International Workplace Group

4 August 2020

IWG plc – INTERIM RESULTS ANNOUNCEMENT – SIX MONTHS ENDED 30 JUNE 2020

IWG plc, the global operator of leading workspace brands, today announces its interim results for the six months ended 30 June 2020

Resilient underlying performance, actions taken to position group strongly for 2021

Key Highlights[1]

Good first half performance overall given COVID-19 impact in Q2
- Open centre revenue up 10.2%[2] to £1,298.2m, up 17.7% in Q1 and up 2.5% in Q2
- Pre-2019[3] revenue up 0.2%[2] to £1,164.4m, up 7.6% in Q1 and down 7.4% in Q2
- Pre-2019[3] occupancy up 4.1 percentage points to 75.9% from 71.8% for same period in 2019
- Strong demand for home working and virtual office products: VO customer growth in June year-on-year c. 15%
- Positive cash generated every month in first half

Comprehensive actions taken to reduce costs, improve cash flow and liquidity
- £180m cash savings from operations so far; continued focus on achieving further savings
- Further specific COVID-19 related actions announced today:[4]
  - £29.1m charge for expected credit losses, transaction costs for deferred deals, restructuring costs and goodwill impairment
  - £126.7m provision to provide for network rationalisation

Well placed to capture significantly increased growth opportunities
- Existing strong demand supplemented by more enterprise accounts looking at greater distributed working
- Greater requirement for more flexible space; Desire for improved cost efficiency
- Strengthened financial position following £320m equity placing to accelerate future organic and inorganic growth
- Net debt reduced to £15.9m; £830.3m of available liquidity

Continued momentum in franchising strategy
- Added 6 new franchise partners and an additional 30 committed locations
- Franchising remains a key focus area for growth; Master franchise discussions ongoing

Focused on delivering a strong 2021 performance
- 2020 a year of challenge and transition with significant actions being taken to strengthen the business
- Stronger 2021 performance underpinned by cost savings and expected improved revenue growth, supplemented by increased growth opportunities
- Uniquely positioned to help companies adapt to the new world of working post COVID-19

Interim results

£m	H1 2020 (IFRS 16 basis)	**H1 2020 (IAS 17 basis)**	H1 2019 (IAS 17 basis)	H1 2019 (IFRS 16 basis)	% change constant currency (IAS 17 basis)	% change actual currency (IAS 17 basis)
Revenue	1,322.7	**1,322.7**	1,276.3	1,276.3	3.5%	3.6%
Open centre revenue	1,298.2	**1,298.2**	1,176.7	1,176.7	10.2%	10.3%
Operating profit/(loss) – continuing operations	(90.7)	**(169.2)**	43.3	143.0		
Adjusted operating profit/(loss) – continuing operations	45.4	**(13.4)**	43.3	143.0		
Profit/(loss) before tax – continuing operations	(235.4)	**(176.0)**	35.5	37.1		
Profit/(loss) after tax – continuing operations	(236.5)	**(202.1)**	30.5	32.5		
Earnings per share – attributable to ordinary shareholders (p)	(26.5)	**(22.7)**	32.9	33.5		
Adjusted earnings per share – from continuing operations (p)	(10.8)	**(5.2)**	3.4	3.6		
Adjusted EBITDA	694.5	**137.4**	189.8	731.5		
Adjusted cash flow before net growth capex, repurchases and dividends	(89.4)	**125.4**	83.4	(248.8)		
Net debt	7,067.9[5]	**15.9**	298.1	6,620.1[5]		
Net debt : LTM EBITDA (x)	5.4	**0.0**	0.7	4.0[6]		

[1] Results presented in accordance with pre-IFRS 16 accounting standards (as defined in Alternative performance measures section)
[2] At constant currency
[3] Pre-2019 refers to the performance for all operations opened on or before 31 December 2018 and which were open throughout the period
[4] Adjusting items are separately disclosed as they are considered to be significant in nature and/or size (See Note 4)
[5] Net debt in accordance with IFRS 16 includes lease liabilities of £7,052.0m
[6] H1 2019 IFRS 16 ratio calculated as Net debt : Annualised EBITDA

Mark Dixon, Chief Executive of IWG plc, said:

"At this time of crisis our highest priority remains the health and wellbeing of our customers, partners and employees. We thank our colleagues for their enormous efforts to deliver services to our customers under unprecedented conditions. We have made significant investment into providing temperature readers, clear information, signage and protocols to facilitate physical distancing, new meeting room protocols and increased frequency of cleaning.

The new world of working is changing dramatically and the long-term structural drivers for our industry are strengthening which is very encouraging. However, whilst the COVID-19 pandemic continues, we expect our third quarter to be particularly challenging. We therefore remain sharply focused on maximising further cost savings in the coming months to build on the £180m of cash savings achieved through the extensive actions already taken.

Whilst the pandemic has impacted revenue growth, particularly on some service revenues, we are seeing encouraging signs in respect of improvement into the fourth quarter. We have growing demand in some existing products like membership and virtual office where sales have been very strong. We are also developing new products to meet the growing demand from corporates, particularly to support more home and remote working.

We have reviewed all aspects of our business to prepare for success in a post COVID-19 world. As we have announced today, the network rationalisation will initially impact profitability, but we believe it will greatly benefit the business going forward.

The current environment is presenting an increased number of attractive organic and inorganic opportunities to accelerate the growth and development of the business and our equity placing in May has strengthened our ability to capitalise on these opportunities. Our commitment to unlock significant shareholder value through the move to a franchise model has not diminished. We continue to sign franchise deals in all our regions and conversations on potential master franchise agreements are ongoing.

This global crisis has dramatically changed the ways companies will work. In the new world of working post COVID-19, offices will still be needed but there will be a greater requirement for more flexible space. More companies will have distributed workforces with more satellite offices, more employees working closer to home or continuing to work from home. With our decentralised portfolio of workplace locations in over 1,100 towns and cities, both urban and suburban, we are uniquely positioned to help companies adapt to a new world of working.

Whilst 2020 will undoubtedly be a challenging year given COVID-19, we look forward to entering 2021 as a more resilient, stronger and profitable business generating increased cashflows."

Details of results presentation

Mark Dixon, Chief Executive Officer, and Eric Hageman, Chief Financial Officer, are hosting a conference call today for analysts and investors at 9.30am BST. Please contact Jessica Kilby to obtain details for the webcast or conference call: jkilby@brunswickgroup.com.

For further information, please contact:

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Chief Executive Officer's review

We have responded quickly to the COVID-19 pandemic on every front and taken decisive action considering the interests of all stakeholders. We continue to prioritise actions to protect the health and safety of our customers, partners and our colleagues globally, whilst positioning IWG to emerge strongly as markets recover. We would like to thank our colleagues for the way they have responded to this unprecedented challenge.

This crisis is resulting in more companies seeking flexible and distributed workplaces. Consequently, we have signed more enterprise deals, as the unrivalled coverage and choice of our network can meet these growing needs.

Building on our strong financial position, we are delivering on our plans to reduce costs, preserve cash, strengthen our liquidity and protect earnings. This was augmented with an equity raise of £320m gross proceeds in May to capitalise on attractive organic and inorganic opportunities to accelerate the growth and development of the business.

Our strategy is unchanged. We will continue to build on the scale and resilience of our business and our determination to move to a franchise model. We have a unique opportunity to accelerate the growth of our business but will do so within our disciplined financial framework.

Results presentation

The below commentary is based on results in accordance with pre-IFRS 16 accounting standards. We believe this provides a better representation of the Group's performance, is consistent with how we manage our business day-to-day and more closely reflects the economics over the life cycle of our leases.

Strong start disrupted by COVID-19

Having finished 2019 strongly we entered 2020 with significant momentum in the business and this was reflected in the very strong results for the first quarter. Open centre revenue for the three months to 31 March 2020 increased 17.7% at constant currency. This performance would have been even stronger but for the emergence of the COVID-19 pandemic which started to affect the business from March, particularly in Asia where we experienced a significant drop in new sales activity during the lockdown period. As previously reported, sales activity in Asia continually improved from April onwards and has now returned to normal levels.

The subsequent spread of the pandemic to the West created a very challenging trading environment in the second quarter across our European, UK and Americas markets, and this has carried into the start of the third quarter. The recovery trend in these markets now looks slower as the pandemic continues and looks to be more prolonged than first anticipated. During the lockdown phase we saw similarly sharp declines in sales activity in these markets. However, as these markets gradually move out of lockdown, we have started to see some green shoots of sales activity to replenish the forward order book. If sustained, this bodes well for the fourth quarter.

Financial performance

Open centre revenue increased 10.2% at constant currency to £1,298.2m compared to £1,176.7m in the same period in 2019. Total Group revenue for the six months to 30 June 2020 increased 3.5% at constant currency to £1,322.7m (H1 2019: £1,276.3m). Pre-2019 revenue posted a small increase of 0.2% to £1,164.4m (H1 2019: £1,160.8m). Occupancy increased in all three of these revenue groups. Total occupancy increased from 69.6% to 70.9%, Open centre occupancy improved from 70.2% to 71.3% and pre-2019 occupancy went from 71.8% to 75.9%. These resilient results mask a contrasting performance between Q1 and Q2.

As previously mentioned, Q1 delivered very strong growth with occupancy levels improving strongly and peaking in March as COVID-19 impacted more of the Group's operations, resulting in a challenging Q2. Total Group revenue declined 4.4% at constant currency in Q2. Open centre revenue was up 2.5% largely due to the relative strength of April when open centre revenue was up 6.5% April year-on-year. Pre-2019 revenues declined by 7.4% in the second quarter. Occupancy in Q2 showed more resilience, decreasing by 119 and 142 bps to 68.9% and 69.2% for total and open centre revenue respectively. Pre-2019 occupancy was up by 101bp to 73.8%, largely due to the good April result previously reported. The revenue declines in Q2 are a direct result of COVID-19 and in part reflect the customer aid and deferment programmes offered to our customers over this challenging period.

With the good first quarter performance followed by a very challenging second quarter as the full effects of COVID-19 were felt across all our markets, it is pleasing that we have been able to report a resilient interim result with open centre revenue growing 10.2% at constant currency to £1,298.2m (H1 2019: £1,176.7m).

