

## H1 RESULTS ANNOUNCEMENT

International Workplace Group plc, the world's largest hybrid workspace platform with a network in over 120 countries through flexible workspace brands such as Regus and Spaces, and the services business Worka, issues its results for the six months ended 30th June 2024.

### STRATEGIC NETWORK EXPANSION DELIVERING RECORD REVENUE, CASHFLOW AND EARNINGS GROWTH

#### Group Performance: Solid foundations driving record revenue, cashflow generation and positive earnings

- Group H1 2024 results:
  - Highest-ever System-wide revenue of \$2.1bn (2% constant currency-growth)
  - EBITDA growth of 13% to \$274m (H1 2023: \$245m)
  - Cashflow generation of \$118m from business activities leading to a net debt reduction. Net debt of \$(768)m (H1 2023: \$(835)m)
  - Return to positive earnings with eps of 1.6¢ underpinning an interim dividend of 0.43¢ per share
  - Managed partnership growth continues with new centre signings of 387 and 247 openings (rooms opened +173% year-on-year)
- Divisional performance:
  - Managed & Franchised: Growth in new centres with both signings and openings accelerating, fee income evolving as expected
  - Company-Owned & Leased: Margin expansion continuing
  - Worka: Maintained revenue as previously guided
- Capital structure: Milestone refinancing of debt, extending maturities to 2029 / 2030 with new revolving credit facility, inaugural bond issued backed by a debut investment grade Fitch BBB credit rating
- Stability: No change to the financial outlook set out in the Q1 Trading Update on 7 May 2024 with expected continued growth and net debt reduction throughout 2024

#### Mark Dixon, Chief Executive of IWG plc, said:

"The first half of 2024 produced good year-on-year open-centre revenue growth. We are delivering on our capital-light growth plan. Momentum continues in signings, and importantly openings, and we are delighted to return to positive earnings. We remain committed to our strategy of growing our network coverage and giving our customers a great day at work."

#### Summary financials

(\$m)	H1 2024	H1 2023	Constant currency	Actual currency
System-wide revenue	2,088	2,060	2%	1%
Managed & Franchised	287	252	15%	13%
Company Owned & Leased	1,613	1,619	0%	0%
Worka	188	189	-1%	0%
Group revenue	1,836	1,836	0%	0%
EBITDA	934	851	10%	10%
Adjusted EBITDA <sup>1</sup>	274	245	13%	12%
Earnings per share (¢)	1.6	(7.5)	n.m.	n.m.
Cashflow from business activities	118	204		
Net financial debt	(768)	(835)		

1. Before the application of IFRS 16 as defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts

## Managed & Franchised: Room openings accelerate, momentum continues

System revenue growth (up 15% year-on-year on a constant currency basis) as previously signed rooms evolve into openings delivering fee income in-line with expectations (up 23% year-on-year on a constant currency basis). At the end of the first half, we have 154,000 rooms open and a pipeline of 151,000 rooms signed but not yet opened.

Signings up 19% year-on-year with 387 Managed & Franchised locations signed during H1 2024. The evolution of signings into openings is accelerating with an increase in openings by 173% year-on-year with 37,000 rooms opened in H1 2024.

Revenue Per Available Room ("RevPAR") is evolving as expected with RevPAR of all open rooms of \$378 per month during the period. Targeted RevPAR at maturity is \$250 per month which would lead to a blended estimated RevPAR of c\$315 once all 305,000 rooms have opened and matured. This would produce a System revenue of over \$1bn annually. It is worth noting that as we expand our network coverage, a significant proportion of new rooms openings are in more suburban locations, which generally deliver lower RevPAR on a like-for-like basis.

As previously guided, we invested heavily into this platform during 2023 to best position this business for growth. Direct costs have been held broadly flat, but overheads have gone up as we allocate more central overheads towards this division as this allocation is done on a System-revenue basis.

	H1 2024	H1 2023	Constant currency	Actual currency
System (Partner) revenue (\$m)	287	252	15%	13%
RevPAR (\$)	378	451	-14%	-16%
Fee revenue (\$m)	35	28	23%	24%
Contribution <sup>1</sup> (\$m)	35	28	23%	24%
Overhead <sup>2</sup> (\$m)	(44)	(38)	17%	17%
Pre-IFRS 16 adjusted EBITDA (\$m)	(9)	(10)	n.m.	n.m.
Rooms open	154,000	101,000		53%
Centres open	901	541		67%
Rooms opened in the period	37,000	14,000		173%
Centres opened in the period	247	78		217%
Rooms in pipeline	151,000	100,000		51%
New centre deals signed	387	325		19%

1. Gross Profit excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts
2. Pre-rationalisation costs, SG&A excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts

## Company-Owned & Leased: Margin expansion delivering cash flow

In line with our strategy to expand margins in this platform to deliver cash flow, contribution margins expanded by 260bps in H1 2024 to 23.6% (H1 2023: 21.0%). Company-Owned & Leased continues to produce increasing cash flow as a result of both cost control and 5% constant currency revenue growth from open centres. We signed 78 new locations and opened 59 in the period; nearly all of these are capital-light in nature.

	H1 2024	H1 2023	Constant currency	Actual currency
Revenue (\$m)	1,613	1,619	0%	0%
RevPAR (\$)	354	351	1%	1%
Contribution <sup>1</sup> (\$m)	380	340	13%	12%
Contribution margin <sup>1</sup> (%)	23.6%	21.0%		260bps
Overhead <sup>2</sup> (\$m)	(167)	(162)	2%	3%
Pre-IFRS 16 adjusted EBITDA (\$m)	213	178	23%	20%
Rooms open	771,000	777,000		-1%
Centres open	2,850	2,857		0%
Centres opened in the period	59	55		7%

1. Gross Profit pre-rationalisation costs and excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts
2. Pre-rationalisation costs, SG&A excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts

## Worka: Focus on platform development

As previously guided, revenue growth for Worka has been flat. Worka is focused on the continued development of its platform and services to capture the full value chain from the structural growth resulting from the continued expansion of hybrid working. Worka management is committed to delivering the benefits from its strategy, but is not expected to be a key contributor to earnings growth in the short term.

(\$m)	H1 2024	H1 2023	Constant currency	Actual currency
Revenue	188	189	-1%	0%
Contribution <sup>1</sup>	96	99	-4%	-4%
Overhead <sup>2</sup>	(26)	(22)	11%	14%
Pre-IFRS adjusted EBITDA	70	77	-9%	-9%
EBITDA margin (%)	31.6%	34.1%		-250bps

1. Gross Profit excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts
2. Pre-rationalisation costs, SG&A excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts

## Investing for the future: Reducing capex with focus on platform investment and growth

As we have previously said, Group capex will continue to decline. H1 2024 Capex was \$79m (H1: 2023 \$102m) and will be expected to decline further. Maintenance capex has been held flat despite inflationary pressures as we continue to make efficiency gains, and net fitout centre capex continues to fall as we pivot further towards Managed & Franchised. We will continue to invest in technology and systems to increase efficiency into the future.

## Cashflow and balance sheet

The business generated cashflow from business activities of \$118m in the first half of 2024 (H1 2023: \$204m). Compared to H1 2023 cashflow from business activities in H1 2024 was lower by \$(86)m mainly as a result of pre-paying rents in H1 2024. Net financial debt reduction remains our priority as we continue to work towards our leverage target of 1.0x net financial debt / EBITDA, with net financial debt reducing by \$67m over the last 12 months to \$(768)m. In line with our previous plans, we have extended our previous debt maturities with the issue of the €575m 2030 bond and refinancing of the RCF.

The Board has declared an interim dividend of 0.43c per share. The Group's capital allocation priority remains net financial debt reduction, targeting 1.0x net financial debt / EBITDA at which time the Group will share the proceeds of the business between debt and equity holders.

## Changes to presentation of financials in 2024

IWG has successfully adopted USD as reporting currency, effective 1 January 2024. The Group has adopted a new name of International Workplace Group plc to better align us with our stakeholders.

## Outlook and guidance

We remain focused on improving the margin in Company-Owned & Leased, growing fees in the Managed & Franchised business and controlling overheads across the Group. This is expected to be achieved by increasing both coverage and System-wide revenue in a capital-light manner. As a result, we are confident that both 2024 EBITDA and net financial debt will be in-line with management's expectations which have not changed since the Q1 trading update on 7 May 2024.

Capital allocation will continue as guided previously, with net debt reduction expected during the year as we progress towards our target of 1.0x net financial debt / EBITDA.

### Financial calendar

5 November 2024	Third quarter 2024 trading update
4 March 2025	2024 Full Year Results
6 May 2025	First quarter 2025 trading update

### Details of results presentation

Mark Dixon, Chief Executive Officer, and Charlie Steel, Chief Financial Officer, will be hosting a presentation of the results today for analysts and investors at 9.00am UK time (SPACES, New Broad Street House, 35 New Broad St, London, EC2M 1NH).

The presentation will be available via live webcast. This will be available to view at the following link: [weblink](#)

### Further information

<b>International Workplace Group plc</b> Mark Dixon, Chief Executive Officer Charlie Steel, Chief Financial Officer Richard Manning, Head of Investor Relations	<b>Brunswick Tel: + 44 (0) 20 7404 5959</b> Nick Cosgrove Peter Hesse
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## Chief Executive Officer's Review

When I look back at the first half of 2024, I see it as a period of strong evolution and progress, with organisations everywhere accelerating their investment in the new way of working that is set to transform millions of lives this year and beyond.

It was a continuation of the 'Big Bang' that started in 2022 and we are finally seeing the lift-off of the hybrid model and its need for multiple workplace solutions that some of us have been anticipating for many years.

A fast-growing number of businesses globally are adopting and reaping the benefits of a model that includes hybrid working. This model enables employers and employees to work wherever it best suits them – be it at home, the HQ, or a local office. This uptake is fueled by continuous technological advances.

Technology frees people from the burden of having to attend the same single far-off workplace five days a week, and it confers multiple freedoms for employers and employees.

For businesses, it allows more flexibility whilst also improving employee engagement and continued productivity, and whilst most workers prefer to work from an office, they do not want to commute. Hybrid working solves this problem.

As well as being good for people, it is good for the planet. If businesses' footprints reduce, and fewer people are commuting long distances, we are able to help our customers reduce their emissions. International Workplace Group has been carbon neutral since the start of 2023 and strives to go even further.

### Unique strengths to benefit from hybrid working

In contrast to the Real Estate industry, the workplace solutions industry enabling hybrid work continues to grow. Our story and business are one to be optimistic about. Demand for our platform is accelerating from both corporates trying to reduce their real estate costs while creating more flexible working environments, and their employees. We are uniquely positioned to service this structural demand shift. Our global network of brands and locations is a huge attraction to customers and partners, helping us to accelerate our growth in a capital light fashion. As we enter the second half of the year, we are only at the start of the change to hybrid work and the flywheel of more coverage as demand is taking shape.

To meet this demand, we are focused on increasing our supply-side growth to build a fee-based business. Alongside increasing our partner signings, we are opening locations at an accelerating rate. In H1 2024, we opened [306] locations – more than our total openings in the whole of 2023. Due to our business being far more capital-light, we managed to open this many locations whilst also continuing to reduce our net growth capex spend.

Whilst our Managed & Franchised business adds additional strategic locations to our network, our focus for the Company-Owned & Leased segment continues to be to driving additional efficiencies resulting in margin expansion. This combination has led to good EBITDA growth year-over-year and gives us confidence in our longer-term goals and targets.

### Looking forward

We enter the second half of the year with good momentum. The new route to market of managed partnerships is fueling growth, and we continue to sign new partnerships at a rate aligned to our plan. More importantly, these signings are rapidly evolving into openings, resulting in our total network growing by 10% over the past 12 months.

The future for IWG and all our stakeholders remains bright as we continue to grow our customer base, our global network and our best-in-class portfolio of locations and brands.

Customers and building owners understand our unique proposition allowing us to grow our network through the capital-light model, which, with its significantly lower capex requirements, has demonstrated our ability to deliver both strong growth and a strong balance sheet.

With the right business model, the right strategy, and the right people, we are superbly placed to benefit from the fundamental changes occurring in the workplace.

**Mark Dixon**

Founder and CEO

6 August 2024

## Chief Financial Officer's Review

The first half of 2024 has been a strong period for the Group, delivering a record six months of System-revenue, growth in EBITDA, continued cash-flow generation, and a return to positive earnings for the first time in nearly five years. Previous periods have been about setting the foundations for the business across the three platforms and the results of those strategic decisions are now being realised. Combining the Group's unique brand strategy and unrivalled global network with an innovative new route to market has enabled us to grow with far less capital intensity, positioning the business well for the remainder of 2024 and beyond.

In line with plans, the Group successfully carried out a series of debt transactions resulting in a comprehensive refinancing, extending maturities to 2029 / 2030.

We have delivered growth, cash generation and a dividend whilst continuing to focus on clarity of financials to stakeholders.

### Financial Performance

The Group reports results in accordance with IFRS. Under IFRS 16, while total lease-related charges over the life of a lease remain unchanged, the lease charges are characterised as depreciation and financing expenses with higher total expense in the early periods of a lease and lower total expense in the later periods of the lease.

