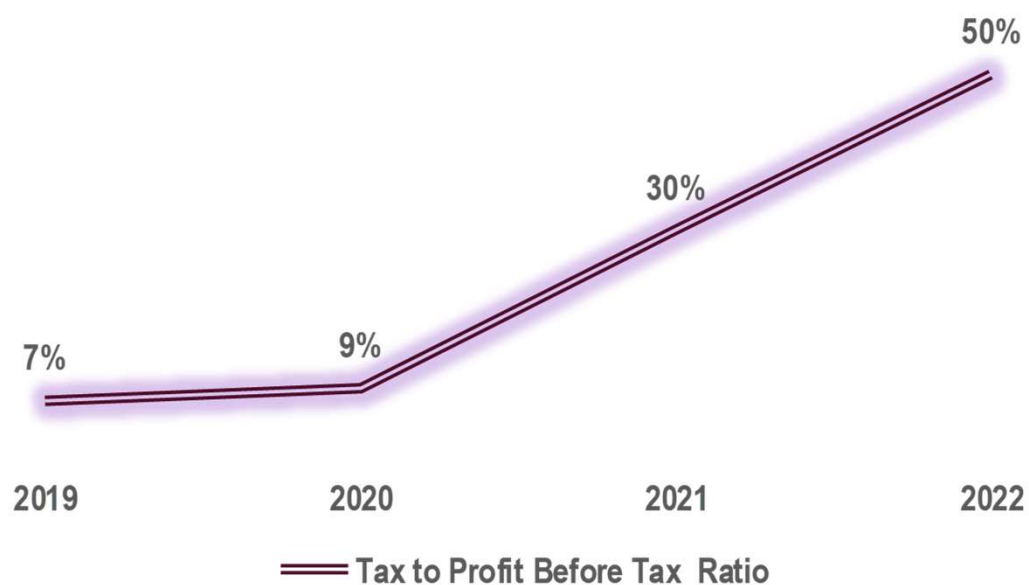
GROSS PROFIT AND PROFIT AFTER TAX TO REVENUE RATIO



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FINANCIAL HIGHLIGHTS