Our adjusted EBITDA decline to £137.4m[(1)] (H1 2019: £189.8m) reflects the negative impact on the business of COVID-19 and further investment into overheads to support the growth of the business and pivot towards franchising.

COVID-19 mitigating actions

After experiencing the impact of the COVID-19 pandemic on our business in the Asia Pacific region during February and March we moved swiftly to take prompt action to reduce operating costs and overheads to help mitigate a more suppressed revenue environment we have seen in Q2 and now anticipate for much of Q3. As previously announced, the Board also decided to take a voluntary 50% reduction in fees and base salaries during this challenging period.

Further additional steps were taken to conserve cash. This included withdrawing our final dividend for 2019, suspending the share repurchase programme, dialling back growth and maintenance capital expenditure, deferring or cancelling new centre openings and, as discussed in detail below, a strengthened focus on the network rationalisation programme.

In aggregate, the Group has so far secured cash savings from operations of approximately £180m. These savings are broadly evenly split between deferments and more permanent savings.

COVID-19 related adjusting items

The Group has identified total charges of £155.8m resulting from COVID-19 in the first half. Of this net charge, £29.1m relates to several separately identifiable areas, including impairments of goodwill and property, plant and equipment, provision for expected credit losses, transaction costs for deferred deals and other one-off costs including restructuring costs.

In the six months to 30 June 2020, approximately 1.5% of the network was rationalised in the normal course of business and approximately 1% as a result of COVID-19. As previously announced, the COVID-19 pandemic has accelerated the need for further network rationalisation. Accordingly, more COVID-19 related rationalisation is anticipated. Rationalisation is always a last resort, with the priority to negotiate a way to make the centre profitable. Consequently, there is a level of uncertainty over the ultimate size of the rationalisation programme. We have however taken the decision to provide for the future rationalisation of approximately 4% of the network as a direct result of COVID-19. The resultant COVID-19 related provision totals £126.7m(1). To provide a better understanding of the underlying results, the net charge is shown separately as adjusting items.

We anticipate a rapid payback from these actions. These items are discussed in more detail in the Chief Financial Officer's review. Commentary on the results hereafter is based on the underlying performance of the business excluding adjusting items.

Strengthened financial position

The Group is in a strong financial position. In the six months to 30 June 2020 we generated adjusted cash flow of £125.4m before £116.2m of net growth investment and £43.7m on share repurchases. Net debt at 30 June 2020 was £15.9m, a position that benefits from the £320m equity raise at the end of May. Excluding the increase in capital, net debt only increased by approximately £36m which is a strong performance considering the cash outflow relating to the investment in new locations and share repurchases. This demonstrates the attractive cash generation of our business model which prevented any monthly cash burn. Cash plus unused revolving credit facility provides liquidity headroom of £830.3m at the end of June 2020.

Investment in network

During the six months to 30 June 2020 we added 88 new locations and 2.8m sq. ft. of space to our global network. 55 of these locations were added in the first quarter. The investment into these 88 locations will be £75.8m, net of partner contributions. Our global network coverage now totals 3,392 locations and 63.8m sq. ft. of space.

We anticipate that the additional capital investment into c. 35 centres opening during the second half, most of which are already under construction, will be approximately £39m, net of partner contributions.

The cash outflow in the first half on net growth capital investment was £116.2m (H1 2019: £185.5m), reflecting our decision to reduce growth capital expenditure as one of the actions to mitigate the impact of COVID-19.

Net maintenance capital expenditure in the six months to 30 June 2020 was £80.7m. This is higher than the net investment of £54.1m in the first half of 2019 because the original intention was to increase investment this year. However, to help mitigate the impact of COVID-19 we also sought to reduce this expenditure, which resulted in a slowdown in spend in the second quarter.

Continued franchising momentum

The advent of the COVID-19 crisis has caused a pause in activity in relation to large master franchise agreements, although interest remains, and conversations are ongoing.

Whilst we have not signed any new master franchise agreements during the first half there has been a good level of activity in smaller franchise agreements. During the first half, nine such agreements were signed spanning all four regions.

Franchising remains core to our growth strategy and indications of interest from third parties suggest a swift resumption of activity once there is greater clarity on the post crisis environment. As our strategy is focussed on choosing the right partners, who can drive the business forward and enable the network to reach its full potential, we will be measured in our selection process.

Increased growth in enterprise accounts

Our enterprise account customers are an attractive and growing part of our customer portfolio. The growth we have seen in this area of our business has taken a step up during this pandemic period. This reflects both the increasing demand from enterprises to embrace a more flexible and now an increasingly distributed approach to corporate real estate.

Our unrivalled network coverage and the investment we have made into the resources supporting this important customer segment has uniquely positioned IWG to support this growing part of the market. We have gained both new enterprise customers and seen increasing demand from accounts gained in recent years.

Dividend and share repurchase

For the purposes of liquidity, we are ensuring that the company maintains sufficient funding especially in any period of significant centre rationalisation. Our capital allocation policy remains in place, prioritising investment in the long-term growth of our business and dividend distribution to shareholders. However, given the uncertainty caused by COVID-19, we believe it would be premature to reinstate the dividend and as a result, future dividend payments remain on hold.

As previously announced in March, we also suspended the share repurchase programme for the same considerations.

Outlook

At this time of crisis our highest priority remains the health and wellbeing of our customers, partners and employees. We thank our colleagues for their enormous efforts to deliver services to our customers under unprecedented conditions. We have made significant investment into providing temperature readers, clear information, signage and protocols to facilitate physical distancing, new meeting room protocols and increased frequency of cleaning.

The new world of working is changing dramatically and the long-term structural drivers for our industry are strengthening which is very encouraging. However, whilst the COVID-19 pandemic continues, we expect our third quarter to be particularly challenging. We therefore remain sharply focused on maximising further cost savings in the coming months to build on the £180m of cash savings achieved through the extensive actions already taken.

Whilst the pandemic has impacted revenue growth, particularly on some service revenues, we are seeing encouraging signs in respect of improvement into the fourth quarter. We have growing demand in some existing products like membership and virtual office where sales have been very strong. We are also developing new products to meet the growing demand from corporates, particularly to support more home and remote working.

We have reviewed all aspects of our business to prepare for success in a post COVID-19 world. As we have announced today, the network rationalisation will initially impact profitability, but we believe it will greatly benefit the business going forward.

The current environment is presenting an increased number of attractive organic and inorganic opportunities to accelerate the growth and development of the business and our equity placing in May has strengthened our ability to capitalise on these opportunities. Our commitment to unlock significant shareholder value through the move to a franchise model has not diminished. We continue to sign franchise deals in all our regions and conversations on potential master franchise agreements are ongoing.

This global crisis has dramatically changed the ways companies will work. In the new world of working post COVID-19, offices will still be needed but there will be a greater requirement for more flexible space. More companies will have distributed workforces with more satellite offices, more employees working closer to home or continuing to work from home. With our decentralised portfolio of workplace locations in over 1,100 towns and cities, both urban and suburban, we are uniquely positioned to help companies adapt to a new world of working.

Whilst 2020 will undoubtedly be a challenging year given COVID-19, we look forward to entering 2021 as a more resilient, stronger and profitable business generating increased cashflows.

Mark Dixon
Chief Executive Officer
4 August 2020

Chief Financial Officer's review

Financial performance

The review below highlights the reported results in accordance with IFRS 16. 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. In order to provide greater clarity in understanding the underlying performance of the business, the Group also presents the results in accordance with pre-IFRS 16 accounting standards and the trading commentary is based on results in accordance with pre-IFRS 16 accounting standards, which more closely tracks with the cashflows over the life of a lease and are therefore continued to be used for management reporting purposes.

Group income statement

£m	**H1 2020** (IFRS 16 basis)	IFRS 16 Impact	**H1 2020** (IAS 17 basis)	H1 2019 (IAS 17 basis)	IFRS 16 Impact	**H1 2019** (IFRS 16 basis)
Revenue	**1,322.7**	-	**1,322.7**	1,276.3	-	1,276.3
Gross profit (centre contribution)	**73.0**	69.2	**3.8**	187.8	99.4	287.2
Overheads	**(162.8)**	9.3	**(172.1)**	(144.2)	0.3	(143.9)
Joint ventures	**(0.9)**	-	**(0.9)**	(0.3)	**-**	(0.3)
Operating (loss)/profit	**(90.7)**	78.5	**(169.2)**	43.3	99.7	143.0
Operating (loss)/profit before adjusting items	**45.4**	58.8	**(13.4)**	43.3	99.7	**143.0**
Net finance costs	**(144.7)**	(137.9)	**(6.8)**	(7.8)	(98.1)	**(105.9)**
(Loss)/profit before tax from continuing operations	**(235.4)**	(59.4)	**(176.0)**	35.5	1.6	**37.1**
Taxation	**(1.1)**	25.0	**(26.1)**	(5.0)	0.4	**(4.6)**
Effective tax rate	***(0.5)%***		***(14.8)%***	*14.1%*		***12.4%***
(Loss)/profit after tax from continuing operations	**(236.5)**	(34.4)	**(202.1)**	30.5	**2.0**	**32.5**
(Loss)/profit after tax from discontinuing operations	**(1.3)**	(0.1)	**(1.2)**	264.3	3.0	**267.3**
(Loss)/profit for the period	**(237.8)**	(34.5)	**(203.3)**	294.8	5.0	**299.8**
Basic EPS (p)						
– From continuing operations before adjusting items	**(10.8)**		**(5.2)**	3.4		**3.6**
– Attributable to shareholders	**(26.5)**		**(22.7)**	32.9		**33.5**
Depreciation & amortisation	**649.2**		**150.8**	126.8		**570.1**
Adjusted EBITDA	**694.5**		**137.4**	189.8		**731.5**

COVID-19

In March 2020, following the declaration by the World Health Organisation of the COVID-19 pandemic and subsequent global government restrictions, the Group has been unable to operate at full capacity. Given the political and economic uncertainty resulting from COVID-19, the Group expects to see significant volatility and business disruption, reducing expected performance in 2020 and potentially 2021.