Group income statement (\$m)	H1 2024	H1 2023	Constant currency	Actual Currency
System-wide revenue	2,088	2,060	+2%	+1%
<b>Group revenue</b>	<b>1,836</b>	<b>1,836</b>	<b>0%</b>	<b>0%</b>
<b>Gross profit before impact of rationalisations<sup>1</sup></b>	<b>513</b>	<b>383</b>	<b>35%</b>	<b>34%</b>
Margin	28%	21%	n/a	+7ppt
Rationalisation items <sup>1</sup>	45	(15)		
<b>Gross Profit</b>	<b>558</b>	<b>368</b>	<b>+52%</b>	<b>+52%</b>
Overheads & Joint ventures	(289)	(252)	+13%	+15%
<b>Operating Profit before impact of rationalisations<sup>1</sup></b>	<b>231</b>	<b>125</b>	<b>+93%</b>	<b>+85%</b>
<b>Operating Profit</b>	<b>269</b>	<b>116</b>	<b>+142%</b>	<b>+132%</b>
Net finance cost	(225)	(203)		+11%
<b>Profit/(Loss) before tax</b>	<b>44</b>	<b>(87)</b>		
Taxation	(28)	11		
Effective tax rate	63%	13%		
<b>Profit/(Loss) for the period</b>	<b>16</b>	<b>(76)</b>		
Basic EPS (US cents) attributable to shareholders	1.6	(7.5)		

1. Rationalisations include charges related to closures, one-off impairments and other one-off items (see p. 24)

### Revenue

System-wide revenue increased by 1% (2% constant currency) to \$2,088m. Group revenue remained stable at \$1,836m. Our Managed & Franchised business saw System-wide revenue growth of 15% and fee income growth very strong at 23% (constant currency).

Revenue (\$m)	System revenue				Group Revenue			
	H1 2024	H1 2023	Actual currency	Constant currency	H1 2024	H1 2023	Actual currency	Constant currency
Managed & Franchised system-wide	287	252	+13%	+15%	35	28	+24%	+23%
Company-Owned & Leased	1,613	1,619	+0%	+0%	1,613	1,619	+0%	+0%
Worka	188	189	+0%	-1%	188	189	+0%	-1%
<b>Group</b>	<b>2,088</b>	<b>2,060</b>	<b>+1%</b>	<b>+2%</b>	<b>1,836</b>	<b>1,836</b>	<b>+0%</b>	<b>+0%</b>

### Revenue KPIs – RevPAR

RevPAR is a monthly average KPI, defined as the System revenue of the Group excluding Worka, divided by the number of available rooms, excluding rooms opened or closed in the period. RevPAR is a well-understood measure used across many industries and is particularly relevant to IWG as it incorporates all revenues received across IWG's expansive product portfolio.

Underlying RevPAR has grown, and it is only mix driving headline RevPAR lower as we bring on more centres into the network in suburban locations.

RevPAR in the first half of 2024 was \$357 (H1 2023: \$361). Company-Owned RevPAR grew by 1% year-on-year mainly due to improved pricing. As anticipated, Managed & Franchised saw a 14% decline in RevPAR to \$378, driven by suburban focused capacity growth which has not yet matured. In addition, this segment includes franchises such as Japan and Switzerland which are fully mature.

System RevPAR (\$, monthly average)	H1 2024	H1 2023	Actual currency	Constant currency
Managed & Franchised	378	451	-16%	-14%
Company-Owned & Leased	354	351	+1%	+1%
Worka	n.a.	n.a.	-	-
<b>IWG Network</b>	<b>357</b>	<b>361</b>	<b>-1%</b>	<b>-1%</b>

## Rationalisation impact

To improve the transparency and usefulness of the financial information presented and to improve year-on-year comparability the Group identified net adjusting items on operating profit relating to rationalisations in the network of \$38m (H1 2023: \$(9)m), of which \$(1)m are cash items (H1 2023: \$(3)m).

These items refer to the reversal of impairment of PPE (provisions for closures which have not yet taken place) of \$42m (H1 2023: impairment of \$(21)m), closure related credits (the actual costs of closing centres, including non-cash write-off of the book value of assets and the related lease liabilities) of \$4m (H1 2023: \$2m), asset impairment related to Russia & Ukraine and centre-related legal costs of \$(1)m (H1 2023: credit of \$4m) and other one-off items (including legal, acquisition and transaction cost) of \$(7)m (H1 2023: reversal of \$6m).

Rationalisation impact (\$m)	H1 2024	H1 2023
Closure (cost)/credit	4	2
PP&E (impairment)/reversal	42	(21)
Others	(1)	4
<b>Rationalisation impact on Gross Profit</b>	<b>45</b>	<b>(15)</b>
Rationalisation impact on SG&A	(7)	6
<b>Rationalisation impact on Operating Profit</b>	<b>38</b>	<b>(9)</b>
Depreciation	(21)	(10)
<b>Rationalisation impact on EBITDA</b>	<b>17</b>	<b>(19)</b>

## Gross Profit

Gross Profit, excluding rationalisations, increased 35% (constant currency) to \$513m in H1 2024 (H1 2023: \$383m), resulting in a 28% gross margin, a 7ppt improvement on H1 2023. Overall Gross Profit increased 52% to \$558m (H1 2023: \$368m).

Managed & Franchised delivered a 23% year-on-year growth underpinned by both network expansion and the positive impact of the high margins delivered by this segment.

Gross Profit excluding rationalisations in Company-Owned & Leased increased by 45% in predominantly due to margin expansion as a result of greater efficiencies. The rationalisation impact of \$45m relates predominantly to the network rationalisations across the Company-Owned & Leased segment.

Gross Profit (\$m)	H1 2024	H1 2023	Actual currency	Constant currency
Managed & Franchised	35	28	+24%	+23%
Company-Owned & Leased	376	262	+44%	+45%
Worka	102	93	+9%	+9%
<b>Gross Profit before impact of rationalisations</b>	<b>513</b>	<b>383</b>	<b>+34%</b>	<b>+35%</b>
Closure (cost)/credit	4	2		
PP&E (impairment)/reversal	42	(21)		
Others	(1)	4		
<b>Total rationalisation impact on Gross Profit</b>	<b>45</b>	<b>(15)</b>		
<b>Gross Profit</b>	<b>558</b>	<b>368</b>	<b>+52%</b>	<b>+52%</b>

## Operating Profit

Operating profit before rationalisations increased by 93% (constant currency) from \$125m in H1 2023 to \$231m in H1 2024, reflecting the impact of higher revenue in Managed & Franchised, and margin expansion in Company-Owned & Leased. Reported operating profit delivered was \$269m (142% constant currency growth) (H1 2023: \$116m).

## Adjusted EBITDA

The Group's Adjusted EBITDA increased by 6% (constant currency) to \$917m (H1 2023: \$870m) and Pre-IFRS Adjusted EBITDA increased by 13% (constant currency) to \$274m (H1 2023: \$245m).

The Group reports results in accordance with IFRS. Under IFRS 16, while total lease-related charges over the life of a lease remain unchanged, the lease charges are characterised as depreciation and financing expenses with higher total expense in the early periods of a lease and lower total expense in the later periods of the lease. Results are additionally presented before the application of IFRS 16 (in accordance with IAS 17 accounting standards) as it provides useful information to stakeholders on how the Group is managed, as well as reporting for bank covenants and certain lease agreements. The primary difference between the two standards is the treatment of operating lease liabilities. There is no difference between underlying cash flow.

To bridge the Group's Adjusted EBITDA of \$917m under the IFRS 16 standard to \$274m Adjusted EBITDA (Pre-IFRS Adjusted EBITDA) under IAS 17, we need to recognise rental income in subleases which are recognised as lease receivables under IFRS 16, rental costs on our lease portfolio reflected as lease liabilities under IFRS 16 and centre closure and other costs which are reflected as impairments under IFRS 16.

IFRS EBITDA to pre-IFRS EBITDA bridge (\$m)	H1 2024	H1 2023
<b>Adjusted EBITDA</b>	<b>917</b>	870
Rent income	35	37
Rent expense	(680)	(674)
Other costs	(16)	4
Net impact of network rationalisation charges	39	32
Net impact of PPE impairments vs. Closure cost provisions	(24)	(19)
Net impact of Russia & Ukraine asset impairments and other items	3	(5)
<b>Adjusted EBITDA before application of IFRS 16</b>	<b>274</b>	245

## Adjusted EBITDA by segment

Company Owned & Leased Adjusted EBITDA increased by 6% (constant currency) to \$845m in H1 2024 (H1 2023: \$806m), driven by increasing margins underpinned by cost efficiencies.

Managed & Franchised in H1 2024 delivered revenue growth of 23% which was largely offset by our investments into this capital-light growth model resulting in an EBITDA of \$(11)m (H1 2023: \$(10)m). As stated previously, the investment in Managed & Franchised has predominantly been made therefore EBITDA is expected to scale as fee revenue is generated.

Worka delivered stable results with EBITDA growth of 11% at constant currency to \$83m (H1 2023: \$74m).

Adjusted EBITDA by segment (\$m)	H1 2024	H1 2023	Actual currency	Constant currency
Managed & Franchised	(11)	(10)	n.m.	n.m.
Company-Owned & Leased	845	806	+5%	+6%
Worka	83	74	+11%	+11%
<b>Group</b>	<b>917</b>	870	+5%	+6%

## Foreign exchange

	At 30 Jun			Average		
	2024	2023	%	H1 2024	H1 2023	%
Per US dollar						
British Pound Sterling	0.79	0.79	-1%	0.79	0.81	2%
Euro	0.93	0.86	-9%	0.93	0.87	-6%

## Network growth

The success of our continued strategy to expand through partnerships is materialising. Our network increased by 10% to 3,751 centres (H1 2023: 3,398). We opened 306 new centres (H1 2023: 133 centres) and rationalised (69) centres (H1 2023: (80) centres).

Furthermore, 465 new centre deals were signed in H1 2024, 16% more than in H1 2023, which will lead to new centre openings going forward. Out of the 465 new deals signed 99% (460) deals are capital-light which underpins our success of growing the network through capital-light partnerships.



Key KPIs	H1 2024	H1 2023	YoY change	YoY change in %
<b>Number of centres open</b>	<b>3,751</b>	<b>3,398</b>	<b>353</b>	<b>+10%</b>
Centre openings	<b>306</b>	133	173	+130%
Of which capital-light <sup>1</sup>	<b>291</b>	116	175	+151%
In %	<b>95%</b>	87%		
<b>Total new centre deals signed</b>	<b>465</b>	<b>400</b>	<b>65</b>	<b>+16%</b>
Of which capital-light <sup>1</sup>	<b>460</b>	382	78	+20%
In %	<b>99%</b>	96%		

1. Includes locations signed/opened in Managed & Franchised and Variable rent areas

Of the 306 centres opened in H1 2024, 291 centres were capital-light openings which comprised of managed partnership centres, variable rent centres, franchised centres and joint-venture centres. Only 15 centre openings were on a fully conventional basis.

Our estate of 3,751 centres as per the end of June 2024 is split into 24% or 901 centres in Managed & Franchised, which increased by 32% compared to December 2023, and 2,850 centres in Company-Owned & Leased (of which 826 are based on variable rents). Based on all the new deals signed so far which have not opened yet, the strong growth in Managed & Franchised centre openings will continue in 2024 and beyond.

System <b>location</b> movements by type	Dec 2023	Centre Openings	Centre Rationalisations	Changed	Jun 2024
Conventional	2,052	+15	(39)	(4)	<b>2,024</b>
Variable rent (capital-light)	780	+44	(19)	+21	<b>826</b>
<b>Company-Owned &amp; Leased</b>	<b>2,832</b>	<b>+59</b>	<b>(58)</b>	<b>+17</b>	<b>2,850</b>
<b>Managed &amp; Franchised (capital-light)</b>	<b>682</b>	<b>+247</b>	<b>(11)</b>	<b>(17)</b>	<b>901</b>
<b>Total</b>	<b>3,514</b>	<b>+306</b>	<b>(69)</b>	<b>-</b>	<b>3,751</b>

System <b>rooms</b> movements by type ('000)	Dec 2023	Rooms Opened	Rooms Rationalised	Changed	Jun 2024
Conventional	558	+5	(12)	(4)	<b>547</b>
Variable rent (capital-light)	214	+10	(4)	+4	<b>224</b>
<b>Company-Owned &amp; Leased</b>	<b>772</b>	<b>+15</b>	<b>(16)</b>	<b>0</b>	<b>771</b>
<b>Managed &amp; Franchised (capital-light)</b>	<b>123</b>	<b>+37</b>	<b>(2)</b>	<b>(4)</b>	<b>154</b>
<b>Total</b>	<b>895</b>	<b>+52</b>	<b>(18)</b>	<b>(4)</b>	<b>925</b>

## Finance costs and taxation

The Group reported a net finance expense in H1 2024 of \$(225)m (H1 2023: \$(203)m).

The net finance expense of \$(225)m in H1 2024 includes cash interest of \$(25)m related to borrowing facilities (H1 2023: \$(27)m), interest on the Group's lease liabilities of \$(182)m (H1 2023: \$(168)m), interest on the convertible bond of \$(1)m (H1 2023: \$(1)m), interest accretion on the convertible bond of \$(8)m (H1 2023: \$(7)m) and other finance costs of \$(18)m (H1 2023: \$(5)m) offset by a gain on early settlement of convertible bonds of \$5m (H1 2023: nil). The increase in interest on lease liabilities is mainly driven by increased interest rates.