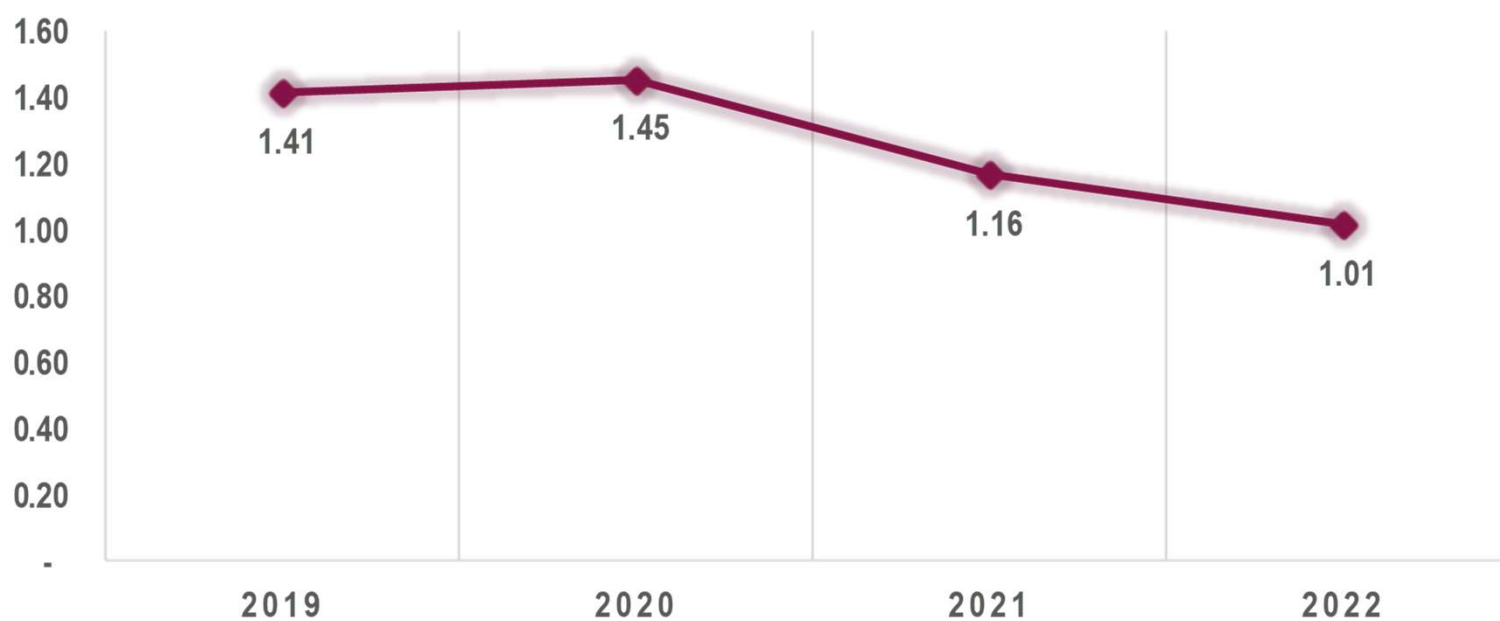
TAX TO PROFIT BEFORE TAX RATIO



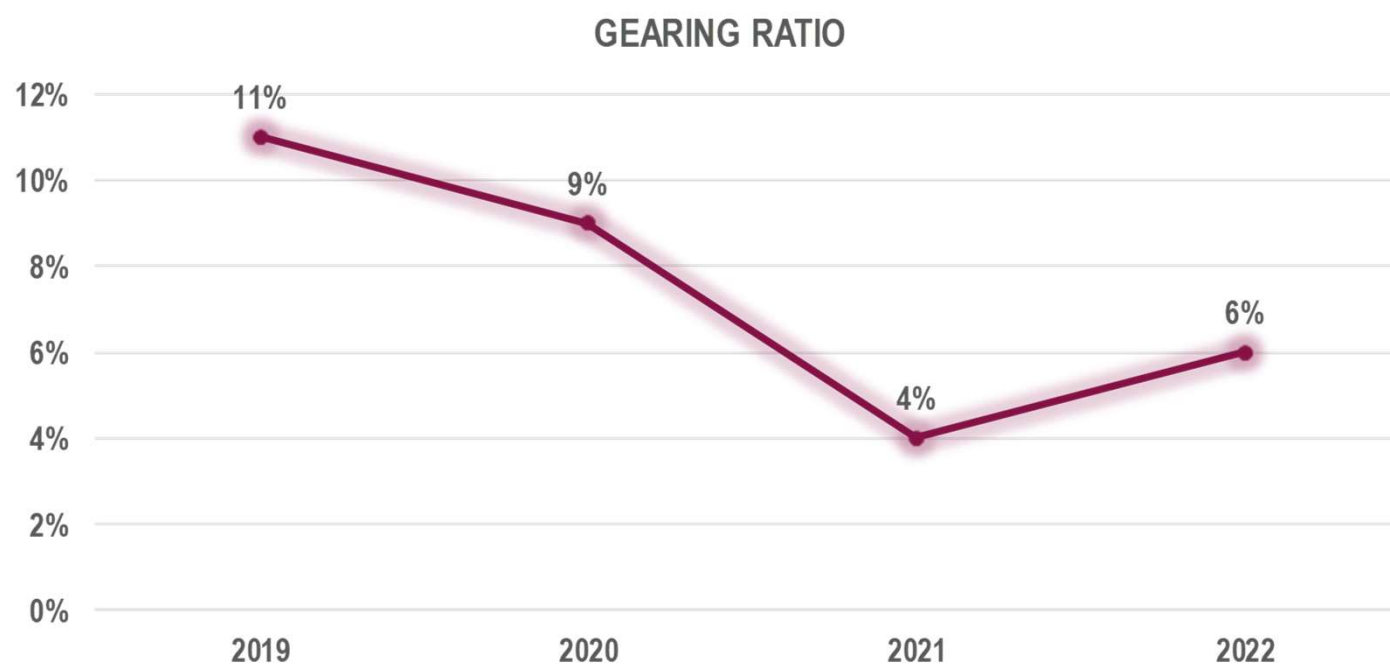
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FINANCIAL HIGHLIGHTS