As a result, in order to improve the transparency and usefulness of the financial information presented and improve year-on-year comparability, the Group has identified net charges of £155.8m (IFRS 16: £136.1m) relating to directly attributable gains and expenses resulting from COVID-19. These charges are considered to be adjusting items as they meet the Group's established definition, being both significant in nature and value to the results of the Group in the current period.

The adjusting items relate to several separately identifiable items which involve accounting judgement and estimates as follows:

- Network rationalisation
- Provision for expected credit losses
- Transaction costs on deferred franchising deals
- Goodwill impairment
- Other one-off items

Should the actual costs relating to the amounts provided prove to be less than costs incurred the release of any surplus provisions will be disclosed as adjusting items.

Network rationalisation

As previously announced, in direct response to the pandemic, a decision was taken to accelerate the rationalisation of underperforming centres to best position the Group in 2021 and beyond. A rigorous review of the Group's entire portfolio was undertaken. This process identified 4% of the network as in scope for committed rationalisation in H2 2020 as a result of COVID-19 with associated estimated charges of £134.5m(1), including £7.8m of costs incurred for centres rationalised to date and a £126.7m(1) provision for rationalisation, of which £55.9m are estimated as non-cash items. These charges cover the write off of net book value of non-moveable assets, onerous lease and exit costs. This rationalisation is over and above the normal run rate that the Group experiences. Under IFRS 16, this cost of rationalisations is recognised as a £107.0m impairment of property, plant and equipment.

Goodwill impairment

Despite the increased uncertainty created by COVID-19, there were no long-term indicators of impairment identified for the US and UK. However, the COVID-19 crisis and linked restrictions has impacted our ability to trade our way to sustainable profitable growth in certain markets. As a result, the projected cash flows for the operations in certain insignificant markets no longer supported the carrying value of goodwill and an impairment of £4.9m was taken as at 30 June 2020.

Provision for expected credit losses

The COVID-19 pandemic unfortunately presents an unprecedented crisis to many of our customers who may struggle to navigate through these challenges without external support. We have therefore endeavoured to provide support wherever possible to our customers to sustain our long-term relationships.

In light of the temporary disruption of centres globally, the Group reviewed the recoverability of its debtor profile and booked an increase of £9.4m in the expected credit loss provision. This increase reflects the greater likelihood of credit default by the Group's debtors directly attributable to the impact of COVID-19.

The increase is relatively low compared to the overall debtor profile as the Group has not historically incurred significant credit losses and continues to maintain customer deposits as additional security in the rare event of non-performance of customer contracts.

Other one-off items including restructuring

During the period, the Group incurred £5.8m of transaction costs in respect of master franchise agreements that have not completed as at 30 June 2020 as a result of COVID-19. The Group fully expects to resume its pivot towards a franchising model in due course. Other net charges of £1.2m were also incurred, including severance costs arising from mitigating actions taken by the Group in respect of the COVID-19 crisis.

Revenue

Total Group revenue increased by 3.5% at constant currency from £1,276.3m to £1,322.7m. This increase was primarily driven by 14.2% constant currency growth in reported revenues in EMEA, the Group's second largest market. As anticipated, the market conditions in the second quarter were considerably more challenging as the pandemic spread globally and more of our markets went into lockdown. Consequently, total Group revenues declined 4.4% year-on-year for the second quarter.

The growth in open centre revenue is particularly pleasing with an increase of 10.2% at constant currency to £1,298.2m (H1 2019: £1,176.7m). All regions contributed positively, with particularly strong performances in EMEA, Asia Pacific and the UK. This is an important indicator for future revenue performance as it is not impacted by the pro-active network rationalisation programme. It does however benefit from the maturation of the 365 centres opened in 2019 and in the first half of 2020 and this resulted in a more resilient second quarter performance with revenue increasing by 2.5% at constant currency compared to the second quarter of 2019.

Pre-2019 revenue for the first six months of 2020 increased 0.2% at constant currency to £1,164.4m (H1 2019: £1,160.8m). Positive mid-low single digit growth in Asia, the UK and EMEA was largely offset by a decline in revenue in the Americas of 3.7%. Nevertheless, reporting growth overall is a creditable outcome given the weakness seen in the second quarter with revenues declining 7.4% in Q2. Overall, occupancy for the pre-2019 business improved 4.1 percentage points year-on-year to 75.9%.

Open centre revenue performance by region

On a regional basis, open centre revenue performance can be analysed as follows:

£m	**H1 2020**	H1 2019	% Change (constant currency)	% Change (actual currency)
Americas	**573.6**	556.6	1.8%	3.1%
EMEA	**363.9**	299.8	22.3%	21.4%
Asia Pacific	**159.4**	139.6	16.2%	14.2%
UK	**198.3**	176.7	12.2%	12.2%
Other	**3.0**	4.0	-	-
Total	**1,298.2**	**1,176.7**	**10.2%**	**10.3%**

Americas

The Americas, our largest region, has had a challenging first half with a strong first quarter performance offset by a difficult second quarter.

£m	**H1 2020**	H1 2019	% Change (constant currency)	% Change (actual currency)
Total revenue	584.2	583.4	(1.1)%	0.1%
Open centre revenue	573.6	556.6	1.8%	3.1%
Pre-2019 revenue	539.3	553.3	(3.7)%	(2.5)%
Pre-2019 occupancy	77.9%	75.6%	-	230 bps
Number of centres	1,300	1,284	-	-

Growth from open centres increased 1.8% at constant currency to reach £573.6m. After a 13.0% increase in open centre revenue in Q1, revenues declined 8.5% in Q2. Total revenue (including rationalised centres) declined 1.1% at constant currency to £584.2m. Pre-2019 revenue in the region decreased 3.7% at constant currency to £539.3m.

Average occupancy for the region in the pre-2019 business increased to 77.9% (H1 2019: 75.6%).

The US business was broadly flat for the first half after recording high single digit growth in the first quarter. Canada experienced a similar trend. Within LATAM, Mexico was the standout country with good double-digit revenue growth. After a very strong first quarter the rate of growth weakened in the second quarter but remained positive with high single digit growth. Markets like Brazil, Chile and Colombia were down after a reduced second quarter revenue performance.

A total of 22 new locations were added in the region in the first half of 2020, including 19 Spaces. These new locations take the total in the region to 1,300 at 30 June 2020.

EMEA

Trading in EMEA has remained strong. Open centre revenue has increased 22.3% to £363.9m at constant currency. Open centre revenue growth was consistent across the first half with Q1 growth of 22.2% followed by 22.4% in Q2. Total revenue increased 14.2%, at constant currency, to £367.8m. Pre-2019 revenue increased 2.9% at constant currency to £295.6m. The pre-2019 occupancy increased to 76.3% (H1 2019: 70.5%).

£m	**H1 2020**	H1 2019	% Change (constant currency)	% Change (actual currency)
Total revenue	**367.8**	324.8	14.2%	13.2%
Open centre revenue	**363.9**	299.8	22.3%	21.4%
Pre-2019 revenue	**295.6**	290.5	2.9%	1.8%
Pre-2019 occupancy	**76.3%**	70.5%	-	580 bps
Number of centres	**1,108**	1,048	-	-

Most of our major countries within EMEA traded well in the first quarter. This performance additionally benefited from acquisitions completed in the second half of 2019. This strong performance in EMEA was largely overturned by a much weaker second quarter. This was particularly the case in countries like France, Italy, Spain, Belgium and South Africa.

A total of 42 new locations were added across this region in the first half of 2020, including 15 Spaces. These additions took the total in the region to 1,108 at 30 June 2020.

Asia Pacific

Our business in Asia Pacific has delivered another good performance. Revenue from all open centres increased 16.2% at constant currency to £159.4m. Q1 growth of 20.0% was followed by 12.1% revenue growth in Q2. Total revenue from the region improved by 2.5% at constant currency to £163.1m. Pre-2019 revenue was up 6.3% to £145.1m (H1 2019: £138.7m) and pre-2019 occupancy increased to 72.9% (H1 2019: 68.3%).

£m	**H1 2020**	H1 2019	% Change (constant currency)	% Change (actual currency)
Total revenue	**163.1**	161.8	2.5%	0.8%
Open centre revenue	**159.4**	139.6	16.2%	14.2%
Pre-2019 revenue	**145.1**	138.7	6.3%	4.6%
Pre-2019 occupancy	**72.9%**	68.3%	-	460 bps
Number of centres	**678**	685	-	-

Hong Kong has continued to perform well, delivering good positive revenue growth for the first half. Other major markets, like China, Australia and India were impacted by a weak second quarter performance.

A total of 15 new locations were added in the region in the first half of 2020, including 6 Spaces. At 30 June 2020 we had a total of 678 centres in the region.

UK

We are continuing to see evidence that the programme of actions taken in the UK is being positively reflected in the performance of the business, notwithstanding the impact of COVID-19 on the UK market. Similar to our other markets, the UK had a strong first quarter, but the Government lockdown affected the second quarter. Open centre revenue increased 16.2% in Q1 and by 8.2% in Q2. The demand for more distributed working has increased sales in many of the satellite towns and cities outside of London. Pre-2019 occupancy has increased to 74.1% (H1 2019: 69.0%), which is a pleasing performance.

£m	**H1 2020**	H1 2019	% Change (constant currency)	% Change (actual currency)
Total revenue	**204.6**	202.3	1.1%	1.1%
Open centre revenue	**198.3**	176.7	12.2%	12.2%
Pre-2019 revenue	**181.4**	174.3	4.1%	4.1%
Pre-2019 occupancy	**74.1%**	69.0%	-	510 bps
Number of centres	**306**	317	-	-

Revenue from open centres increased 12.2% to £198.3m. Pre-2019 revenue improved by 4.1% to £181.4m (H1 2019: £174.3m) and total revenue in the UK increased 1.1% to £204.6m, reflecting the continued network rationalisation of 15 locations in the UK.

A total of 9 new locations were added in the UK in the first half of 2020, including 3 Spaces. The net of these additions and the network rationalisation led to an overall reduction of locations in the region to 306 at 30 June 2020.