The effective tax rate in H1 2024 is 63% (H1 2023: 13%) which has been computed in accordance with IAS 12, based on the full year estimated tax position, applied to the half year actual results.

The Group operates across multiple jurisdictions which have varying tax rates and taxable result profiles. Deferred tax assets are recognised only to the extent these are expected to be utilised against future taxable profits and this contributes to upward pressure on the effective rate for the six months ended 30 June 2024.

## Earnings per share

Earnings per share in H1 2024 was US cents 1.6 (H1 2023: US cents (7.5)).

The weighted average number of shares in issue during H1 2024 was 1,007,598,732 (H1 2023: 1,006,682,105). The weighted average number of shares for diluted earnings per share is 1,094,612,381 (H1 2023: 1,090,178,139). In H1 2024 118,054 shares were purchased in the open market and (5,434,703) treasury shares held by the Group were utilized for an increased stake in the Worka subsidiary and to satisfy the exercise of share awards by employees. At 30 June 2024 the Group held 45,241,552 treasury shares (30 June 2023: 50,560,132).

## Cashflow

(\$m)	H1 2024	H1 2023
<b>Operating profit</b>	<b>269</b>	116
Depreciation & amortisation	665	735
Rationalisation impact	(17)	19
Rent income	35	37
Rent expense	(680)	(674)
Other costs	(16)	4
Pre-IFRS additional rationalisation impact differences	18	8
<b>Adjusted EBITDA before application of IFRS 16</b>	<b>274</b>	245
Working capital (excl. amortisation of landlord contributions on leased centres)	(47)	78
Working capital related to the amortisation of landlord contributions	(57)	(60)
Maintenance capital expenditure (net)	(47)	(52)
Other items <sup>1</sup>	(5)	(7)
<b>Cash inflow from business activities<sup>2</sup></b>	<b>118</b>	204
Tax paid	(16)	(30)
Finance costs on bank & other facilities	(36)	(37)
<b>Cash inflow before growth capex and corporate activities</b>	<b>66</b>	137
Gross growth capital expenditure	(53)	(76)
Growth-related landlord contributions on leased centres	25	34
Net growth capital expenditure	(28)	(42)
Purchase of subsidiary undertakings (net of cash)	(4)	(8)
<b>Cash inflow/(outflow) before corporate activities</b>	<b>34</b>	87
Purchase of shares	-	(1)
Dividend payment	(13)	-
Other corporate items	-	(1)
Net (repayments)/proceeds from loans	8	(122)
<b>Net cash (outflow)/inflow for the year</b>	<b>29</b>	(37)
Opening net cash	141	194
FX movements	(10)	1
<b>Closing cash</b>	<b>160</b>	158

1. Includes capitalised rent related to centre openings (gross growth capital expenditure) of \$(2)m (H1 2023: \$(2)m)

2. Cash flow before growth capex, corporate activities, tax and finance cost on bank & other facilities

We continued to grow revenue, manage our costs effectively and restructure centres where necessary resulting in a strong improvement of Adjusted EBITDA before the application of IFRS 16 to \$274m (H1 2023: \$245m).

Working capital, excluding the amortisation of landlord contributions, was impacted by prepaying quarterly rents upfront which resulted in an outflow of \$(47)m (H1 2023: inflow of \$78m).

Working capital relating to the amortisation of landlord contributions refers to historic cash contributions made by landlords for growth capex on a Pre-IFRS basis in the Company-Owned & Leased segment (shown as growth-related landlord contributions on leased centres further down the cash flow statement) and is amortised in the Pre-IFRS income statement over the lifetime of the corresponding lease.

Cash tax paid was \$(16)m in H1 2024 (H1 2023: \$(30)m) and primarily relates to corporate income tax paid in various countries. Finance costs on bank & other facilities was \$(36)m in H1 2024 vs. \$(37)m in H1 2023.

Cash inflow before growth capex and corporate activities was \$66m (H1 2023: \$137m).

Total net investment, including acquisitions and all capex, was \$(79)m (H1 2023: \$(102)m). This comprises of \$(47)m net maintenance capex, \$(28)m of net growth capex and \$(4)m of M&A investments (H1 2023: \$(8)m).

Total net investment of \$(79)m (H1 2023: \$(102)m) can also be split into \$(26)m maintenance spent on centres (H1 2023: \$(29)m), \$(23)m net growth capex spent on centres (H1 2023: \$(34)m), \$(16)m investments into the platform and systems, new products and processes (H1 2023: \$(22)m), \$(10)m investments done within Worka (H1 2023: \$(9)m) and \$(4)m of M&A investments (H1 2023: \$(8)m).

It is worth noting that net growth capital expenditure was significantly reduced in H1 2024 to \$(28)m (H1 2023: \$(42)m), demonstrating the benefit of our capital-light growth strategy. Centre-related growth capex is expected to fall further in H2 2024 and beyond.

For the first time since 2019 the Group paid a dividend of \$13m in H1 2024 (H1 2023: nil).

Net cash before FX movements in H1 2024 increased by \$29m after the dividend payment and net proceeds of \$8m from loans.

Net debt (\$m)	H1 2024	H1 2023
Closing cash	160	158
Opening loans	(916)	(1,054)
Net proceeds from issue & repayment of loans	(8)	122
Unrealised gains on fair value financial derivative instruments	(2)	-
Amortisation of the Convertible Bond's derivative financial instrument (net)	(8)	(7)
Gain on early settlement of convertible bond	5	-
FX impact on loans & non-cash movements	1	(54)
<b>Net financial debt</b>	<b>(768)</b>	<b>(835)</b>
Opening lease liabilities (net)	(6,732)	(7,115)
Principal & interest payments on finance leases	826	764
Non-cash movements (net)	(456)	(435)
Principal & interest received on net lease investment	(33)	(38)
FX impact on lease liabilities & investments (net)	114	(85)
<b>Net debt</b>	<b>(7,049)</b>	<b>(7,744)</b>

## Risk management

Effective management of risk is an everyday activity for the Group, and crucially, integral to our growth planning. A detailed assessment of the principal risks and uncertainties which could impact the Group's long-term performance and the risk management structure in place to identify, manage and mitigate such risk can be found on pages 50-59 of the 2023 Annual Report and Accounts. All principal risks and uncertainties are unchanged.

## Related parties

There have been no changes to the type of related party transactions entered into by the Group that had a material effect on the financial statements for the half year 2024. Details of related party transactions that have taken place in the period can be found in note 13.

## Dividends

A final dividend of 1p per share for 2023 was paid by the Group on 31 May 2024 following shareholder approval. In line with the Group's previously announced dividend policy the Board has decided to pay an interim dividend of 0.43¢ per share for 2024. The interim dividend will be paid on 4 October 2024 to shareholders on the register at the close of business on 6 September 2024. The exchange rate used to calculate the GBP amount of any dividend and the GBP cash value of any dividend will be published on the Company's website as soon as practicable after they have been established. The Company will announce at the time it proposes any dividend the timetable for the fixing of the applicable exchange rate and for the payment of the relevant dividend.

## Financing

In June 2024 the Group successfully completed a series of debt transactions and extended the debt maturity:

- Issued €575m Bond (investment grade rating from Fitch of BBB, Stable) due in June 2030 of which;
  - o €400m has been swapped to \$428m with a coupon of 8.153%, and
  - o €175m remains in Euro with a coupon of 6.5%
- Signed a new \$720m revolving credit facility due in June 2029
- Reduced the face value of the £350m 0.5% convertible bond (swapped to \$445m) outstanding to £232m (swapped to \$295m), valued at \$277m as at 30 June 2024 (30 June 2023: \$419m). The convertible bond is due for repayment or conversion at £4.5807 per share in December 2027 with an option for the bondholders to put the instrument back to the Group in December 2025 at par.

Overall, net financial debt was \$(768)m at 30 June 2024 (30 June 2023: \$(835)m).

The Group's total debt facilities, including details of drawings, is summarised below:

	Jun 2024	Jun 2023
Net financial debt (\$m)		
Convertible bond	(277)	(411)
€575m bond	(605)	-
Revolving credit facility (RCF)	(720)	(1,107)
<b>Total facilities</b>	<b>(1,602)</b>	<b>(1,518)</b>
Revolving credit facility (RCF)	(720)	(1,107)
RCF available (undrawn)	456	143
RCF guarantee utilisation	264	412
<b>RCF drawn</b>	<b>-</b>	<b>(552)</b>
Convertible bond	(277)	(411)
€575m bond	(605)	-
Other debt	(44)	(30)
Derivative financial assets/(liabilities)	(2)	-
Closing cash	160	158
<b>Net financial debt</b>	<b>(768)</b>	<b>(835)</b>

At June 2024 the Group complied with the covenants of all facilities.

### Going concern

The Group reported a profit for of \$16m (H1 2023: \$(76)m) in the first six months of 2024 while net cash of \$727m (H1 2023: \$761m) was generated from operations during the same period. Although the Group's balance sheet at 30 June 2024 reports a net current liability position of \$(2,047)m (31 December 2023: \$(2,145)m), the Directors concluded after a comprehensive review that no liquidity risk exists as:

- (1) The Group had additional funding available under the Group's \$(720)m revolving credit facility (31 December 2023: \$1,116m) of which \$264m was utilised by bank guarantees with no cash drawings and \$456m (31 December 2023: \$279m) was available and undrawn at 30 June 2024. This facility's current maturity date is June 2029;
- (2) A significant proportion of the net current liability position is due to \$1,026m lease liabilities which are held in non-recourse special purpose vehicles but also with a corresponding right-of-use asset. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred revenue of \$535m (31 December 2023: \$552m) which will be recognised in future periods through the income statement. The Group holds customer deposits of \$586m (31 December 2023: \$585m) which are spread across a large number of customers and no deposit held for an individual customer is material. Therefore, the Group does not believe the net current liabilities represents a liquidity risk; and
- (3) The Group maintained a 12-month rolling forecast and a three-year strategic outlook. It also monitored the covenants in its facility to manage the risk of potential breach. The Group expects to be able to refinance external debt and/or renew committed facilities as they become due, which is the assumption made in the viability scenario modelling, and to remain within covenants throughout the forecast period. In reaching this conclusion, the Directors have assessed:
  - the potential cash generation of the Group against a range of illustrative scenarios (including a severe but plausible outcome); and
  - mitigating actions to reduce operating costs and optimise cash flows during any ongoing global uncertainty.

The Directors consider that the Group is well placed to successfully manage the actual and potential risks faced by the organisation including risks related to inflationary pressures and geopolitical tensions.

On the basis of their assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the interim results announcement and consider it appropriate to continue to adopt the going concern basis in preparing the financial statements of the Group.

### Charlie Steel

Chief Financial Officer

6 August 2024

# Condensed Consolidated Financial Information

## Interim consolidated income statement (unaudited)

\$m	Notes	Six months ended 30 June 2024	Six months ended 30 June 2023 <sup>(1)(2)</sup>
<b>Revenue</b>		<b>1,836</b>	1,836
<b>Total cost of sales</b>		<b>(1,269)</b>	(1,456)
Cost of sales		(1,314)	(1,441)
Adjusting items to cost of sales <sup>(3)</sup>	4	27	20
Net reversal/(impairment) of property, plant, equipment and right-of-use assets <sup>(3)</sup>	4	18	(35)
Expected credit losses on trade receivables		(9)	(12)
<b>Gross profit</b>		<b>558</b>	368
<b>Total selling, general and administration expenses</b>		<b>(287)</b>	(251)
Selling, general and administration expenses		(280)	(257)
Adjusting items to selling, general and administration expenses	4	(7)	6
Share of loss of equity-accounted investees, net of tax		(2)	(1)
<b>Operating profit</b>		<b>269</b>	116
Finance expense	3	(229)	(208)
Finance income	3	4	5
<b>Net finance expense</b>		<b>(225)</b>	(203)
<b>Profit/(loss) before tax for the period</b>		<b>44</b>	(87)
Income tax (expense)/credit	8	(28)	11
<b>Profit/(loss) for the period</b>		<b>16</b>	(76)
Attributable to equity shareholders of the Group		16	(75)
Attributable to non-controlling interests		–	(1)
<b>Earnings/(loss) per ordinary share (EPS):</b>			
<b>Attributable to ordinary shareholders</b>			
Basic (¢)		1.6	(7.5)
Diluted (¢)		1.5	(7.5)

1. Includes a net settlement fee of \$2m recognised in 2023 (comprising the settlement fee of \$22m, offset by a release of related accrued income of \$20m), for TKP Corporation's sale of the Japanese master franchise agreement to Mitsubishi Estate Co.
2. The 2023 revenue has been restated by \$4m to net commissions fees for a new product category previously recognised on a gross basis, in accordance with IFRS 15 agent considerations.
3. The net reversal of adjusting items on operating profit of \$38m (2023: charge of \$9m) comprises the following items included in the balances referenced (note 4): a net reversal of the impairment of property, plant and equipment and right-of-use assets of \$42m (2023: net impairment of \$21m), network rationalisation credits of \$4m (2023: \$2m), the impairment of Ukraine and Russia of \$1m (2023: \$3m), restructuring costs of \$1m (2023: \$3m) and other one-off item charges of \$6m (2023: utilised \$16m).

The above consolidated income statement should be read in conjunction with the accompanying notes.