CURRENT RATIO

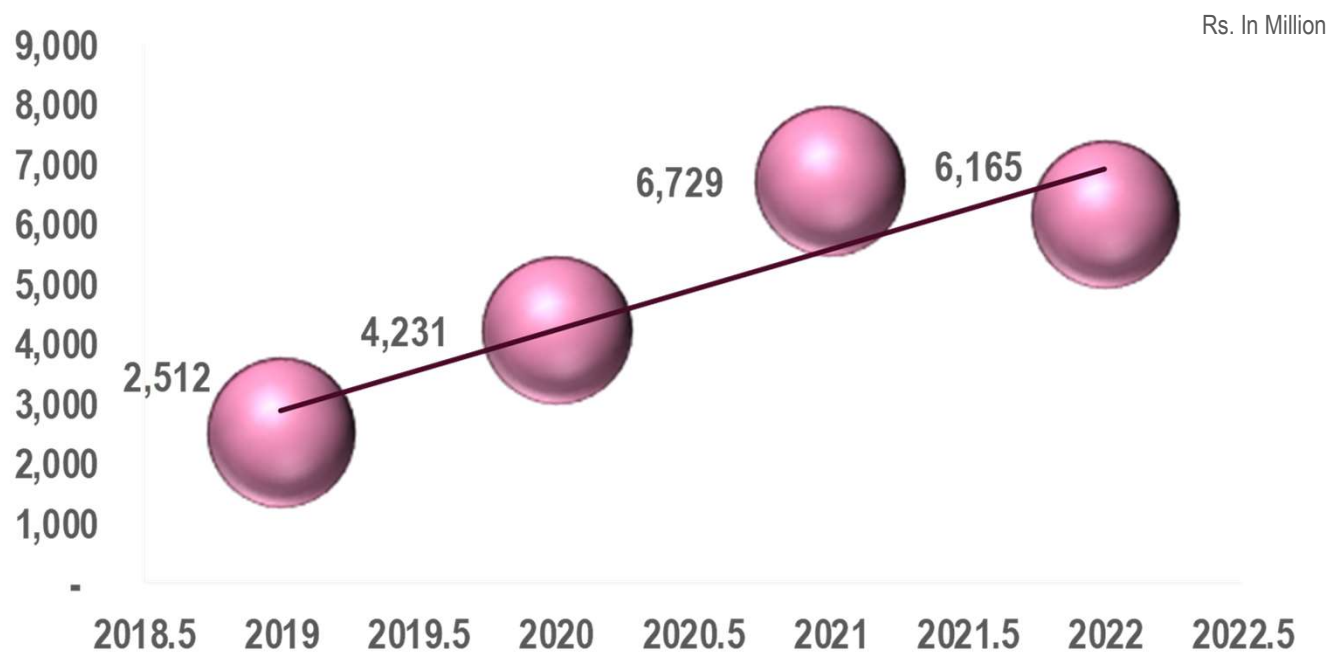


FINANCIAL HIGHLIGHTS

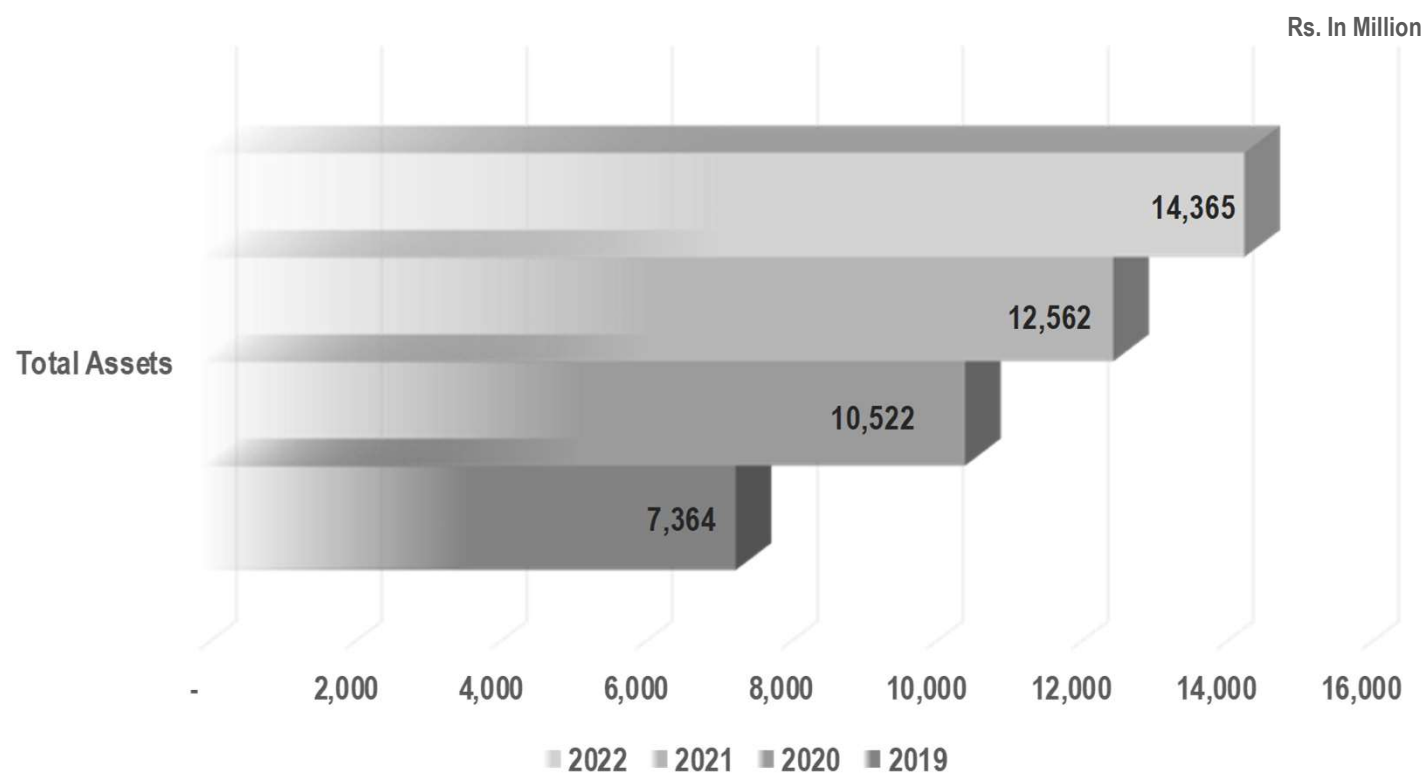


FINANCIAL HIGHLIGHTS

SHAREHOLDER'S EQUITY



FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS

	December 31, 2022	December 31, 2021	Variance	Percentage
	(Rupees in thousands)			
Revenue	11,753,088	7,040,157	4,712,931	67%
Cost of Sales	(9,567,437)	(5,802,423)	(3,765,014)	65%
Gross Profit	2,185,651	1,237,734	947,917	77%
Distribution Cost	(920,784)	(562,260)	(358,524)	64%
Admin Expenses	(523,342)	(419,766)	(103,576)	25%
Other Expenses	(46,125)	(35,205)	(10,920)	31%
Other Income	683,804	528,133	155,671	29%
	(806,447)	(489,098)	(317,349)	65%
Profit from Operations	1,379,204	748,636	630,568	84%
Share of profit/(loss) from equity accounted investee	(224,074)	8,202	(232,276)	-2832%
Finance Cost*	(467,180)	(184,057)	(283,123)	154%
Profit before Taxation	687,950	572,781	347,445	61%
Provision for Taxation*	(345,891)	(169,560)	(176,331)	104%
Profit after Taxation	342,059	403,221	171,114	42%
Earnings per Share	1.67	2.10		
Gross Profit Margin (% of Revenue)	19%	18%		
Operating Profit (% of Revenue)	12%	11%		
Net Profit Margin (% of Revenue)	3%	6%		

* Finance cost has increased significantly by 53% from last year primarily attributed to the rise in markup policy rates by SBP.

* Increase in the tax expense is mainly due to the application of a super tax in the current year i.e., Rs. 62 million.

FUTURE OUTLOOK

- Forming a strategic alliance with one of the biggest footwear companies in the United States. It carries a tremendous potential of expansion and growth in coming years. We have added dedicated production lines under this agreement.
- Our investment towards safety footwear development has matured into a solid product line. Now we have multiple current era (CE) marked products to sell in Europe in year-2023 and beyond.
- Our operations in China have been augmented through the incorporation of a subsidiary named “Dongguan Service Global Limited”. Now we have our own development center, sales office, and procurement setup in the hub of global footwear sourcing. This provides us a great competitive edge against other regional manufacturers on various fronts that includes technology, development efficiency, cost control, and sales drive.



THANK YOU

QUESTIONS AND ANSWERS