EBITDA

Adjusted EBITDA declined from £189.8m[1] to £137.4m[1]. Adjusted EBITDA reflects the significant drag from the investment in growth, which in the six months to 30 June 2020 was £42.3m[1] (H1 2019: £39.9m), and a further £32.9m[1] in respect of the network rationalisation (H1 2019: £8.6m). Underlying performance has also been directly impacted as more of our markets went into lockdown, resulting in reduced profitability in Q2 that is expected to improve as restrictions are lifted.

Adjusted EBITDA under IFRS 16 is £694.5m (H1 2019: £731.5m), due to the rental costs under IAS 17 being replaced by a depreciation charge on the right of use assets and finance costs arising on the lease liabilities. Both of these costs are excluded from EBITDA. EBITDA including the adjusting items was £558.4m (H1 2019: £731.5m).

Overhead investment

We have continued to invest to support future growth in the business and to support the move towards becoming a franchise business and the development of enterprise accounts, where we have experienced good growth. In the six months to 30 June 2020, overheads increased to £156.5m (H1 2019: £144.2m) after excluding adjusting items of £15.6m.

With this increased investment together with the effect on our revenue growth from the COVID-19 pandemic, Group overheads as a percentage of revenue increased 54bps to 11.8%.

Operating profit – continuing operations

Adjusted operating profit for the six months to 30 June 2020 was a loss of £13.4m[1] (H1 2019: £43.3m). As well as the planned increased investment in overheads, operating profit also reflects the drag from our growth investment of £69.0m[1] (H1 2019: £32.5m) in addition to £27.7m[1] relating to network rationalisation (H1 2019: £15.0m). Including the adjusting items, the loss was £169.2m[1] compared to a profit of £43.3m[1] in 2019.

Adjusted operating profit under IFRS 16 is £45.4m (H1 2019: £143.0m). Including the adjusting items, the operating loss was £90.7m compared to the profit of £143.0m in 2019.

Net finance costs

The Group's net finance costs for the six months to 30 June 2020 decreased to £6.8m[1] (H1 2019: £7.8m). This primarily reflects the lower level of average outstanding debt over the course of the period as we benefit this year from a full six months of the income on the proceeds from the receipts of the master franchise agreements completed last year and some benefit from the £320m share placing in May this year.

The Group reported net finance costs under IFRS 16 for the six months to 30 June 2020 of £144.7m (2019: £105.9m). Under IFRS 16 the lease liability is measured as the present value of the lease payments to be paid during the lease term, discounted using an incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability arising from the un-wind of the discounting. This interest cost is recognised within finance costs in the income statement as it unwinds.

Taxation

The interim effective tax rate for the six months to 30 June 2020 is (14.8)% (H1 2019: 14.1% on continuing operations) under IAS17. Under IFRS 16, the interim effective tax rate for the same period is (0.5)% (H1 2019: 12.4%). The reduction in effective tax rate reflects the challenging trading conditions in H1 2020 due to COVID-19. Looking forward at factors that potentially influence the effective tax rate, we expect the full year charge to be lower than the prior year, primarily as a result of continuing challenging trading conditions due to COVID-19.

Earnings per share

Earnings per share decreased in the six months to 30 June 2020 from 32.9p[1], including the gain in 2019 on the Japanese strategic partnership, to a loss per share of 22.7[1]p. Earnings per share including adjusting items from continuing operations reduced from 3.4p[1] to a loss of 22.5p[1]. Excluding the adjusting items, the loss per share reduces to 5.2p[1].

Diluted earnings per share for the first half were a loss of 22.7[1]p (H1 2019: 32.5p). Diluted earnings per share on a continuing basis before adjusting items for H1 2019 were a loss of 5.2p[1] (H1 2019: 3.4p).

Basic earnings per share under IFRS 16 were a loss of 26.5p (2019: 33.5p). The loss per share from continuing operations before adjusting items were 10.8p (H1 2019: 3.6p) IFRS 16 results in the acceleration of lease related expenses (principally depreciation and finance costs) relative to the recognition pattern for operating leases under IAS 17, impacting Group's profits and earnings per share under IFRS 16.

The weighted average number of shares in issue for the first six months of the year was 897,228,291 (H1 2019: 895,023,696). The weighted average number of shares for diluted earnings per share was 914,334,296 (H1 2019: 906,934,699). The Group has acquired 13,590,080 shares in the first half before the share repurchase programme was suspended to be held in treasury to satisfy future exercises under various Group long-term incentive schemes. The Group reissued 9,999,425 shares from treasury to satisfy such exercises during the first half.

Cash flow and funding

Cash generation continues to be an attractive feature of our business model. Notwithstanding the impact of COVID-19 on our second quarter performance, cash generated before net investment in growth capital expenditure, dividends and adjusting items was £125.4m[1] compared to £83.4m[1] in the corresponding period of 2019.

IFRS 16 has no impact on the Group's cash flows other than presentation of where items are classified on the cash flow statement.

Cash flow

The table below reflects the Group's cash flow:

£m	H1 2020 (IFRS 16 basis)	IFRS 16 Impact	H1 2020 (IAS 17 basis)	H1 2019 (IAS 17 basis)	IFRS 16 Impact	H1 2019 (IFRS 16 basis)
Adjusted EBITDA	**694.5**	557.1	**137.4**	189.8	541.7	731.5
Working capital	**92.6**	(84.7)	**177.3**	80.2	(64.5)	15.7
Growth-related partner contributions	**-**	73.7	**(73.7)**	(95.4)	95.4	-
Maintenance capital expenditure	**(80.7)**	10.8	**(91.5)**	(71.0)	16.9	(54.1)
Taxation	**(8.7)**	-	**(8.7)**	(14.0)	-	(14.0)
Finance costs	**(7.6)**	-	**(7.6)**	(10.8)	-	(10.8)
Finance lease liability arising on new leases	**(772.2)**	(772.2)	**-**	-	(898.5)	(898.5)
Other items	**(7.3)**	0.5	**(7.8)**	4.6	(23.2)	(18.6)
Cash flow before growth capital expenditure, share repurchases and dividends	**(89.4)**	(214.8)	**125.4**	83.4	(332.2)	(248.8)
Gross growth capital expenditure	**(150.5)**	39.4	**(189.9)**	(280.9)	51.5	(229.4)
Growth-related partner contributions	**73.7**	-	**73.7**	95.4	-	95.4
Net growth capital expenditure[8]	**(76.8)**	39.4	**(116.2)**	(185.5)	51.5	(134.0)
Total net cash flow from operations	**(166.2)**	(175.4)	**9.2**	(102.1)	(280.7)	(382.8)
Purchase of shares	**(43.7)**	-	**(43.7)**	-	-	-
Dividend received	**-**	-	**-**	(38.9)	-	(38.9)
Corporate financing activities	**1.0**	-	**1.0**	1.2	-	1.2
Proceeds from master franchise	**-**	-	**-**	301.7	-	301.7
Net proceeds from the issue of shares	**313.9**	-	**313.9**	-	-	-
Opening net debt	**(6,840.1)**	(6,546.0)	**(294.1)**	(460.8)	(5,508.9)	(5,969.7)
Exchange movement	**(332.8)**	(330.6)	**(2.2)**	0.8	(132.4)	(131.6)
Closing net debt	**(7,067.9)**	(7,052.0)	**(15.9)**	(298.1)	(5,922.0)	(6,220.1)

(8) Net growth capital expenditure of £116.2m relates to the cash outflow in first six months of 2020. Accordingly, it includes capital expenditure related to locations added in 2019 and to be added in 2021, as well as those added in 2020. The total net investment in the period for 2019 and 2021 additions amounted to £55.2m

Capital investment in the network

During the period, we added 88 new locations and 2.8m sq. ft. of additional space to our global network. The investment into these locations will be £75.8m, net of partner contributions.

We anticipate that the additional capital investment into c. 35 centres opening during the remainder of the year will be approximately £39m.

During the six-months to 30 June 2020, the cash outflow on net growth capital investment was £116.2m, below the £185.5m in the first half of 2019. This reflects the dialling down of our growth programme as part of the mitigating actions we took to offset the impact of COVID-19 on our revenues and strengthen our liquidity position. As a result, the gross growth capital expenditure reduced by £91.0m to £189.9m. The actual cash outflow also reflects timing differences on the receipt of partner contributions and the inclusion of expenditure on locations opened in 2019 and still to be opened in 2020. As previously announced, the challenging environment has caused delays to the construction of some new centres, thereby affecting the timing of achieving applicable milestones for billing partner contributions.

In the six months to 30 June 2020 we rationalised 53 centres in the normal course of business, plus a further 32 that were directly COVID-19 related.

As originally planned, the Group's refurbishment programme was to be stepped up in 2020 and this has been reflected in the first half with the resultant maintenance capital expenditure increasing to £91.5m (H1 2019: £71.0m). After partner contributions received in the year, net maintenance capital expenditure was £80.7m (H1 2019: £54.1m). As with growth capital expenditure, reducing maintenance capital was an action taken to mitigate the impact of COVID-19 and this resulted in a slowdown in investment in the second quarter and we expect this to continue in the third quarter.

Strong financial position

The Group entered 2020 in a strong financial position with net debt of £294.1m[1] and a net debt to EBITDA ratio of 0.7x. As previously reported our net debt position increased modestly over the first four months to £320.8m[1] at 30 April 2020, representing a net debt to LTM EBITDA ratio of 0.8x.

Following the equity placing on 28 May 2020 raising gross proceeds of approximately £320m we ended the first half with just £15.9m[1] of net debt at 30 June 2020. The Group has also increased the net debt to EBITDA covenant on its £950m revolving credit facility. The new equity and increased covenant flexibility will enable growth to accelerate. Whilst COVID-19 has had a significant impact on Group performance, the current environment is presenting an increased number of attractive organic and inorganic opportunities to accelerate the growth and development of the business.

Cash plus unused revolving credit facility provides liquidity headroom of £830.3m.