## Interim consolidated statement of comprehensive income (unaudited)

	Notes	Six months ended 30 June 2024	Six months ended 30 June 2023
\$m			
<b>Profit/(loss) for the period</b>		<b>16</b>	<b>(76)</b>
Other comprehensive (loss)/income that is or may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges – effective portion of changes in fair value		(2)	–
Foreign currency translation loss for foreign operations		(1)	(6)
<b>Items that are or may be reclassified to profit or loss in subsequent periods</b>		<b>(3)</b>	<b>(6)</b>
<b>Other comprehensive loss for the period, net of tax</b>		<b>(3)</b>	<b>(6)</b>
<b>Total comprehensive profit/(loss) for the period, net of tax</b>		<b>13</b>	<b>(82)</b>
Attributable to shareholders of the Group		<b>14</b>	<b>(84)</b>
Attributable to non-controlling interests		<b>(1)</b>	<b>2</b>

The above interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Interim consolidated statement of changes in equity (unaudited)

\$m	Notes	Issued share capital	Share premium	Treasury shares	Foreign currency translation reserve	Hedging reserve	Other reserves <sup>(1)</sup>	Retained earnings	Total equity attributable to equity shareholders	Non-controlling interests	Total equity
<b>Balance at 1 January 2023</b>		13	399	(194)	(331)	–	41	385	313	63	376
<b>Total comprehensive income/(loss) for the period:</b>											
Loss for the period		–	–	–	–	–	–	(75)	(75)	(1)	(76)
<b>Other comprehensive income:</b>											
Cash flow hedges – effective portion of changes in fair value		–	–	–	–	–	–	–	–	–	–
Foreign currency translation loss for foreign operations		–	–	–	(9)	–	–	–	(9)	3	(6)
<b>Other comprehensive (loss)/income, net of tax</b>		–	–	–	(9)	–	–	–	(9)	3	(6)
<b>Total comprehensive (loss)/income for the period</b>		–	–	–	(9)	–	–	(75)	(84)	2	(82)
<b>Transactions with owners of the Company</b>											
Ordinary dividend paid	5	–	–	–	–	–	–	–	–	–	–
Share-based payments	11	–	–	–	–	–	–	3	3	–	3
Purchase of shares		–	–	(1)	–	–	–	–	(1)	–	(1)
Settlement from exercise of share awards		–	–	1	–	–	–	(1)	–	–	–
<b>Total transactions with owners of the Company</b>		–	–	–	–	–	–	2	2	–	2
<b>Balance at 30 June 2023</b>		13	399	(194)	(340)	–	41	312	231	65	296
<b>Balance at 1 January 2024</b>		13	399	(194)	(338)	–	41	123	44	65	109
<b>Total comprehensive loss for the period:</b>											
Profit for the period		–	–	–	–	–	–	16	16	–	16
<b>Other comprehensive loss:</b>											
Cash flow hedges – effective portion of changes in fair value		–	–	–	–	(2)	–	–	(2)	–	(2)
Foreign currency translation loss for foreign operations		–	–	–	–	–	–	–	–	(1)	(1)
<b>Other comprehensive loss, net of tax</b>		–	–	–	–	(2)	–	–	(2)	(1)	(3)
<b>Total comprehensive (loss)/income for the period</b>		–	–	–	–	(2)	–	16	14	(1)	13
<b>Transactions with owners of the Company</b>											
Ordinary dividend paid	5	–	–	–	–	–	–	(13)	(13)	–	(13)
Share-based payments	11	–	–	–	–	–	–	1	1	–	1
Reissuance of shares		–	–	12	–	–	–	–	12	–	12
Settlement from exercise of share awards		–	–	–	–	–	–	–	–	–	–
<b>Total transactions with owners of the Company</b>		–	–	12	–	–	–	(12)	–	–	–
Purchase of non-controlling interest <sup>(2)</sup>		–	–	–	–	–	–	–	–	(14)	(14)
<b>Balance at 30 June 2024</b>		13	399	(182)	(338)	(2)	41	127	58	50	108

1. Other reserves include \$13m for the restatement of the assets and liabilities of the UK associate, from historic to fair value at the time of the acquisition of the outstanding 58% interest on 19 April 2006, \$67m arising from the Scheme of Arrangement undertaken on 14 October 2008, \$11m relating to merger reserves and \$nil to the redemption of preference shares, partly offset by \$48m arising from the Scheme of Arrangement undertaken in 2003.
2. During the period the Group increased its equity voting rights to 89.3% (2023: 86.6%) in the Worka subsidiary in accordance with the terms of election agreements, which were originally entered into during the establishment of Worka in 2022. As a result, the Group purchased an increased stake of a subsidiary with a non-controlling interest for a consideration of \$14m.

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Interim consolidated balance sheet (unaudited)

\$m	Notes	As at 30 June 2024 (unaudited)	As at 31 December 2023
<b>Non-current assets</b>			
Goodwill	6	1,159	1,172
Other intangible assets		247	266
Property, plant and equipment	7	6,460	6,883
Right-of-use assets	7	5,243	5,574
Other property, plant and equipment	7	1,217	1,309
Non-current net investment in finance leases	9	88	81
Deferred tax assets	8	567	576
Other long-term receivables		73	67
Investments in joint ventures		55	56
Other investments		–	–
<b>Total non-current assets</b>		<b>8,649</b>	<b>9,101</b>
<b>Current assets</b>			
Inventory		1	1
Trade and other receivables		1,192	1,136
Current net investment in finance leases	9	30	43
Corporation tax receivable		32	34
Cash and cash equivalents	9	160	141
<b>Total current assets</b>		<b>1,415</b>	<b>1,355</b>
<b>Total assets</b>		<b>10,064</b>	<b>10,456</b>
<b>Current liabilities</b>			
Trade and other payables (incl. customer deposits)		1,741	1,667
Deferred revenue		535	552
Corporation tax payable		58	55
Bank and other loans	9	44	17
Lease liabilities	9	1,056	1,178
Provisions		28	31
<b>Total current liabilities</b>		<b>3,462</b>	<b>3,500</b>
<b>Non-current liabilities</b>			
Other long-term payables		14	16
Deferred tax liability	8	220	220
Bank and other loans	9	882	899
Lease liabilities	9	5,343	5,678
Derivative financial liabilities	9	2	–
Provisions		22	23
Provision for deficit on joint ventures		8	8
Retirement benefit obligations		3	3
<b>Total non-current liabilities</b>		<b>6,494</b>	<b>6,847</b>
<b>Total liabilities</b>		<b>9,956</b>	<b>10,347</b>
<b>Total equity</b>			
<b>Issued share capital</b>		<b>13</b>	<b>13</b>
Issued share premium		399	399
Treasury shares		(182)	(194)
Foreign currency translation reserve		(338)	(338)
Hedging reserve		(2)	–
Other reserves		41	41
Retained earnings		127	123
<b>Total shareholders' equity</b>		<b>58</b>	<b>44</b>
<b>Non-controlling interests</b>		<b>50</b>	<b>65</b>
<b>Total equity</b>		<b>108</b>	<b>109</b>
<b>Total equity and liabilities</b>		<b>10,064</b>	<b>10,456</b>

The above interim consolidated balance sheet should be read in conjunction with the accompanying notes.



## Interim consolidated statement of cash flows (unaudited)

\$m	Notes	Six months ended 30 June 2024	Six months ended 30 June 2023
<b>Operating activities</b>			
<b>Profit/(Loss) for the period</b>		<b>16</b>	<b>(76)</b>
Adjustments for:			
Net finance expense	3	225	203
Share of loss on equity-accounted investees, net of tax		2	1
Depreciation charge		626	703
Right-of-use assets	7	505	578
Other property, plant and equipment	7	121	125
Loss on disposal of property, plant and equipment		18	13
Profit on disposal of right-of-use assets and related lease liabilities	9	(15)	(12)
Loss on disposal of intangible assets		6	–
Net (reversal)/impairment of property, plant and equipment	7	(6)	13
Net (reversal)/impairment of right-of-use assets	7	(12)	22
Amortisation of intangible assets		39	32
Tax expense/(credit)		28	(11)
Expected credit losses on trade receivables		9	12
Decrease in provisions		(4)	(31)
Unrealised loss on fair value of financial derivative instruments		–	–
Share-based payments	11	1	3
Other non-cash movements		(5)	16
<b>Operating cash flows before movements in working capital</b>		<b>928</b>	<b>888</b>
Proceeds from landlord contributions (reimbursement of costs) <sup>(1)</sup>	7	3	14
Increase in trade and other receivables		(114)	(290)
Increase in trade and other payables		144	384
<b>Cash generated from operations</b>		<b>961</b>	<b>996</b>
Interest paid and similar charges on bank loans and corporate borrowings		(36)	(37)
Interest paid on lease liabilities	9	(182)	(168)
Tax paid		(16)	(30)
<b>Net cash inflows from operating activities</b>		<b>727</b>	<b>761</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	7	(75)	(104)
Payment of initial direct costs related to right-of-use assets		–	(2)
Interest received on net lease investment	3	4	5
Payment received from net lease investment	9	28	34
Purchase of subsidiary undertakings, net of cash acquired	14	(4)	(8)
Purchase of intangible assets		(25)	(24)
Interest received		–	–
<b>Net cash outflows from investing activities</b>		<b>(72)</b>	<b>(99)</b>
<b>Financing activities</b>			
Proceeds from issue of loans	9	1,421	384
Repayment of loans	9	(1,413)	(506)
Payment of lease liabilities	9	(643)	(596)
Proceeds from landlord contributions (lease incentives) <sup>(1)</sup>		22	20
Purchase of treasury shares		–	(1)
Payment of ordinary dividend		(13)	–
<b>Net cash outflows from financing activities</b>		<b>(626)</b>	<b>(699)</b>
Net increase/(decrease) in cash and cash equivalents		29	(37)
Cash and cash equivalents at beginning of the year		141	194
Effect of exchange rate fluctuations on cash held		(10)	1
<b>Cash and cash equivalents at end of the period</b>		<b>160</b>	<b>158</b>

1. The total proceeds from landlord contributions relating to the reimbursement of costs and lease incentives of \$25m (2023: \$34m) are allocated between maintenance landlord contributions of \$nil (2023: \$nil) and growth landlord contributions of \$25m (2023: \$34m).

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Condensed Interim Consolidated Financial Information (unaudited)

## Note 1: Basis of preparation and accounting policies

International Workplace Group plc ("IWG") is a public limited company incorporated in Jersey and registered and domiciled in Switzerland. The Company's ordinary shares are traded on the London Stock Exchange. International Workplace Group plc owns, and is a franchise operator of, a network of business centres which are utilised by a variety of business customers.

The unaudited condensed interim consolidated financial information as at and for the six months ended 30 June 2024:

- was prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as adopted for use in the UK ("adopted IFRS"), and therefore does not include all disclosures that would otherwise be required in a complete set of financial statements. Selected explanatory notes are included to understand events and transactions that are significant to understand the changes in the Group's financial position and performance since the last International Workplace Group plc Annual Report and Accounts for the year ended 31 December 2023;
- was prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority;
- comprises the Company and its subsidiaries (the "Group") and the Group's interests in jointly controlled entities;
- does not constitute statutory accounts as defined in Companies (Jersey) Law 1991. A copy of the statutory accounts for the year ended 31 December 2023 has been filed with the Jersey Companies Registry. Those accounts have been reported on by the Company's auditors and the report of the auditors was (i) unqualified, and (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report. These accounts are available from the Company's website – [www.iwgplc.com](http://www.iwgplc.com); and
- was approved by the Board of Directors on 6 August 2024;
- Note disclosures pertaining to the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of cash flows and interim consolidated statement of changes in equity present results for the six months ended 30 June 2024 and previously six months ended 30 June 2023. Note disclosures pertaining to the interim consolidated balance sheet present results as at 30 June 2024 and 31 December 2023.

Effective 1 January 2024, certain strategic and financing companies within the Group adopted the US dollar as their functional currency. Prior to 1 January 2024, the functional currency of these companies was sterling (£). The change in the functional currency of these entities is due to the increased exposure to the US dollar as a result of the growth in international operations as well as redenomination of its Revolving Credit Facility and other arrangements to US dollars.

In addition, International Workplace Group plc changed the presentation currency of its consolidated financial statements to US dollars (\$) from pounds sterling (£). All values are in million US dollars, except where indicated otherwise. Prior period comparatives were translated from sterling and presented in US Dollars as follows: assets and liabilities at the rate of exchange in effect at the applicable balance sheet date and revenues and expenses at the average monthly rates applicable for the period.

Unrealized gains and losses resulting from the translation to US dollars are accumulated in a separate component of shareholders' equity in a cumulative foreign currency translation reverse.

Other than the change in presentation currency, the basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2023 have been applied in the preparation of this half yearly report, except for the adoption of new accounting policies and new standards and interpretations effective as of 1 January 2024. There was no material effect on the Group's interim consolidated financial statements.

### *New standards and interpretations*

The following standards, interpretations and amendments to standards were applicable to the Group for periods commencing on or after 1 January 2024, with no material impact on the Group:

Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
Classification of Liabilities as Current or Non-Current – Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

The following new or amended standards and interpretations that are mandatory for 2025 annual periods (and future years) are not expected to have a material impact on the Company:

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The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability – Amendments to IAS 21

1 January 2025

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There are no other IFRS standards or interpretations that are not yet effective that would be expected to have a material impact on the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## Seasonality

The majority of the Group's revenue is not subject to significant seasonal fluctuations.