Under IFRS 16, reported net debt has increased to £7,067.9m due to the lease liabilities being recognised on the adoption of IFRS 16. This, however, does not impact on the Group's covenants which are based on pre-IFRS 16 accounting standards.

Foreign exchange

The Group's results are exposed to translation risk from the movement in currencies. During the first half of 2020 key individual exchange rates have moved, as shown in the table below. Overall, this provided a modest tailwind.

The small movement in exchange rates over the course of the first six months of the year increased revenue, gross profit and operating profit by £1.5m, £3.0m and £5.0m respectively.

Foreign exchange rates

	At 30 June			Half year average		
Per £ sterling	2020	2019	%	2020	2019	%
US dollar	**1.23**	1.27	(3.2)%	**1.26**	1.30	(2.8)%
Euro	**1.10**	1.12	(1.7)%	**1.14**	1.15	(0.3)%

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 risks can be found on pages 48 to 55 of the 2019 Annual Report and Accounts. The principal risks and uncertainties for the remaining six months of the year are unchanged from those noted in the Annual Report.

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 six months ended 30 June 2020. Details of related party transactions that have taken place in the period can be found in note 14.

Dividends

For the purposes of liquidity, we are ensuring that the company maintains sufficient funding especially in any period of significant centre rationalisation. Our capital allocation policy remains in place, prioritising investment in the long-term growth of our business and dividend distribution to shareholders. However, given the uncertainty caused by COVID-19, we believe it is prudent to protect our liquidity and as a result, future dividend payments are to be placed on hold with the intention of the earliest possible return to our progressive dividend policy.

Going Concern COVID-19 Update

The impact of COVID-19 on the global economy and the operating activities of many businesses has resulted in a climate of considerable uncertainty. The ultimate impact of the pandemic on the Group is uncertain at the date of signing these financial statements.

The Directors have assessed the potential cash generation of the Group against a range of illustrative COVID-19 scenarios (including a severe but plausible outcome), the liquidity of the Group, funding available under the Group's bank facility and mitigating actions to reduce operating costs and optimise cash flows during the current environment.

In addition, the Group successfully raised £320m of equity in May 2020 to take advantage of growth opportunities and strengthen the Group's global leadership position. These opportunities consist of:

- Enhanced organic expansion, arising from increased future demand from enterprise customers driven by a number of factors;
- Rescue situations, adding attractive centres and brands to our existing portfolio and realising efficiencies when integrating onto the Group's operating platform; and
- M&A opportunities, which are expected to increase across the sector.

On the basis of these actions and assessments, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements of the Group.

Eric Hageman
Chief Financial Officer
4 August 2020

Condensed Consolidated Financial Information

Interim consolidated income statement (unaudited)

£m	Before adjusting items	Adjusting items (9)	**Six months ended 30 June 2020** Total	Six months ended 30 June 2019 (Restated) (10) Total
Revenue	1,322.7	-	1,322.7	1,276.3
Cost of sales	(1,129.2)	(13.5)	(1,142.7)	(989.1)
Loss on impairment of property, plant and equipment	-	(107.0)	(107.0)	-
Gross profit (centre contribution)	193.5	(120.5)	73.0	287.2
Selling, general and administration expenses	(147.2)	(15.6)	(162.8)	(143.9)
Share of loss of equity-accounted investees, net of tax	(0.9)	-	(0.9)	(0.3)
Operating (loss)/profit	45.4	(136.1)	(90.7)	143.0
Finance expense	(145.0)	-	(145.0)	(106.2)
Finance income	0.3	-	0.3	0.3
Net finance expense	(144.7)	-	(144.7)	(105.9)
(Loss)/profit before tax for the period from continuing operations	(99.3)	(136.1)	(235.4)	37.1
Income tax credit/(charge)	2.8	(3.9)	(1.1)	(4.6)
(Loss)/profit for the period from continuing operations	(96.5)	(140.0)	(236.5)	32.5
(Loss)/profit after tax for the period from discontinued operations (note 3)	(1.3)	-	(1.3)	267.3
(Loss)/profit for the period attributable to equity shareholders	(97.8)	(140.0)	(237.8)	299.8

(9) Refer to note 4 for further details

(10) The comparative information has been restated to reflect the impact of discontinued operations

Interim consolidated statement of comprehensive income (unaudited)

£m	**Six months ended 30 June 2020**	Six months ended 30 June 2019
(Loss)/profit for the period	**(237.8)**	299.8
Other comprehensive income:		
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges – effective portion of changes in fair value	**–**	(0.4)
Foreign exchange reclassified to profit or loss from discontinued operations (note 3)	**–**	0.4
Foreign currency translation differences for foreign operations	**35.3**	(49.2)
Items that are or may be reclassified to profit or loss in subsequent periods	**35.3**	(49.2)
Other comprehensive income/(loss) for the period, net of tax	**35.3**	(49.2)
Total comprehensive (loss)/income for the period, net of tax	**(202.5)**	250.6

(Loss)/earnings per ordinary share (EPS):	**Six months ended 30 June 2020**	Six months ended 30 June 2019
Attributable to ordinary shareholders		
Basic (p)	**(26.5)**	33.5
Diluted (p)	**(26.5)**	33.1
From continuing operations		
Basic (p)	**(26.4)**	3.6
Diluted (p)	**(26.4)**	3.6

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

Interim consolidated statement of changes in equity (unaudited)

£m	Issued share capital	Share premium	Treasury shares	Foreign currency translation reserve	Hedging reserve	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2019	**9.2**	**-**	**(74.1)**	**44.5**	**0.3**	**25.8**	**575.1**	**580.8**
Profit for the period	-	-	-	-	-	-	**299.8**	**299.8**
Other comprehensive income:								
Foreign exchange recycled to profit or loss from discontinued operations (note 3)	-	-	-	0.4	-	-	-	0.4
Cash flow hedges-effective portion of changes in fair value	-	-	-	-	(0.4)	-	-	(0.4)
Foreign currency translation differences for foreign operations	-	-	-	(49.2)	-	-	-	(49.2)
Other comprehensive income, net of tax	**-**	-	**-**	**(48.8)**	**(0.4)**	**-**	-	**(49.2)**
Total comprehensive income for the period	**-**	-	**-**	**(48.8)**	**(0.4)**	**-**	**299.8**	**250.6**
Transaction with owners of the Company								
Share-based payments	-	-	-	-	-	-	0.9	0.9
Ordinary dividend paid (note 5)	-	-	-	-	-	-	(38.9)	(38.9)
Proceeds from exercise of share awards	-	-	3.0	-	-	-	(1.7)	1.3
Balance at 30 June 2019	**9.2**	-	**(71.1)**	**(4.3)**	**(0.1)**	**25.8**	**835.2**	**794.7**
Balance at 1 January 2020	**9.2**	**–**	**(116.9)**	**34.9**	**(0.2)**	**25.8**	**927.7**	**880.5**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(237.8)**	**(237.8)**
Other comprehensive income:								
Foreign exchange recycled to profit or loss from discontinued operations (note 3)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Foreign currency translation differences for foreign operations	**–**	**–**	**–**	**35.3**	**–**	**–**	**–**	**35.3**
Other comprehensive income, net of tax	**–**	**–**	**–**	**35.3**	**–**	**–**	**–**	**35.3**
Total comprehensive income for the period	**–**	**–**	**–**	**35.3**	**–**	**–**	**(237.8)**	**(202.5)**
Transaction with owners of the Company								
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**1.0**	**1.0**
Ordinary dividend paid (note 5)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Proceeds from issue of ordinary shares, net of costs (note 11)	**1.3**	**312.6**	**–**	**–**	**–**	**–**	**–**	**313.9**
Purchase of treasury shares	**–**	**–**	**(43.7)**	**–**	**–**	**–**	**–**	**(43.7)**
Proceeds from exercise of share awards	**–**	**–**	**3.5**	**–**	**–**	**–**	**(2.6)**	**0.9**
Balance at 30 June 2020	**10.5**	**312.6**	**(157.1)**	**70.2**	**(0.2)**	**25.8**	**688.3**	**950.1**

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

Interim consolidated balance sheet

£m	Notes	**As at 30 June 2020 (unaudited)**	As at 31 December 2019 [11]
Non-current assets			
Goodwill	6	**699.5**	674.6
Other intangible assets	6	**46.7**	45.0
Property, Plant and equipment	7	**7,556.1**	7,190.7
Right-of-use asset	7	**6,221.4**	5,917.4
Property, plant and equipment	7	**1,334.7**	1,273.3
Deferred tax assets	8	**216.1**	195.0
Non-current derivative financial asset	10	**–**	-
Other long-term receivables		**61.9**	61.0
Investments in joint ventures		**13.8**	13.8
Total non-current assets		**8,594.1**	8,180.1
Current assets			
Inventory		**1.4**	1.3
Trade and other receivables		**755.5**	681.3
Corporation tax receivable		**27.6**	24.0
Cash and cash equivalents	9	**362.7**	66.6
Total current assets		**1,147.2**	773.2
Total assets		**9,741.3**	8,953.3
Current liabilities			
Trade and other payables (incl. customer deposits)		**982.6**	788.8
Deferred income		**305.7**	322.6
Corporation tax payable		**45.9**	32.3
Bank and other loans	9	**13.4**	9.7
Lease liabilities	9	**1,084.1**	977.4
Provisions		**8.1**	8.9
Total current liabilities		**2,439.8**	2,139.7
Non-current liabilities			
Other long-term payables		**2.6**	2.0
Bank and other loans	9	**365.2**	351.0
Lease liabilities	9	**5,967.9**	5,568.6
Non-current derivative financial liabilities	10	**0.2**	0.2
Deferred tax liability		**–**	-
Provisions		**10.0**	6.9
Provision for deficit on joint ventures		**4.0**	2.9
Retirement benefit obligations		**1.5**	1.5
Total non-current liabilities		**6,351.4**	5,933.1
Total liabilities		**8,791.2**	8,072.8
Total equity			
Issued share capital	11	**10.5**	9.2
Issued share premium		**312.6**	–
Treasury shares		**(157.1)**	(116.9)
Foreign currency translation reserve		**70.2**	34.9
Hedging reserve		**(0.2)**	(0.2)
Other reserves		**25.8**	25.8
Retained earnings		**688.3**	927.7
Total equity		**950.1**	880.5
Total equity and liabilities		**9,741.3**	8,953.3

(11) Based on the audited financial statements for the year ended 31 December 2019.

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 2020**	Six months ended 30 June 2019 (Restated) (10)
(Loss)/profit before tax for the period from continuing operations		**(235.4)**	37.1
Adjustments for:			
Profit from discontinued operations	3	**(0.1)**	17.3
Net finance expense		**144.7**	105.9
Share of loss on equity-accounted investees, net of income tax		**0.9**	0.3
Depreciation charge – Right-of-use asset		**562.4**	476.5
Depreciation charge – Other property, plant and equipment		**82.7**	74.4
Loss on impairment of goodwill		**4.9**	-
Loss on disposal of property, plant and equipment	7	**17.1**	3.6
Loss on disposal of intangible assets		**–**	0.3
Loss on impairment of property, plant and equipment		**27.8**	1.3
Amortisation of intangible assets		**4.1**	4.9
Loss on Impairment on right-of-use asset		**79.2**	-
Decrease in provisions		**2.1**	(5.7)
Share-based payments		**1.0**	0.9
Other non-cash movements		**(11.8)**	(2.9)
Operating cash flows before movements in working capital		**679.6**	713.9
(Increase) / decrease in trade and other receivables		**(41.8)**	36.3
Increase in trade and other payables		**134.4**	(20.9)
Cash generated from operations		**772.2**	729.3
Interest paid		**(7.9)**	(11.1)
Tax paid		**(8.7)**	(14.0)
Net cash inflows from operating activities		**755.6**	704.2
Investing activities			
Purchase of property, plant and equipment	7	**(151.3)**	(178.8)
Purchase of subsidiary undertakings (net of cash acquired)	15	**(0.6)**	(4.3)
Purchase of intangible assets		**(5.6)**	(5.0)
(Payments)/Proceeds on the sale of discontinued operations, net of cash disposed of	3	**(0.5)**	301.7
Proceeds on sale of property, plant and equipment	7	**8.2**	0.4
Other investing activities		**–**	(1.1)
Interest received		**0.3**	0.3
Cash (outflows) / inflows from investing activities		**(149.5)**	113.2
Financing activities			
Proceeds from issue of loans	9	**419.8**	411.0
Repayment of loans	9	**(406.9)**	(603.0)
Payment of lease liability	9	**(597.0)**	(617.8)
Proceeds from issue of ordinary shares, net of costs	11	**313.9**	-
Purchase of treasury shares		**(43.7)**	-
Proceeds from exercise of share awards		**0.9**	1.3
Payment of ordinary dividend	5	**–**	(38.9)
Cash outflows from financing activities		**(313.0)**	(847.4)
Net increase / (decrease) in cash and cash equivalents	9	**293.1**	(30.0)
Cash and cash equivalents at beginning of period	9	**66.6**	69.0
Effect of exchange rate fluctuations on cash held	9	**3.0**	2.1
Cash and cash equivalents at end of period	9	**362.7**	41.1

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

IWG plc 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. IWG plc owns 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 2020 included within the half yearly report:

- was prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as adopted by the European Union ("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 IWG plc Annual Report and Accounts for the year ended 31 December 2019;
- was prepared in accordance with the Disclosure and Transparency Rules ("DTR") 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 2019 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; and
- was approved by the Board of Directors on 4 August 2020.

The basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2019 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 2020, which did not have a material effect on the Group's financial statements, unless otherwise indicated.

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 2020:

Amendments to References to Conceptual Framework in IFRS Standards
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The following new or amended standards and interpretations that are mandatory for 2021 annual periods (and future years) are not expected to have a material impact on the Company:

IFRS 17 Insurance Contracts	1 January 2021
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2022

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 contracted and is therefore not subject to significant seasonal fluctuations. Demand based revenue (from products such as Meeting Rooms and Customer Services) is impacted by seasonal factors within the year, particularly around summer and winter vacation periods. This fluctuation leads to a small seasonal profit bias to the second half year compared to the first half. However, this seasonal bias is often hidden by other factors, which drive changes in the pattern of profit delivery such as the addition of new centres or changes in demand or prices.

Judgements and estimates

In preparing this condensed consolidated interim financial information, the significant judgments 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 2019, except for the following:

Adjusting items

Adjusting items are separately disclosed by the Group so as to provide readers with helpful additional information on the performance of the business across periods. In 2020, items raised specifically from the impact of the COVID pandemic have been deemed to meet the definition of adjusting items. Each of these items, both incomes and costs, are considered to be significant in nature and/or size and are also consistent with items treated as adjusting in prior periods in which significant non-recurring transactions/events occurred. The exclusion of these items is consistent with how the business performance is planned by, and reported to, the Board and the Operating Committee. The profit before tax and adjusting items measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction

Impairment

While impairment of property, plant and equipment was noted as a key estimate in the 2019 Annual Report we note the increased impact of this in the interim financial statements due to the COVID-19 pandemic has accelerated the need for further network rationalisation. We evaluate the potential impairment of property, plant and equipment at a centre (CGU) level where there are indicators of impairment at the balance sheet date

and for centres which have been identified as part of the Groups rationalisation programme. The key area of estimation involved is in in determining the recoverable amount of the rationalised centres, over what period the rationalisation will take place, and the level of moveable assets that will be utilised in other centres.

The Group has considered the impact of COVID-19 with respect to all judgements and estimates it makes in the application of its accounting policies. This included assessing the impairment of property, plant and equipment, goodwill and the recoverability of trade receivables. The result of these reviews is detailed in note 4.

Principal risks

As part of the half year risk assessment, the Board has considered the impact of the COVID-19 pandemic on the principal risks of the Group. Following this risk assessment, the Board are satisfied that the principal risks impacting the group over the next 6 months are unchanged from those noted on pages 48 to 55 of the 2019 Annual Report. We have outlined below the risks, where we believe the level of risk has increased due to the impact of COVID-19

Economic downturn

While an economic downturn remains a strategic risk as highlighted in our Report and Accounts for the year ended 31 December 2019, COVID-19 has increased economic uncertainty which, if sustained over any significant length of time, could adversely affect the Group's performance and financial position. As further detailed below in relation to Going Concern, the Directors have assessed the potential cash generation of the Group against a range of projected scenarios, the liquidity of the Group, existing funding available to the Group and mitigating actions to reduce discretionary and other operating cash outflows to mitigate the potential impact of this risk.

Going concern

The impact of COVID-19 on the global economy and the operating activities of many businesses has resulted in a climate of considerable uncertainty. The ultimate impact of the pandemic on the Group is uncertain at the date of signing these financial statements.

The Directors have assessed the potential cash generation of the Group against a range of projected scenarios, the liquidity of the Group, existing funding available to the Group and mitigating actions to reduce discretionary and other operating cash outflows. These mitigating actions included withdrawing our final dividend for 2019, suspending the share repurchase programme, reducing growth and maintenance capital expenditure, deferring or cancelling new centre openings and a strengthened focus on the network rationalisation programme.

In addition to the Group's existing bank facility, the Group successfully raised £320m of equity in May 2020 to take advantage of growth opportunities and strengthen the Group's global leadership position. These opportunities consist of:

- Enhanced organic expansion, arising from increased future demand from enterprise customers driven by a number of factors;
- Rescue situations, adding attractive centres and brands to our existing portfolio and realising efficiencies when integrating onto the Group's operating platform; and
- M&A opportunities, which are expected to increase across the sector.

The Group has also undertaken extensive mitigating actions to reduce operating costs and overheads and optimise cash flows and liquidity during the current environment.

Further, the impact of various illustrative COVID-19 scenarios (including a severe but plausible outcome) on the business have been modelled and tested against the Group's existing funding arrangements.

At 30 June 2020 the Group had cash and committed headroom available of £830.3m and was fully compliant with all covenant requirements.

On the basis of these actions and assessments, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements for the six months ended 30 June 2020.

Note 2: Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues 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 both an IFRS 16 and pre-IFRS 16 basis, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The disaggregated performance, supporting the operating segment's results, is presented in the table below in accordance with IFRS 15.

The business is run on a worldwide basis but managed through four principal geographical segments (the Group's operating segments): Americas; Europe, Middle East and Africa (EMEA); Asia Pacific; and the United Kingdom. These geographical segments exclude the Group's non-trading, holding and corporate management companies. The results of business centres in each of these regions form the basis for reporting geographical results to the chief operating decision maker. 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 discrete 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 2019.

Six months ended 30 June £m	Americas		EMEA		Asia Pacific		United Kingdom		Other		Total	
	2020	2019[10]	**2020**	2019[10]	**2020**	2019[10]	**2020**	2019[10]	**2020**	2019[10]	**2020**	2019[10]
Revenues from external customers [12] [13]	**584.2**	583.4	**367.8**	324.8	**163.1**	161.8	**204.6**	202.3	**3.0**	4.0	**1,322.7**	1,276.3
Mature	**539.3**	553.3	**295.6**	290.5	**145.1**	138.7	**181.4**	174.3	**3.0**	4.0	**1,164.4**	1,160.8
2019 Expansions	**30.4**	3.3	**63.5**	9.3	**13.5**	0.9	**14.8**	2.4	**–**	–	**122.2**	15.9
2020 Expansions	**3.9**	–	**4.8**	–	**0.8**	–	**2.1**	–	**–**	–	**11.6**	–
Network rationalisation [12]	**10.6**	26.8	**3.9**	25.0	**3.7**	22.2	**6.3**	25.6	**–**	–	**24.5**	99.6
Gross profit (centre contribution) [13]	**10.3**	154.4	**64.0**	75.0	**8.0**	28.1	**(8.7)**	23.8	**(0.6)**	5.9	**73.0**	287.2
Share of loss of equity-accounted investees	**–**	-	**(0.1)**	(0.3)	**(0.1)**	–	**(0.7)**	–	**–**	-	**(0.9)**	(0.3)
Operating profit [13]	**(29.2)**	122.6	**22.1**	36.9	**(8.8)**	14.5	**(16.7)**	7.7	**(58.1)**	(38.6)	**(90.7)**	143.0
Finance expense											**(145.0)**	(106.2)
Finance income											**0.3**	0.3
Profit before tax for the period [13]											**(235.4)**	37.1
Depreciation and amortisation	**299.9**	272.4	**159.8**	135.8	**94.8**	80.8	**88.1**	92.1	**6.6**	5.6	**649.2**	586.7
Assets	**4,029.4**	4,018.2	**2,626.6**	2,101.8	**776.9**	844.7	**1,765.6**	1,622.9	**542.8**	114.9	**9,741.3**	8,702.5
Liabilities	**(3,697.0)**	(3,678.9)	**(2,433.9)**	(1,875.4)	**(731.5)**	(762.8)	**(1,536.7)**	(1,474.0)	**(392.1)**	(297.2)	**(8,791.2)**	(8,088.3)
Net assets / (liabilities)	**332.4**	339.3	**192.7**	226.4	**45.4**	81.9	**228.9**	148.9	**150.7**	(182.3)	**950.1**	614.2
Non-current asset additions [14]	**367.0**	506.5	**472.0**	300.7	**205.8**	155.7	**171.4**	199.5	**83.3**	16.7	**1,299.5**	1,179.1