## Judgements and estimates

In preparing this condensed consolidated interim financial information, judgment was applied in adopting the US Dollar as the functional currency of certain head office and financing companies. Other significant judgements made by management and the key sources of estimation of uncertainty were the same as those that applied to the Report and Accounts for the year ended 31 December 2023.

## Principal risks

As part of the half year risk assessment, the Board has considered the impact of geopolitical factors on the principal risks of the Group. Following this risk assessment, the Board is satisfied that the principal risks impacting the group over the next nine months are unchanged from those noted on pages 50 to 59 of the 2023 Annual Report.

## Going concern

The Group reported a profit for the period of \$16m (2023: loss of \$76m) in the first six months of 2024 while net cash of \$727m (2023: \$761m) was generated from operations during the same period. Although the Group's balance sheet at 30 June 2024 reports a net current liability position of \$2,047m (31 December 2023: \$2,145m), the Directors concluded after a comprehensive review that no liquidity risk exists as:

1. The Group had additional funding available under the Group's \$720m revolving credit facility (31 December 2023: \$1,116m) of which \$264m was utilised by bank guarantees with no cash drawing and \$456m (31 December 2023: \$279m) was available and undrawn at 30 June 2024. This facility's current maturity date is June 2029;
2. A significant proportion of the net current liability position is due to \$1,026m lease liabilities which are held in non-recourse special purpose vehicles but also with a corresponding right-of-use asset. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred revenue of \$535m (31 December 2023: \$552m) which will be recognised in future periods through the income statement. The Group holds customer deposits of \$586m (31 December 2023: \$585m) which are spread across a large number of customers and no deposit held for an individual customer is material. Therefore, the Group does not believe the net current liabilities represents a liquidity risk; and
3. The Group maintained a 12-month rolling forecast and a three-year strategic outlook. It also monitored the covenants in its facility to manage the risk of potential breach. The Group expects to be able to refinance external debt and/or renew committed facilities as they become due, which is the assumption made in the viability scenario modelling, and to remain within covenants throughout the forecast period. In reaching this conclusion, the Directors have assessed:
  - the potential cash generation of the Group against a range of illustrative scenarios (including a severe but plausible outcome); and
  - mitigating actions to reduce operating costs and optimise cash flows during any ongoing global uncertainty.

The Directors consider that the Group is well placed to successfully manage the actual and potential risks faced by the organisation including risks related to inflationary pressures and geopolitical tensions.

On the basis of their assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the interim results announcement and consider it appropriate to continue to adopt the going concern basis in preparing the financial statements of the Group.

# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

## **Note 2: Segmental analysis**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. An operating segment's results are reviewed regularly by the chief operating decision-maker (the Board of Directors of the Group) on a pre-IFRS 16 basis to make decisions about resources to be allocated to the segment and assess its performance, and for which distinct financial information is available. The segmental information is presented on the same basis on which the chief operating decision-maker received reporting during the year. Segmental assets and liabilities continue to be presented in accordance with IFRS.

The business is run on a worldwide basis but managed through two operating segments, IWG Network and Worka.

IWG Network represents the Group's segmental results excluding Worka. IWG Network is managed through both geographical regions and ownership structure splits. The three principle geographical regions are: the Americas, EMEA (including UK) and Asia Pacific. The results of business centres in each of these regions, based on time zones, economic relationships, market characteristics, cultural similarities and language clusters, form the basis for reporting geographical results to the chief operating decision-maker. These geographical regions exclude the Group's non-trading, holding and corporate management companies, which are included in Other.

The Group's IWG Network results are also managed by ownership structure and are an additional basis for reporting results to the chief operating decision-maker. Company-owned and Leased comprises results from business centres owned and operated by the Group. Managed and Franchised comprises results relating to services provided to business centres owned by third parties.

The Worka operating segment comprises the results relating to The Instant Group investment and includes the Group's digital assets, representing the world's leading fully integrated workspace platform. All reportable segments are involved in the provision of global workplace solutions. The Group's reportable segments operate in different markets and are managed separately because of the different economic characteristics that exist in each of those markets. Each reportable segment has its own distinct senior management team responsible for the performance of the segment.

The accounting policies of the operating segments are the same as those described in the Annual Report and Accounts for the Group for the year ended 31 December 2023.

# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

On a pre-IFRS 16 basis	IWG Network Operating Segment							Worka Operating Segment	Six months ended 30 June 2024
	By geography				By ownership		IWG Network		
	Americas	EMEA	Asia Pacific	Other	Company- owned & Leased	Managed & Franchised			
\$m									
Revenue	639	838	167	4	1,613	35	1,648	223	1,871
Workstation revenue <sup>(1)</sup>	448	632	126	–	1,206	–	1,206	–	1,206
Fee income	8	17	10	–	–	35	35	–	35
Customer Service income <sup>(2)</sup>	183	189	31	4	407	–	407	223	630
Gross profit	85	123	35	1	213	35	248	91	339
Share of gain of equity-accounted investees	–	–	1	–	–	1	1	–	1
Operating profit/(loss)	36	74	22	(122)	19	(9)	10	43	53
Finance expense									(43)
Finance income									–
Profit before tax for the period									10
Depreciation and amortisation	87	73	14	19	193	–	193	27	220
Impairment of assets	–	–	–	–	–	–	–	–	–
Loss on disposal of assets	14	8	3	6	31	–	31	–	31
Assets <sup>(3)</sup>	3,803	4,294	568	681	9,346	–	9,346	718	10,064
Liabilities <sup>(3)</sup>	(3,776)	(4,157)	(587)	(1,158)	(9,678)	–	(9,678)	(278)	(9,956)
Net assets/(liabilities) <sup>(3)</sup>	27	137	(19)	(477)	(332)	–	(332)	440	108
Non-current asset additions <sup>(3)(4)</sup>	187	318	29	17	551	–	551	10	561
Non-current asset acquisitions <sup>(3)(4)</sup>	–	–	–	–	–	–	–	2	2

1. Includes customer deposits.
2. Includes membership card income.
3. Presented on a basis consistent with IFRS 16.
4. Excluding deferred taxation.

Restated on a pre-IFRS 16 basis <sup>(1)</sup>	IWG Network Operating Segment						Worka Operating Segment	Six months ended 30 June 2023	
	By geography				By ownership				
	Americas	EMEA	Asia Pacific	Other	Company- owned & Leased	Managed & Franchised			
\$m									
Revenue <sup>(2)</sup>	660	814	169	4	1,619	28	1,647	226	1,873
Workstation revenue <sup>(3)</sup>	451	608	127	–	1,186	–	1,186	–	1,186
Fee income	4	15	9	–	–	28	28	–	28
Customer Service income <sup>(4) (5)</sup>	205	191	33	4	433	–	433	226	659
Gross profit	57	70	13	3	115	28	143	97	240
Share of loss of equity-accounted investees	–	(1)	–	–	–	(1)	(1)	–	(1)
Operating profit/(loss)	19	(5)	(3)	(77)	(56)	(10)	(66)	54	(12)
Finance expense									(47)
Finance income									–
Loss before tax for the period									(59)
Depreciation and amortisation	99	77	16	14	206	–	206	23	229
Impairment of assets	–	–	–	–	–	–	–	–	–
Loss on disposal of assets	6	11	2	–	19	–	19	–	19
Assets <sup>(6)</sup>	4,178	4,713	735	763	10,389	–	10,389	751	11,140
Liabilities <sup>(6)</sup>	(4,037)	(4,548)	(741)	(1,231)	(10,557)	–	(10,557)	(288)	(10,845)
Net assets/(liabilities) <sup>(6)</sup>	141	165	(6)	(468)	(168)	–	(168)	463	295
Non-current asset additions <sup>(6)(7)</sup>	114	131	56	27	328	–	328	8	336
Non-current asset acquisitions <sup>(6)(7)</sup>	–	–	12	–	12	–	12	–	12

1. The comparative information has been restated for the separate disclosure of the Managed & Franchised segment.
2. Includes \$4m to net commissions fees for a new product category previously recognised on a gross basis, in accordance with IFRS 15 agent considerations.
3. Includes customer deposits.
4. Includes membership card income.
5. Includes a net settlement fee of \$2m recognised in 2023 (comprising the settlement fee of \$22m, offset by a release of related accrued income of \$20m), for TKP Corporation's sale of the Japanese master franchise agreement to Mitsubishi Estate Co.
6. Presented on a basis consistent with IFRS 16.
7. Excluding deferred taxation.

# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

Operating profit in the “Other” category is generated from services related to the provision of workspace solutions offset by corporate overheads.

The operating segments results presented on a pre-IFRS 16 basis reconcile to the financial statements as follows:

\$m	IWG Network Operating Segment						IWG Network	Worka Operating Segment	Six months ended 30 June 2024
	By geography				By ownership				
	Americas	EMEA	Asia Pacific	Other	Company- owned & Leased	Managed & Franchised			
Revenue – pre-IFRS 16	639	838	167	4	1,613	35	1,648	223	1,871
Rent income	–	–	–	–	–	–	–	(35)	(35)
Revenue	639	838	167	4	1,613	35	1,648	188	1,836

Gross profit – pre-IFRS 16	85	123	35	5	213	35	248	91	339
Rent income	–	–	–	–	–	–	–	(35)	(35)
Rent payable under leases	281	286	64	2	633	–	633	47	680
Depreciation of property, plant and equipment including right-of-use assets <sup>(1)</sup>	(208)	(195)	(40)	(1)	(444)	–	(444)	(1)	(445)
Other <sup>(2)</sup>	3	22	(2)	(4)	19	–	19	–	19
Gross profit	161	236	57	2	421	35	456	102	558

Operating profit/(loss) – pre-IFRS 16	36	73	22	(122)	19	(9)	10	43	53
Rent income	–	–	–	–	–	–	–	(35)	(35)
Rent payable under leases	281	286	64	2	633	–	633	47	680
Depreciation of property, plant and equipment including right-of-use assets <sup>(1)</sup>	(208)	(195)	(40)	(1)	(444)	–	(444)	(1)	(445)
Other <sup>(2)</sup>	3	17	(4)	–	18	(2)	16	–	16
Operating profit/(loss)	112	182	42	(121)	226	(11)	215	54	269

Depreciation and amortisation – pre-IFRS 16	87	73	14	19	193	–	193	27	220
Depreciation of property, plant and equipment including right-of-use assets	208	195	40	1	444	–	444	1	445
Depreciation and amortisation	295	268	54	20	637	–	637	28	665

Impairment of assets – pre-IFRS 16	–	–	–	–	–	–	–	–	–
Net reversal of impairment of property, plant and equipment including right-of-use assets	(10)	(6)	(2)	–	(18)	–	(18)	–	(18)
Net reversal of impairment of assets	(10)	(6)	(2)	–	(18)	–	(18)	–	(18)

Loss on disposal of assets – pre-IFRS 16	14	8	3	6	31	–	31	–	31
(Gain)/loss on disposal of property, plant and equipment including right-of-use assets <sup>(3)</sup>	(17)	8	–	(1)	(10)	–	(10)	(12)	(22)
(Gain)/loss on disposal of assets	(3)	16	3	5	21	–	21	(12)	9

1. Includes depreciation on right of use assets of \$505m offset by reduced depreciation on leasehold improvements under IFRS 16 due to the classification of certain landlord contributions as a reduction to property, plant and equipment.
2. Includes \$18m of net reversal of impairment of property, plant and equipment including right-of-use assets offset by losses on disposal of property, plant and equipment including right-of-use assets of \$22m.
3. Loss on disposal under IFRS 16 is lower due to the classification of certain landlord contributions as a reduction to property, plant and equipment under IFRS 16.

# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

Restated <sup>(1)</sup>	IWG Network Operating Segment							Worka Operating Segment	Six months ended 30 June 2023
	By geography				By ownership		IWG Network		
	Americas	EMEA	Asia Pacific	Other	Company- owned & Leased	Managed & Franchised			
\$m									
Revenue – pre-IFRS 16 <sup>(2)</sup>	660	814	169	4	1,619	28	1,647	226	1,873
Rent income	–	–	–	–	–	–	–	(37)	(37)
Revenue <sup>(2)</sup>	660	814	169	4	1,619	28	1,647	189	1,836

Gross profit – pre-IFRS 16	57	70	13	3	115	28	143	97	240
Rent income	–	–	–	–	–	–	–	(37)	(37)
Rent payable under leases	275	294	71	–	640	–	640	34	674
Depreciation of property, plant and equipment including right-of-use assets <sup>(3)</sup>	(218)	(229)	(57)	(1)	(505)	–	(505)	(1)	(506)
Other <sup>(4)</sup>	(23)	17	2	1	(3)	–	(3)	–	(3)
Gross profit	91	152	29	3	247	28	275	93	368

Operating (loss)/profit – pre-IFRS 16	19	(5)	(3)	(77)	(56)	(10)	(66)	54	(12)
Rent income	–	–	–	–	–	–	–	(37)	(37)
Rent payable under leases	275	294	71	–	640	–	640	34	674
Depreciation of property, plant and equipment including right-of-use assets <sup>(3)</sup>	(218)	(229)	(57)	(1)	(505)	–	(505)	(1)	(506)
Other <sup>(4)</sup>	(23)	16	2	1	(4)	–	(4)	1	(3)
Operating profit/(loss)	53	76	13	(77)	75	(10)	65	51	116

Depreciation and amortisation – pre-IFRS 16	99	77	16	14	206	–	206	23	229
Depreciation of property, plant and equipment including right-of-use assets	218	229	57	1	505	–	505	1	506
Depreciation and amortisation	317	306	73	15	711	–	711	24	735

Impairment of assets – pre-IFRS 16	–	–	–	–	–	–	–	–	–
Net impairment of property, plant and equipment including right-of-use assets	14	13	8	–	35	–	35	–	35
Net impairment of assets	14	13	8	–	35	–	35	–	35

Loss on disposal of assets – pre-IFRS 16	6	11	2	–	19	–	19	–	19
(Gain)/loss on disposal of property, plant and equipment including right-of-use assets <sup>(5)</sup>	(8)	(13)	–	–	(21)	–	(21)	3	(18)
Loss/(gain) on disposal of assets	(2)	(2)	2	–	(2)	–	(2)	3	1

1. The comparative information has been restated for the separate disclosure of the Managed & Franchised segment and to net the commissions fees previously disclosed above.
2. Includes \$4m to net commissions fees for a new product category previously recognised on a gross basis, in accordance with IFRS 15 agent considerations.
3. Includes depreciation on right of use assets of \$578m offset by reduced depreciation on leasehold improvements under IFRS 16 due to the classification of certain landlord contributions as a reduction to property, plant and equipment.
4. Includes \$35m of net impairment of property, plant and equipment including right-of-use assets offset by losses on disposal of property, plant and equipment including right-of-use assets of \$17m.
5. Loss on disposal under IFRS 16 is lower due to the classification of certain landlord contributions as a reduction to property, plant and equipment under IFRS 16.



# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

## Note 3: Net finance expense

\$m	Notes	Six months ended 30 June 2024	Six months ended 30 June 2023
Interest payable and similar charges on bank loans and corporate borrowings		(25)	(27)
Interest payable on lease liabilities		(182)	(168)
Interest expense on the convertible bond		(1)	(1)
Interest accretion on the convertible bond		(8)	(7)
<b>Total interest expense</b>		<b>(216)</b>	<b>(203)</b>
Other finance costs		(18)	(5)
Gain on early settlement of convertible bond		5	–
<b>Total finance expense</b>		<b>(229)</b>	<b>(208)</b>
Interest received on net lease investment		4	5
<b>Total finance income</b>		<b>4</b>	<b>5</b>
<b>Net finance expense</b>		<b>(225)</b>	<b>(203)</b>

## Note 4: Adjusting items

The Group has recognised the following adjusting items during the period ending 30 June 2024:

\$m	Notes	Six months ended 30 June 2024		Six months ended 30 June 2023	
		Cost of sales	Selling, general and administration costs	Cost of sales	Selling, general and administration costs
Closure (credit)/cost		(4)	–	(2)	–
Net (reversal)/impairment of property, plant and equipment (including right-of-use assets)	7	(42)	–	21	–
Acquisition and restructuring costs		–	1	–	3
Impairment of Ukraine and Russia		1	–	3	–
Other one-off items		–	6	(7)	(9)
<b>Total adjusting items</b>		<b>(45)</b>	<b>7</b>	<b>15</b>	<b>(6)</b>

- Closure cost**

A closure related credit of \$4m (2023: \$2m) was recognised during the year, which includes the direct closure costs of \$1m (2023: \$nil) related to these centres, \$10m (2023: \$5m) write-off of the book value of assets, \$44m (2023: \$20m) against the right-of-use assets and \$59m (2023: \$27m) credits for the related lease liabilities.

- Impairments of property, plant and equipment (including right-of-use assets)**

Management continues to carry out a comprehensive review exercise for potential impairments across the whole portfolio at a cash-generating units (CGUs) level. The impairment review formed part of the Group's ongoing rationalisation process. This review compared the value-in-use of CGUs, based on management's assumptions regarding likely future trading performance, to the carrying values at 30 June 2024. Following this review, a reversal of \$42m (2023: net impairment of \$21m) was recognised within cost of sales which consists of \$18m (2023: net impairment of \$35m) net reversal of impairment, reversal of depreciation of \$21m (2023: \$10m) and reversal of disposals of \$3m (2023: \$4m) in respect of adjusting items previously provided for (note 7). The \$18m (2023: net impairment of \$35m) net reversal of impairment, consists of \$12m (2023: net impairment of \$13m) recognised against property, plant and equipment and \$6m (2023: net impairment of \$22m) against right-of-use assets.

- Impairment of Ukraine and Russia**

As a result of geopolitical circumstances in the Ukraine and related sanctions against Russia, the Board has taken the decision to recognise a provision against the gross assets of both its Russian and Ukrainian operations. Following a review of the carrying value of the CGU, an additional \$1m (2023: \$3m) impairment charge was recognised, for the six months ended 30 June 2024. These operations are not material to the Group, representing less than 1% of both total revenue and net assets of the Group. Accordingly, the Group's significant accounting judgements, estimates and assumptions have not changed.



# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

- **Acquisition and restructuring costs**

During the year, the Group incurred \$1m (2023: \$3m) of transaction costs.

Should the estimated charges be in excess of the amounts required, the release of any amounts provided for at 30 June 2024 would be treated as adjusting items.

- **Other one-off items**

The Group wrote-off \$6m (2023: \$nil) of obsolete software during the year.

During the year, the Group utilised closure related legal provisions of \$nil (2023: provided for \$16m).

## Note 5: Dividends

Equity dividends on ordinary shares paid during the period:

\$m	Notes	Six months ended 30 June 2024	Six months ended 30 June 2023
Final dividend for the year ended 31 December 2023: 1.00 pence per share paid on 31 May 2024 (for the year ended 31 December 2022: nil pence per share)		13	–

In line with the Group's previously announced dividend policy the Board has decided to pay an interim dividend of 0.43c per share for 2024 will be paid on 4 October 2024 to shareholders on the register at the close of business on 6 September 2024.

## Note 6: Goodwill and indefinite life intangible assets

As at 30 June 2024, the carrying value of the Group's goodwill and indefinite life intangible assets was \$1,159m and \$13m respectively (31 December 2023: \$1,172m and \$13m respectively). The movement in goodwill and indefinite lived intangible assets was due to \$nil of acquisitions, offset by movements due to foreign exchange.

An impairment test is carried out annually and, in addition, whenever indicators exist that the carrying amount may not be recoverable. In accordance with IAS 36, the Group reviewed goodwill for indicators of impairment. Detailed impairment indicator reviews were performed on the US, UK and Worka businesses, which represent 79% of the Group's goodwill balance, with consideration given to key drivers of performance and actions taken by management. These key drivers included on-going business performance, cost mitigation actions, review of sales key performance indicators and market specific economic trends. There were no long-term indicators of impairment identified for the US, UK and Worka. There was no impairment recognised in the current period in respect of individually immaterial countries (2023: \$nil).

# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

## Note 7: Property, plant and equipment

\$m	Right-of-use assets <sup>(1)</sup>	Land and buildings	Leasehold improvements	Furniture and equipment	Computer hardware	Total
<b>Cost</b>						
At 1 January 2024	11,773	204	2,134	1,000	165	15,276
Additions	121	-	60	11	1	193
Modifications <sup>(2)</sup>	285	-	-	-	-	285
Acquisition of subsidiaries	-	-	-	-	-	-
Disposals	(441)	-	(39)	(5)	(2)	(487)
Exchange rate movements	(188)	(1)	(46)	(18)	(3)	(256)
<b>At 30 June 2024</b>	<b>11,550</b>	<b>203</b>	<b>2,109</b>	<b>988</b>	<b>161</b>	<b>15,011</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	6,199	21	1,434	600	139	8,393
Charge for the period <sup>(3)</sup>	505	2	81	35	3	626
Disposals <sup>(4)</sup>	(303)	-	(26)	-	(2)	(331)
Net reversal of impairment <sup>(5)</sup>	(12)	-	(6)	-	-	(18)
Exchange rate movements	(82)	-	(22)	(13)	(2)	(119)
<b>At 30 June 2024</b>	<b>6,307</b>	<b>23</b>	<b>1,461</b>	<b>622</b>	<b>138</b>	<b>8,551</b>
<b>Net book value</b>						
At 1 January 2024	5,574	183	700	400	26	6,883
<b>At 30 June 2024</b>	<b>5,243</b>	<b>180</b>	<b>648</b>	<b>366</b>	<b>23</b>	<b>6,460</b>

1. Right-of-use assets consist of property-related leases.

3. Modifications includes lease modifications and extensions.

4. Depreciation is net of \$21m in respect of adjusting items previously provided for (note 4).

5. Disposals are \$3m in respect of adjusting items previously provided for (note 4).

6. The net reversal of impairment of \$18m includes a reversal of impairment of \$50m previously provided for (note 4), offset by an additional impairment of \$32m.

The key assumptions and methodology in calculating right-of-use assets and the corresponding lease liability remain consistent with those noted in note 33 of the Group's 2023 Annual Report and Accounts.

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to \$5m (30 June 2023: \$40m).

Impairment tests for property, plant and equipment (including right-of-use assets) are performed on a cash-generating unit basis when impairment triggers arise. Cash-generating units (CGUs) are defined as individual business centres, being the smallest identifiable group of assets that generate cash flows that are largely independent of other groups of assets. The Group assesses whether there is an indication that a CGU may be impaired, including persistent operating losses, net cash outflows and poor performance against forecasts. During the period, improved economic circumstances due to reduced inflation and increased trading led to indicators of reversal of impairment in relation to various previously impaired centres.

The recoverable amounts of property, plant and equipment are based on the higher of fair value less costs to sell and value in use. The Group considered both fair value less costs to dispose and value in use in the impairment testing on a centre by centre level. Impairment charges are recognised within cost of sales in the consolidated income statement. During HY 2024, the Group recorded a reversal of impairment of \$12m (HY 2023: net impairment of \$22m) in respect of right-of-use assets and \$6m of impairment charges (HY 2023: net impairment of \$13m) in respect of leasehold improvements.

## Note 8: Income taxes

Income tax expense for the six months ended 30 June 2024 of \$28m was computed in accordance with IAS 12. The effective tax rate of 63% was based on the full year estimated tax position, applied to the half year actual results. The Group operates across multiple jurisdictions which have varying tax rates and taxable result profiles. Deferred tax assets are recognised only to the extent these are expected to be utilised against future taxable profits and this contributes to upward pressure on the effective rate for the six months ended 30 June 2024.

The Group's net deferred tax assets arising on an IFRS 16 basis have decreased to \$347m (31 December 2023: \$356m).

The Directors have assessed the recoverability of all deferred tax balances in response to the continuing impact of the current geopolitical environment on the Group's performance and concluded that it is more likely than not that the

# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

Group will earn sufficient taxable profits in order to recover these balances. The period over which these balances are expected to be recovered is not significantly different at 30 June 2024 than it was at 31 December 2023.

The Group estimates that the likely additional top-up taxes due in respect of 2024 under Pillar II Global Minimum Tax would be immaterial. These additional taxes have been included in the tax position as at 30 June 2024.

## Note 9: Net debt analysis

\$m	As at 30 June 2024	As at 31 Dec 2023
Cash and cash equivalents	160	141
Debt due within one year <sup>(1)</sup>	(44)	(17)
Debt due after one year <sup>(2)</sup>	(882)	(899)
Derivatives assets/(liabilities)	(2)	–
<b>Net financial debt</b>	<b>(768)</b>	<b>(775)</b>
Current net investment in finance leases	30	43
Non-current net investment in finance leases	88	81
Lease due within one year <sup>(3)</sup>	(1,056)	(1,178)
Lease due after one year <sup>(3)</sup>	(5,343)	(5,678)
<b>Net debt</b>	<b>(7,049)</b>	<b>(7,507)</b>

1. Includes \$44m (2023: \$17m) of other loans.

2. Includes \$277m (2023: \$419m) convertible bond liability and \$605m (2023: \$nil) bond liability.

3. There are no significant lease commitments for leases not commenced at 30 June 2024.

The following table shows a reconciliation of net cash flow to movements in net debt:

\$m	Cash and cash equivalents	Bank and other loans	Convertible bond	Derivatives assets/(liabilitie s)	Net financial debt	Net investment in finance leases	Lease liabilities	Net debt
At 1 January 2023	194	(670)	(384)	–	(860)	178	(7,292)	(7,974)
Net decrease in cash and cash equivalents	(37)	–	–	–	(37)	–	–	(37)
Proceeds from issue of loans and net investment in finance leases	–	(384)	–	–	(384)	(34)	–	(418)
Repayment of loans and lease liabilities	–	504	2	–	506	–	596	1,102
Interest (received)/paid	–	37	–	–	37	(5)	168	200
Non-cash movements	–	(37)	(8)	–	(45)	4	(438)	(479)
Interest income/(expense)	–	(27)	(8)	–	(35)	5	(168)	(198)
Other non-cash movements <sup>(1)</sup>	–	(10)	–	–	(10)	(1)	(270)	(281)
Exchange rate movements	1	(32)	(21)	–	(52)	4	(90)	(138)
At 30 June 2023	158	(582)	(411)	–	(835)	147	(7,056)	(7,744)
<b>At 1 January 2024</b>	<b>141</b>	<b>(497)</b>	<b>(419)</b>	<b>–</b>	<b>(775)</b>	<b>124</b>	<b>(6,856)</b>	<b>(7,507)</b>
Net increase in cash and cash equivalents	29	–	–	–	29	–	–	29
Proceeds from issue of loans and net investment in finance leases	–	(1,421)	–	–	(1,421)	(28)	–	(1,449)
Repayment of loans and lease liabilities	–	1,276	137	–	1,413	–	643	2,056
Interest (received)/paid	–	36	–	–	36	(4)	182	214
Non-cash movements	–	(46)	5	(2)	(43)	29	(485)	(499)
Interest income/(expense)	–	(25)	(9)	–	(34)	4	(182)	(212)
Other non-cash movements <sup>(1)</sup>	–	(21)	14	(2)	(9)	25	(303)	(286)
Exchange rate movements	(10)	3	–	–	(7)	(3)	117	107
<b>At 30 June 2024</b>	<b>160</b>	<b>(649)</b>	<b>(277)</b>	<b>(2)</b>	<b>(768)</b>	<b>118</b>	<b>(6,399)</b>	<b>(7,049)</b>

1. Includes movements on leases in relation to new leases, lease modifications/re-measurements of \$430m (2023: \$352m). Early termination of lease liabilities represents \$153m (2023: \$81m) of the non-cash movements.

## Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use (“Blocked Cash”) amounted to \$10m at 30 June 2024 (31 December 2023: \$11m). Of this balance, \$1m (31 December 2023: \$1m) is pledged as security against outstanding bank guarantees and a further \$9m (31 December 2023: \$10m) is pledged against various other commitments of the Group.

Cash flows on debt relate to movements in the revolving credit facility, the bond liability, the convertible bond liability and other borrowings. These net movements align with the activities reported in the cash flow statement.

The following amounts are included in the Group’s consolidated financial statements in respect of its leases:

\$m	Six months ended 30 June 2024	Six months ended 30 June 2023
Depreciation charge for right-of-use assets	(505)	(578)
Principal lease liability repayments	(643)	(596)
Interest expense on lease liabilities	(182)	(168)
Expenses relating to short-term leases	–	3
Expenses relating to variable lease payments not included in lease liabilities	(48)	(46)
Total cash outflow for leases comprising interest and capital payments	(825)	(764)
Additions to right-of-use assets	121	118
Acquired right-of-use assets	–	11
Interest income on net lease investment	4	5
Principal payments received from net lease investment	28	34

Total cash outflows of \$873m (2023: \$810m) for leases, including variable payments of \$48m (2023: \$46m), were incurred in the year.

### Note 10: Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts included in the consolidated statement of financial position, are as follows:

\$m	As at 30 June 2024		As at 31 Dec 2023	
	Amortised cost	Fair value	Amortised cost	Fair value
Cash and cash equivalents	160	–	141	–
Trade and other receivables <sup>(1)</sup>	1,023	–	1,044	–
Other long-term receivables	73	–	67	–
Derivative financial assets/(liabilities)	–	(2)	–	–
Convertible bond	(277)	–	(419)	–
Bond liability	(605)	–	–	–
Bank loans and corporate borrowings	–	–	(480)	–
Other loans	(44)	–	(17)	–
Contingent consideration on acquisitions	–	(7)	–	(7)
Deferred consideration on acquisitions	(5)	–	(5)	–
Trade and other payables	(1,739)	–	(1,665)	–
Other long-term payables	(4)	–	(6)	–
	(1,418)	(9)	(1,340)	(7)

1. Excluding prepayments.

The undiscounted cash flow and fair values of these instruments is not materially different from the carrying value, with the exception of the convertible bond. The fair value of the convertible bond at 30 June 2024 was \$253m (31 December 2023: \$344m). The carrying value of the convertible bond at 30 June 2024 was \$277m (31 December 2023: \$419m) with a face value of \$295m (31 December 2023: \$445m).

There has been no change in the classification of financial assets and liabilities, the methods and assumptions used in determining fair value and the categorisation of financial assets and liabilities within the fair value hierarchy from those disclosed in the annual report for the year ended 31 December 2023.

While the Group continues to monitor liquidity risk on a basis consistent to the approach set out on page 160 of the 2023 Annual Report and Accounts. The Group also assessed the recoverability of trade receivables, with an increase in expected credit losses of \$9m recorded during the period (30 June 2023: \$12m).

## Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

Although the Group has net current liabilities of \$2,047m (31 December 2023: \$2,145m), the Group does not consider that this gives rise to a liquidity risk. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred revenue which will be recognised in future periods through the income statement. The Group holds customer deposits of \$586m (31 December 2023: \$585m) which are spread across a large number of customers. Customer deposits can only be reclaimed at the termination of an agreement over a long period of time and no deposit held for an individual customer is material. Therefore, the Group does not believe the balance represents a liquidity risk.

The Group fully repaid the previous drawn revolving credit facility and entered into a new revolving credit facility ("RCF") provided by a group of international banks. The amount of the facility is \$720m (as at 31 December 2023: \$1,116m) with a final maturity in June 2029.

The available liquidity of \$720m under the RCF can be used by the Group as either cash drawings or for the provision of bank guarantees (see Note 12). As at 30 June 2024, \$456m was available and undrawn under the RCF facility (as at 31 December 2023: \$279m) and \$264m was utilised by bank guarantees with no cash drawing. These bank guarantees do not impact net debt as they are undrawn.

The Group issued €575m bond on 28 June 2024 at a fixed coupon rate of 6.5% and a bullet maturity of June 2030. The Bonds are traded on the London Stock Exchange's International Securities Market. Both IWG as a Group and the Bond itself have an investment-grade rating of BBB (Stable) assigned by Fitch.

Both the \$720m RCF and €575m bond are subject to identical financial covenants which include interest cover and net debt to EBITDA ratios. The Group continued to operate in compliance with the covenants throughout the period.

Simultaneous to closing of the bond, the Group has entered into hedging arrangements to swap €400m of the issuance and the related interest into \$428m, with a weighted-average fixed coupon of 8.153%. The hedge will remain in place for the life of the bond and has qualified for hedge accounting. A mark-to-market value of \$2m derivative liability (2023: \$nil) was recognised through other comprehensive income at 30 June 2024. The remaining of the €175m issuance and the related interest at a fixed coupon of 6.50% will remain in Euros as these amounts are anticipated to be covered by a natural currency hedge due to the anticipated geographic diversity of operations of the Company. Accordingly, the weighted average interest cost on the new debt is 7.65%.

In December 2020 the Group issued a £350m convertible bond, denominated in GBP, which is due for repayment in 2027 if not previously converted into shares. If the conversion option is exercised by the holder of the option, the issuer has the choice to settle by cash or equity shares in the Group. The holders of the bond have the right to put the bonds back to the Group in 2025 at par. The bond carries a fixed coupon of 0.5% per annum.

In accordance with IFRS, the bond liability is split between corporate borrowings (debt) and a derivative financial liability. At the date of issue, the £350m was bifurcated at £298m and £52m between corporate borrowings (debt) and a derivative financial liability respectively. In June 2024, the Group repurchased £118m face value of the convertible bond at a weighted average price of 0.9215, including accrued interest, representing a consideration of £109m. As at 30 June 2024, the debt was valued at its amortised cost of \$277m (31 December 2023: \$419m) and the derivative liability at its fair value is \$nil (31 December 2023: \$nil).

The fair value of the derivative element of the convertible bond has been calculated with reference to unobservable credit spreads and is considered to be a level 3 instrument. To calculate the fair value of the derivative element of the convertible bond, a convertible bond model has been applied. The convertible bond model provides a price for the option as well as a price for the bond component. An external valuation is obtained, where judgement is applied in determining the fair credit spread and volatility assumptions to use in the valuation. The model then provides a fair value output for the embedded option which accurately reflects the trading dynamics of the convertible in which it is embedded.

The Group entered into a series of forward exchange rate contracts on 16 and 18 January 2024, respectively, to hedge against foreign currency fluctuations in relation to its £350m convertible loan notes denominated in GBP. The Group contracted to purchase £350m for \$445m in 2025. In June 2024, due to the partial repurchase of the convertible bond, £118m of the forward exchange rate contracts entered into, were closed out. As at 30 June 2024, the fair value of the forward exchange contract and amounts recognised through other comprehensive income was immaterial.

# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

## Note 11: Share-based payment

During the six months ended 30 June 2024, the Group awarded 250,000 options (2023: 1,069,669) under the Share Option Plan, 1,917,709 share awards (2023: 1,711,795) under the Performance Share Plan and 471,392 share awards (2023: 180,752) under the Deferred Share Bonus Plan. During the period, a charge of \$1m was recognized (2023: \$3m).

## Note 12: Bank guarantees and contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks, predominantly in support of leasehold contracts with a variety of landlords, amounting to \$352m (31 December 2023: \$389m). Of this \$352m, \$264m was utilised under the RCF facility (see Note 10) and the remaining \$88m from separate bilateral guarantee facilities. There are no material lawsuits pending against the Group.

## Note 13: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group for the year ended 31 December 2023 has not changed.

\$m	Management fees received from related parties	Amounts owed by related party	Amounts owed to related party
<b>As at 30 June 2024</b>			
<b>Joint ventures</b>	<b>5</b>	<b>55</b>	<b>52</b>
As at 31 December 2023			
Joint ventures	9	49	46

As at 30 June 2024, no amounts due to the Group have been provided for (31 December 2023: \$nil).

During the period the Group acquired goods and services from a company indirectly controlled by a director of the Group amounting to \$nil (31 June 2023: \$537). There was a \$41,967 balance outstanding at the end of the period (31 December 2023: \$81,510).

Compensation paid to the key management personnel of the Group will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2024.

## Note 14: Acquisitions of subsidiaries

### Current period acquisition

During the six months ended 30 June 2024 the Group invested \$4m in purchasing subsidiary undertakings:

- \$2m consideration related to two immaterial acquisitions, recorded in full to intangible assets.
- \$2m increased stake to 89.3% (2023: 86.6%) in the Worka subsidiary with a non-controlling interest for a consideration of \$14m net of \$12m treasury share issuance.

The provisional goodwill arising on these 2024 acquisitions reflects the anticipated future benefits IWG can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value-adding products and services.

In relation to the acquisition completed during the six months ended 30 June 2024, the fair value of assets acquired has only been provisionally assessed, pending completion of a fair value assessment. The main changes in the provisional fair values expected are primarily for other intangible assets. The final assessment of the fair value of these assets will be made within 12 months of the acquisition dates and any adjustments reported in future reports.

Contingent consideration of \$nil arose on acquisitions completed during the six months ended 30 June 2024. Contingent consideration of \$nil was paid and \$nil released, during the current year, with respect to milestones, achieved or not achieved, on previous acquisitions. \$7m contingent consideration is held on the Group's balance sheet at 30 June 2024.

Deferred consideration of \$nil arose on acquisitions completed during the six months ended 30 June 2024. Deferred consideration of \$nil was paid and \$nil released, during the current year. \$5m deferred consideration is held on the Group's balance sheet at 30 June 2024.

# Notes to the Condensed Interim Consolidated Financial Information (unaudited) – continued

## Prior period acquisition

During the six months ended 30 June 2023, the Group made individually immaterial acquisitions for a total consideration of \$10m.

\$m	Book value	Provisional fair value adjustments	Final fair value adjustments	Final fair value
<b>Net assets acquired</b>				
Right-of-use assets	11	–	–	11
Other property, plant and equipment	6	–	–	6
Cash	3	–	–	3
Other current and non-current assets	9	–	(4)	5
Lease liabilities	(11)	–	–	(11)
Current liabilities	(8)	–	4	(4)
	10	–	–	10
Goodwill arising on acquisition				–
<b>Total consideration</b>				10
Less: deferred consideration				–
<b>Cash flow on acquisition</b>				
Cash paid				10
<b>Less: cash acquired</b>				(2)
<b>Net cash outflow</b>				8

The goodwill arising on these acquisitions reflects the anticipated future benefits IWG can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value-adding products and services.

In the period, the acquisitions contributed revenue of \$1m and net retained profit of \$nil. If the above acquisitions had occurred on 1 January 2023, the revenue and net retained profit arising from these acquisitions would have been \$1m and \$nil respectively.

The acquisition costs associated with these transactions were \$nil, recorded within administration expenses in the consolidated income statement.

There was no contingent consideration recognised on the acquisition and no contingent consideration was paid in the current period. Contingent considerations of \$1m are held on the Group's balance sheet as at 30 June 2023.

Deferred consideration of \$1m was paid during the current period with respect to previous period acquisitions. There are deferred considerations of \$6m are held on the Group's balance sheet as at 30 June 2023.

## Note 15: Events after the balance sheet date

There were no significant events occurring after 30 June 2024 affecting the condensed interim financial information of the Group.