(12) Excludes revenue from discontinued operations of £0.1m (2019: £73.0m) (note 3)

(13) For continuing operations

(14) Excluding deferred taxation

Operating profit in the "Other" category is generated from services related to the provision of workspace solutions, including fees from franchise agreements, offset by corporate overheads.

Note 3: Discontinued operations

The Group disposed of individually immaterial discontinued operations for consideration of £3.2 million during the period ended 30 June 2020. Basic earnings per share for discontinued operations amounted to (0.1p) for the six months ended 30 June 2020 (2019: 29.9p). Diluted earnings per share for discontinued operations amounted to (0.1p) for the six months ended 30 June 2020 (2019: 29.5p).

On 31 May 2019, the Group completed the sale of its Japanese operations to TKP Corporation for a consideration of £301.7m. The positive financial impact of the transaction was treated as discontinued operations in accordance with IFRS 5, however the operations under franchise in Japan continues to be an important strategic component of the overall Group network. This transaction forms part of the larger change in strategy of the Group towards adopting a franchising model.

£m	**Six months ended 30 June 2019**
Revenue	**46.9**
Expenses	**(34.9)**
Profit before tax for the period	**12.0**
Income tax expense	**(3.4)**
Profit after tax for the period	**8.6**
Gain on sale of discontinued operations	**254.4**
Profit for the period, net of tax	**263.0**

The assets and liabilities of the Japanese operations as at 31 May 2019 were as follows:

£m	**30 June 2019**
Total Assets	256.7
Total Liabilities	(215.1)
Net assets	**41.6**
Costs directly associated with the disposal (including foreign exchange recycled to profit and loss)	5.7
	47.3
Consideration on disposal (net of cash and debt)	301.7
Gain on sale of discontinued operations	**254.4**

The net cash flows incurred by the Japanese operations are as follows:

£m	**Six months ended 30 June 2019**
Operating	**7.3**
Investing	**(9.8)**
Financing	**2.5**
Net cash inflow	**-**

The loss after tax for the period ending 30 June 2020 relates to final adjustments for the Japanese transaction.

Note 4: COVID-19 related adjusting items

In March 2020, following the declaration by the World Health Organisation of the COVID-19 pandemic ('COVID-19') and subsequent global government restrictions, the Group has been unable to operate at full capacity. Given the political and economic uncertainty resulting from COVID-19, the Group expects to see significant volatility and business disruption, reducing expected performance in 2020 and potentially 2021.

As a result, in order to improve the transparency and usefulness of the financial information presented and improve year-on-year comparability, the Group has identified charges of £136.1m relating to directly attributable gains and expenses resulting from COVID-19. These charges are considered to be adjusting items as they meet the Group's established definition, being both significant in nature and value to the results of the Group in the current period.

The charges relate to several separately identifiable areas of accounting judgement and estimates as follows:

	Six months ended 30 June 2020
Impairments of property, plant and equipment	**107.0**
Impairments of goodwill	**4.9**
Provision for expected credit losses	**9.4**
Other one-off items including restructuring	**14.8**
Total adjusting items	**136.1**

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

  COVID-19 is expected to have a significant impact on the Group's operations over the next 12 months and potentially beyond, with centres closed as a result of government restrictions in a number of countries worldwide. As a result of these restrictions, management carried out a comprehensive review exercise for potential impairments across the whole portfolio at a Cash Generating Units ('CGUs') level.

  The impairment review compared the recoverable amount of CGUs, based on management's assumptions regarding the time period over which the rationalisation will take place. Following this review, a charge of £107.0m was recorded relating to the 4% of centres affected by the network rationalisation programme accelerated by the impact of COVID-19. This charge was recorded against property, plant and equipment (£27.8m) and right-of-use assets (£79.2m). A related tax debit of £3.9m has also been recognised in the period.

- ***Impairment of goodwill***

  The COVID-19 crisis and linked restrictions has impacted our ability to trade our way to sustainable profitable growth in certain markets. As a result, the projected cash flows for the operations in certain countries no longer supported the carrying value of the CGUs and an impairment of £4.9m was taken as at 30 June 2020. Further detail on the Group's impairment analysis carried out as a result of COVID-19 is provided in note 6.

- ***Provision for expected credit losses***

  The COVID-19 pandemic unfortunately presents an unprecedented crisis to many of our customers who may struggle to navigate through these challenges without external support. We have therefore endeavoured to provide support wherever possible to our customers to sustain our long-term relationships.

  In light of the temporary closure of centres globally, the Group reviewed the recoverability of its debtor profile and booked an increase of the expected credit loss provision of £9.4m. This increase reflects the greater likelihood of credit default by the Group's debtors directly attributable to the impact of COVID-19.

  The increase is relatively low compared to the overall debtor profile as the Group has not historically incurred significant credit losses and continues to maintain customer deposits as additional security in the rare event of non-performance of customer contracts.

- ***Other one-off items including restructuring***

  During the period, the Group incurred £5.8m of transaction costs in respect of master franchise agreements that did not complete due to the outbreak of COVID-19. The Group fully expects to resume its pivot towards a franchising model in due course.

  £7.8m of charges were incurred relating to the rationalisation of 32 centres which arose directly as a result of COVID-19. A further 53 centres were rationalised in the period in the normal course of business and costs associated with these have not been presented as adjusting items. Other net charges of £1.2m were also incurred, including severance costs arising from mitigating actions taken by the Group in respect of the COVID-19 crisis and amounts received from various support schemes across the jurisdictions in which the Group operates.

Should the estimated charges prove to be less than the amounts required, the release of any amounts previously provided for would be treated as adjusting items. The impact that COVID-19 has had on underlying trading performance is not recognised within adjusting items.

Note 5: Dividends

Equity dividends on ordinary shares paid during the period:

£m	**Six months ended 30 June 2020**	Six months ended 30 June 2019
Final dividend for the year ended 31 December 2019: Nil pence per share (2018: 4.35 pence per share)	**-**	38.9

The Group initially declared a final dividend of 4.80 pence on 3 March 2020, for the year ended 31 December 2019. However, in response to the COVID-19 outbreak, the Group announced on the 23 March 2020 the prudent and precautionary decision to not pay this final dividend. Consequently, the resolution in respect of the 2019 final dividend was not proposed at the AGM held on 12 May 2020.

Our capital allocation policy remains unchanged, prioritising investment in the long-term growth of our business and dividend distribution to shareholders. However, given the uncertainty caused by COVID-19, we believe it is prudent to protect our liquidity in the short-term and as a result, future dividend payments are to be placed on hold with the intention of the earliest possible return to our progressive dividend policy.

Note 6: Goodwill and indefinite life intangible assets

As at 30 June 2020, the carrying value of the Group's goodwill and indefinite life intangible assets was £699.5m and £11.2m respectively (31 December 2019: £674.6m and £11.2m respectively).

In accordance with IAS 36, given the potential impact of the COVID-19 pandemic as a triggering event due to the impact on performance during the first half of the year, the Group reviewed goodwill recognised for indicators of impairment. Detailed impairment indicator reviews were performed on both the US and UK, with consideration given to key drivers of performance and actions taken by management in response to COVID-19. These key drivers included pre-COVID-19 business performance, cost mitigation actions taken since the outbreak of COVID-19, review of sales key performance indicators and market specific economic trends. Despite the increased uncertainty created by COVID-19, there were no long-term indicators of impairment identified for the US and UK. An impairment of £4.9m was however recognised in respect of individually immaterial countries (refer to note 4).

Note 7: Property, plant and equipment

	Right-of-use assets £m	Land and buildings £m	Leasehold improvements £m	Furniture and equipment £m	Computer hardware £m	Total £m
Cost						
At 1 January 2020	9,439.4	156.4	1,469.5	749.7	132.5	11,947.5
Additions	1,148.2	-	84.4	61.4	5.5	1,299.5
Acquisition of subsidiaries	-	-	-	-	-	-
Disposals	(695.5)	(8.8)	(47.2)	(18.8)	(3.3)	(773.6)
Exchange rate movements	325.8	-	74.4	41.7	5.4	447.3
At 30 June 2020	**10,217.9**	**147.6**	**1,581.1**	**834.0**	**140.1**	**12,920.7**
Accumulated depreciation						
At 1 January 2020	(3,522.0)	(6.8)	(703.7)	(422.4)	(101.9)	(4,756.8)
Charge for the period	(562.4)	(1.2)	(49.3)	(27.1)	(5.1)	(645.1)
Acquisition of subsidiaries	-	-	-	-	-	-
Disposals	336.8	0.7	31.6	14.8	3.0	386.9
Impairment [15]	(79.2)	-	(27.8)	-	-	(107.0)
Exchange rate movements	(169.7)	-	(46.0)	(22.1)	(4.8)	(242.6)
At 30 June 2020	**(3,996.5)**	**(7.3)**	**(795.2)**	**(456.8)**	**(108.8)**	**(5,364.6)**
Net book value						
At 1 January 2020	5,917.4	149.6	765.8	327.3	30.6	7,190.7
At 30 June 2020	**6,221.4**	**140.3**	**785.9**	**377.2**	**31.3**	**7,556.1**

(15) Refer to note 4 for further details

Included within additions and disposals in the table above are lease modifications that reflect concessions agreed with landlords, which reduce both the right-of-use asset and lease liability of the associated leases.