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the six months ended 30 June 2024

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

In preparing the condensed set of financial statements included within the half-yearly financial report, the directors are required to:

- prepare and present the condensed set of consolidated financial statements in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the DTR of the UK FCA;
- ensure the condensed set of consolidated financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.
- assess the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

1. the condensed set of consolidated financial statements included within the half-yearly financial report of International Workplace Group plc for the six months ended 30 June 2024 ("the interim financial information") which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and a summary of significant accounting policies and other explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted for use in the UK, and the DTR of the UK FCA.
2. The interim financial information presented, as required by the DTR of the UK FCA, includes:
  - an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of financial statements;
  - a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
  - related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
  - any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Entity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

Mark Dixon

Charlie Steel

Chief Executive Officer

Chief Financial Officer

6 August 2024

This half yearly announcement contains certain forward-looking statements with respect to the operations of International Workplace Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.





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## **Independent Review Report to International Workplace Group plc ('the Entity')**

### **Conclusion**

We have been engaged by the Entity to review the Entity's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information 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 International Standards on Auditing (UK) 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.

### **Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Entity to cease to continue as a going concern, and the above conclusions are not a guarantee that the Entity will continue in operation.



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### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

The annual financial statements of the Entity for the year ended 31 December 2023 are prepared in accordance with UK-adopted international accounting standards.

In preparing the condensed set of consolidated financial statements, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

### **Our responsibility**

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

### **The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entity for our review work, for this report, or for the conclusions we have reached.

KPMG  
Chartered Accountants,  
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St. Stephen's Green  
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Ireland

6 August 2024

## Alternative performance measures

The Group reports certain alternative performance measures ('APMs') that are not required under International Financial Reporting Standards ('IFRS') which represents the generally accepted accounting principles ('GAAP') under which the Group reports. The Group believes that the presentation of these APMs provides useful supplemental information, when viewed in conjunction with our IFRS financial information as follows:

- to evaluate the historical and planned underlying results of our operations;
- to set director and management remuneration; and
- to discuss and explain the Group's performance with the investment analyst community.

None of the APMs should be considered as an alternative to financial measures derived in accordance with GAAP. The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

Please refer to page 185 of the International Workplace Group plc 2023 Annual Report and Accounts for further details.

Additional information has been provided on the following pages to bridge the statutory information reported within this half-year announcement with the performance presented as part of the Chief Executive Officer's and Chief Financial Officer's review.

### Reconciliation of alternative performance measurement adjustments recognised

The purpose of these unaudited pages is to provide a reconciliation from the 2023 financial results to the alternative performance measures in accordance with the previous pre-IFRS 16 policies adopted by the Group, and thereby give the reader greater insight into the impact of IFRS 16 on the results of the Group. The recognition of these adjustments will not impact the overall cash flows of the Group or the cash generation per share.

#### 1. Rent income and finance income

Under IFRS 16, where the sublease is assessed with reference to the right-of-use assets arising from the head lease, conventional rent income is not recognised in the profit or loss. The receipts associated with this income instead are used to determine the net investment in finance leases noted above. The net investment in finance leases is measured in subsequent periods using the effective interest rate method, based on the applicable interest rate. The related finance income arising on subsequent measurement is recognised directly through profit or loss.

#### 2. Rent expense and finance costs

Under IFRS 16, conventional rent charges are not recognised in the profit or loss. The payments associated with these charges instead form part of the lease payments used in calculating the right-of-use assets and related lease liabilities noted above. The lease liabilities are measured in subsequent periods using the effective interest rate method, based on the applicable interest rate. The related finance costs arising on subsequent measurement are recognised directly through profit or loss.

#### 3. Depreciation, lease payments and lease receipts

Depreciation on the right-of-use assets recognised, is depreciated over the life of the lease on a straight-line basis, adjusted for any period between the lease commencement date and the date the related centre opens, reflecting the lease-related costs directly incurred in preparing the business centre for trading. Lease payments on head leases reduce the lease liabilities recognised in the balance sheet. Lease receipts on subleases reduce the net investment in finance leases recognised in the balance sheet.

#### 4. Other adjustments

These adjustments primarily reflect the impairment of the right-of-use assets and other property, plant and equipment as well as the reversal of the closure cost provision on a pre-IFRS 16 basis. Certain parking, storage and brokerage costs are also reversed, as they form part of the lease payments.

## System wide revenue

Period ended 30 June 2024

	Six months ended 30 June 2024	Six months ended 30 June 2023
\$m		
<b>System wide revenue</b>	<b>2,088</b>	2,060
Fee revenue	35	28
System Partner revenue	(287)	(252)
<b>Group Revenue</b>	<b>1,836</b>	1,836

## Adjusted EBITDA

Period ended 30 June 2024

	As reported	Rent income	Rent expense	Depreciation	Other adjustments	Pre-IFRS 16
\$m						
<b>Adjusted EBITDA</b>	<b>917</b>	<b>35</b>	<b>(680)</b>	–	<b>2</b>	<b>274</b>
Adjusting items <sup>(1)</sup>	17	–	–	–	(18)	(1)
Depreciation on property plant and equipment	(626)	–	–	445	–	(181)
Amortisation of intangible assets	(39)	–	–	–	–	(39)
<b>Operating profit/(loss)</b>	<b>269</b>	<b>35</b>	<b>(680)</b>	<b>445</b>	<b>(16)</b>	<b>53</b>

1. Includes \$18m of net reversal of impairment of property, plant and equipment including right-of-use assets and excludes adjusted depreciation reversal of \$21m.
2. Pre-IFRS Adjusted EBITDA on a constant currency basis was \$277m.

Period ended 30 June 2023

	As reported	Rent income	Rent expense	Depreciation	Other adjustments	Pre-IFRS 16
\$m						
<b>Adjusted EBITDA</b>	<b>870</b>	<b>37</b>	<b>(674)</b>	–	<b>12</b>	<b>245</b>
Adjusting items <sup>(1)</sup>	(19)	–	–	–	(8)	(27)
Depreciation on property plant and equipment	(703)	–	–	506	–	(197)
Amortisation of intangible assets	(32)	–	–	–	–	(32)
<b>Operating profit/(loss)</b>	<b>116</b>	<b>37</b>	<b>(674)</b>	<b>506</b>	<b>4</b>	<b>(11)</b>

1. Includes \$35m of net impairment of property, plant and equipment including right-of-use assets and excludes adjusted depreciation reversal of \$10m.
2. Pre-IFRS Adjusted EBITDA on a constant currency basis was \$245m.

## Landlord contribution receivables

		Six months ended 30 June 2024	Six months ended 30 June 2023
\$m	References		
<b>Opening landlord contribution receivables</b>		<b>32</b>	28
Net landlord contributions recognised	Statement of cash flows, p17	25	34
Maintenance landlord contributions	CFO review, p10	–	–
Growth landlord contributions	CFO review, p10	25	34
Settled in the period		(30)	(29)
Exchange differences		(1)	–
<b>Closing landlord contribution receivables</b>		<b>26</b>	33

## Working capital

Six months ended 30 June 2024

\$m	References	Rent income & expense and finance income & costs Depreciation and lease payments Other adjustments				Pre-IFRS 16
		As reported	income & costs	lease payments	adjustments	
Landlord contributions – reimbursement	Statement of cash flows, p17	3	–	(3)	–	–
(Increase)/decrease in trade and other receivables	Statement of cash flows, p17	(114)	(81)	–	–	(195)
Increase/(decrease) in trade and other payables	Statement of cash flows, p17	144	550	(590)	12	116
<b>Analysed as:</b>		<b>33</b>	<b>469</b>	<b>(593)</b>	<b>12</b>	<b>(79)</b>
Working capital (excluding amortisation of landlord contributions)	CFO review, p10					(47)
Working capital related to the amortisation of landlord contributions	CFO review, p10					(57)
Growth-related landlord contributions	CFO review, p10					25

Six months ended 30 June 2023

\$m	References	Rent income & expense and finance income & costs Depreciation and lease payments Other adjustments				Pre-IFRS 16
		As reported	income & costs	lease payments	adjustments	
Landlord contributions – reimbursement	Statement of cash flows, p17	14	–	(14)	–	–
Increase in trade and other receivables	Statement of cash flows, p17	(290)	(4)	–	–	(294)
Increase/(decrease) in trade and other payables	Statement of cash flows, p17	384	479	(527)	10	346
<b>Analysed as:</b>		<b>108</b>	<b>475</b>	<b>(541)</b>	<b>10</b>	<b>52</b>
Working capital (excluding amortisation of landlord contributions)	CFO review, p10					78
Working capital related to the amortisation of landlord contributions	CFO review, p10					(60)
Growth-related landlord contributions	CFO review, p10					34

## Capital expenditure

Six months ended 30 June 2024

\$m	References	Rent income & expense and finance income & costs		
		As reported	Pre-IFRS 16	
Purchase of property, plant and equipment	Statement of cash flows, p17	(75)	(2)	(77)
Purchase of intangible assets	Statement of cash flows, p17	(25)	–	(25)
Purchase of subsidiaries, net of cash acquired	Statement of cash flows, p17	(4)	–	(4)
<b>Total capital expenditure</b>		<b>(104)</b>	<b>(2)</b>	<b>(106)</b>

\$m	References	Landlord contributions and capitalised rent		
		Net capital expenditure	Gross capital expenditure	
Maintenance capital expenditure	CFO review, p10	(47)	–	(47)
Growth capital expenditure	CFO review, p10	(28)	(25)	(53)
Capitalised rent related to centre openings	CFO review, p10	–	(2)	(2)
Purchase of subsidiaries, net of cash acquired	CFO review, p10	(4)	–	(4)
		<b>(79)</b>	<b>(27)</b>	<b>(106)</b>

Six months ended 30 June 2023

\$m	References	Rent income & expense and finance income & costs		
		As reported	Pre-IFRS 16	
Purchase of property, plant and equipment	Statement of cash flows, p17	(104)	(2)	(106)
Purchase of intangible assets	Statement of cash flows, p17	(24)	–	(24)
Purchase of subsidiaries, net of cash acquired	Statement of cash flows, p17	(8)	–	(8)
<b>Total capital expenditure</b>		<b>(136)</b>	<b>(2)</b>	<b>(138)</b>

\$m	References	Landlord contributions		
		Net capital expenditure	Gross capital expenditure	
Maintenance capital expenditure	CFO review, p10	(52)	–	(52)
Growth capital expenditure	CFO review, p10	(42)	(34)	(76)
Capitalised rent related to centre openings	CFO review, p10	–	(2)	(2)
Purchase of subsidiaries, net of cash acquired	CFO review, p10	(8)	–	(8)
		<b>(102)</b>	<b>(36)</b>	<b>(138)</b>

# Glossary

## **Adjusted EBITDA**

EBITDA excluding adjusting items.

## **Adjusting items**

Adjusting items reflects the impact of adjustments, both incomes and costs not indicative of the underlying performance, which are considered to be significant in nature and/or size.

## **Company-owned**

Business centres operated by the Group under a conventional lease or variable lease arrangements.

## **Capital-light**

Business centres operating under a variable lease, joint-venture, Managed & Franchised arrangements.

## **Contribution**

Gross Profit excluding depreciation before the application of IFRS 16 and pre-rationalisation cost.

## **Constant Currency**

A fixed exchange rate that eliminates the effects of currency fluctuations when comparing financial performance year-over-year.

## **EBIT**

Earnings before interest and tax.

## **EBITDA**

Earnings before interest, tax, depreciation and amortisation.

## **EPS**

Earnings per share.

## **Expansions**

A general term which includes new business centres established by IWG and acquired centres in the year.

## **Gross profit before impact of rationalisation**

Gross profit excluding adjusting items to cost of sales.

## **Growth capital expenditure**

Capital expenditure in respect of centres which opened during the current or prior financial period.

## **Growth-related landlord contributions**

Landlord contributions received in respect of centres which opened during the current or prior financial period.

## **Like-for-like**

The financial performance from centres owned and operated for a full 12-month period prior to the start of the financial year, which therefore have a full-year comparative.

## **Maintenance capital expenditure**

Capital expenditure in respect of centres owned for a full 12-month period prior to the start of the financial

year and operated throughout the current financial year, which therefore have a full-year comparative.

## **Maintenance-related landlord contributions**

Landlord contributions received in respect of centres owned for a full 12-month period prior to the start of the financial year and operated throughout the current financial year, which therefore have a full-year comparative.

## **Managed & Franchised**

Business centres operating under a formal joint-venture, managed or franchise arrangements.

## **Net debt**

Operations cash and cash equivalents, adjusted for both short and long-term borrowings, lease liabilities, net investments in finance leases and derivatives.

## **Net financial debt**

Operations cash and cash equivalents, adjusted for both short and long-term borrowings and derivatives.

## **Network rationalisation**

Network rationalisation for the current year is defined as a centre that ceases operation during the period from 1 January to December of the current year. Network rationalisation for the prior year comparative is defined as a centre that ceases operation from 1 January of the prior year to December of the current year.

## **Occupancy**

Occupied square feet divided by available square feet expressed as a percentage.

## **Operating profit/(loss) before impact of rationalisation**

Operating profit excluding adjusting items.

## **Pre-IFRS 16 basis / Before application of IFRS 16**

IFRS accounting standards effective as at the relevant reporting date with the exception of IFRS 16.

## **Rooms**

The yearly average total business centre square meters divided by a standard room of seven square meters.

## **REVPAR**

Monthly average IWG Network revenue, divided by the average available number of rooms, excluding rooms opened and closed in the period.

## **System wide revenue**

Total revenue generated, including revenue from franchise, managed centre and joint-venture partners, but excluding related fee income.

## **TSR**

Total shareholder return.