The key assumptions and methodology in calculating right-of-use assets and the corresponding lease liability remain consistent with those noted in note 32 of the Group's 2019 Annual Report.

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £94.1m (30 June 2019: £161.5m).

Note 8: Deferred tax assets

The Group's deferred tax assets arising on IFRS 16 have increased to £113.7m, primarily as a result of the impairment of right of use assets highlighted in note 4.

The Directors have assessed the recoverability of all deferred tax balances in response to the impact of the COVID-19 pandemic on the Group's performance and concluded that it is more likely than not that the 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 2020 than it was at the 31 December 2019.

Note 9: Analysis of net debt

	Cash and cash equivalents £m	**Gross cash £m**	Debt due within one year £m	Debt due after one year £m	Lease due within one year £m	Lease due after one year £m	**Gross Debt £m**	**Net financial assets/ (liabilities) £m**
At 31 December 2018	69.0	**69.0**	(9.9)	(519.9)	-	-	**(529.8)**	**(460.8)**
Recognition of lease liability	-	**-**	-	-	(900.0)	(4,743.4)	**(5,643.4)**	**(5,643.4)**
At 1 January 2019	69.0	**69.0**	(9.9)	(519.9)	(900.0)	(4,743.4)	**(6,173.2)**	**(6,104.2)**
Cash flow	(30.0)	**(30.0)**	(14.2)	206.2	617.8	-	**809.8**	**779.8**
Non-cash movements	-	**-**	-	-	(591.6)	(172.4)	**(764.0)**	**(764.0)**
Exchange rate movements	2.1	**2.1**	(0.5)	(0.9)	(18.4)	(114.0)	**(133.8)**	**(131.7)**
At 30 June 2019	41.1	**41.1**	(24.6)	(314.6)	(892.2)	(5,029.8)	**(6,261.2)**	**(6,220.1)**
At 1 January 2020	66.6	**66.6**	(9.7)	(351.0)	(977.4)	(5,568.6)	**(6,906.7)**	**(6,840.1)**
Cash flow	293.1	**293.1**	(3.7)	(9.2)	98.9	498.1	**584.1**	**877.2**
Non-cash movements	-	**-**	-	-	(155.4)	(616.8)	**(772.2)**	**(772.2)**
Exchange rate movements	3.0	**3.0**	-	(5.0)	(50.2)	(280.6)	**(335.8)**	**(332.8)**
At 30 June 2020	362.7	**362.7**	(13.4)	(365.2)	(1,084.1)	(5,967.9)	**(7,430.6)**	**(7,067.9)**

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use (''Blocked Cash'') amounted to £6.6m at 30 June 2020 (31 December 2019: £8.3m).

Of this balance, £1.6m (31 December 2019: £2.8m) is pledged as security against outstanding bank guarantees and a further £5.0m (31 December 2019: £5.4m) is pledged against various other commitments of the Group.

Non-cash movements consist primarily of the additional lease liability associated with new leases entered in the period.

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:

	At 30 June 2020		At 31 December 2019	
£m	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**362.7**	**-**	66.6	**-**
Trade and other receivables [16]	**606.0**	**-**	547.0	**-**
Other long-term receivables	**60.7**	**-**	59.7	**-**
Financial assets [17]	**1,029.4**	**-**	673.3	**-**
Non-derivative financial liabilities [18]				
Bank loans & other corporate borrowings	**(354.6)**	**-**	(340.2)	**-**
Other loans	**(24.0)**	**-**	(20.5)	
Trade and other payables	**(982.6)**	**-**	(788.8)	**-**
Other long-term payables	**(2.9)**	**-**	(2.0)	**-**
Derivative financial liabilities:				
Interest rate swaps	**(0.2)**	**(0.2)**	(0.2)	(0.2)
Financial liabilities	**(1,364.3)**	**(0.2)**	(1,151.7)	(0.2)

(16) Excluding prepayments and accrued income

(17) Financial assets, excluding cash and cash equivalents and derivative financial instruments, are all held at amortised cost

(18) All financial instruments are classified as variable rate instruments

The undiscounted cash flow and fair values of these instruments is not materially different from the carrying value.

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 2019.

While the Group continues to monitor liquidity risk on a basis consistent to the approach set out on page 130 of the 2019 Annual Report and Accounts, the Group has considered the liquidity impact of COVID-19 with mitigating actions to reduce discretionary and other operating cash outflows. These actions included withdrawing our final dividend for 2019 and suspending the share repurchase. The Group also assessed the recoverability of trade receivables, with an increase in the provision for expected credit losses of £9.4 million recorded during the period. See note 4 for further detail.

The Group maintains a revolving credit facility provided by a group of international banks. The maturity of this £950.0m facility was extended in March 2020 to March 2025 with an option to extend until 2026. As at 30 June, £467.6m was available and undrawn under this facility.

The debt provided under the bank facility is floating rate, however, as part of the Group's balance sheet management and to protect against a future increase in interest rates, £30.0m was swapped into a fixed rate liability at a rate of 1.2%, maturing in February 2021.

The £950.0m credit facility is subject to financial covenants relating to net debt to EBITDA, and EBITDA plus rent to interest plus rent, both on a pre-IFRS16 basis. The Group is in compliance with all covenant requirements, and, in July 2020, the net debt to EBITDA covenant was increased to provide the Group with greater flexibility and capacity to invest in growth.

Note 11: Share Capital

On 28 May 2020 the Group announced the placement of 133,891,213 new ordinary shares, with a par value of 1 pence each. The price of 239.0 pence represented a discount of 8.1% to the middle market closing price of 260.2 pence on 27 May 2020, with the Group recognising net proceeds of £313.9m.

Note 12: Share-based payment

During the period, the Group awarded 22,125,000 options (2019: 552,451) under the Share Option Plan, 915,739 share awards (2019: 1,058,578) under the Performance Share Plan and 264,277 share awards (2019: 112,014) under the Deferred Share Bonus Plan.

Note 13: Bank guarantees and contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £144.5m (31 December 2019: £144.5m). There are no material lawsuits pending against the Group.

Note 14: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group for the year ended 31 December 2019 has not changed.

£m	Management fees received from related parties	Amounts owed by related party	Amounts owed to related party
At 30 June 2020			
Joint Ventures	1.5	21.0	8.4
At 30 June 2019			
Joint Ventures	1.8	15.3	3.6

As at 30 June 2020, no amounts due to the Group have been provided for (31 December 2019: £Nil).

As part of the share placing announced on 28 May 2020, Mark Dixon, the CEO of the Group, subscribed for 38,205,384 shares at the placing price of 239.0 pence. This equated to £91.3 million and represented 28.53 percent of the total number of placing shares offered.

Additionally, Toscafund Ltd is a substantial shareholder of the Group, and a related party of the Group for the purposes of the Listing Rules, and subscribed for 24,845,223 shares at the same placing price, representing an aggregate consideration of £59.4 million.

During the period the Group did not acquire any goods and services from a company indirectly controlled by a director of the Group (30 June 2019: £5,227).

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 2020.

Note 15: Acquisitions of subsidiaries and non-controlling interest

Current period acquisitions

During the six months ended 30 June 2020 the Group made certain individually immaterial acquisitions for a total consideration of £0.6m, with goodwill of £0.5m recognised on the provisional fair value.

Prior period acquisitions

During the six months ended 30 June 2019 the Group did not made any acquisitions. Deferred consideration of £4.3m was also paid during 2019 with respect to milestones achieved on prior year acquisitions.

Note 16: Events after the balance sheet date

There were no significant events occurring after 30 June 2020 affecting the condensed interim financial information of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the half year ended 30 June 2020

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 financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the DTR of the UK FCA;
- ensure the condensed set of financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.

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 IWG plc for the six months ended 30 June 2020 ("the interim financial information") which comprises 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 the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union, 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.

On behalf of the board

Mark Dixon	Eric Hageman
Chief Executive Officer	Chief Financial Officer

4 August 2020

This half yearly announcement contains certain forward-looking statements with respect to the operations of IWG 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 IWG plc

Introduction

We have been engaged by the Entity to review the accompanying condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2020 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 the related explanatory notes ('the condensed consolidated interim financial information'). Our review was conducted in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

Conclusion

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 2020 is not prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA")

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. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

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.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. 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 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.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

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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.

Cliona Mullen

4 August 2020

For and on behalf of KPMG
Chartered Accountants, Statutory Audit firm
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

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 159 of the IWG plc 2019 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 Officers' review.

Adjusted operating profit
Operating profit excluding adjusting items

Adjusted EBITDA
EBITDA excluding adjusting items

Adjusted earnings per share
Earnings per share excluding adjusting items

Adjusting items
Adjusting items reflects the impact of adjustments, both incomes and costs, which are considered to be significant in nature and/or size

Available workstations
The total number of workstations in the Group (also termed Inventory). During the year, this is expressed as a weighted average. At period ends the absolute number is used

Centre contribution before adjusting items
Gross profit comprising centre revenue less direct operating expenses but before administrative expenses and adjusting items

EBIT
Earnings before interest and tax

EBITDA before adjusting items
Earnings before interest, tax, depreciation, amortisation and adjusting items

EBITDA (annualised)
Earnings before interest, tax, depreciation and amortisation for the period, grossed up for twelve months

EBITDA (LTM)
Earnings before interest, tax, depreciation and amortisation based on a rolling last twelve months performance

EPS
Earnings per share

Expansions
A general term which includes new business centres established by the Group and acquired centres in the year

Growth estate
Comprises centres which opened during the current or prior financial year

IAS 17 basis
IFRS accounting standards effective as at 31 December 2018 (i.e. before the effective date of IFRS 16)

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

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 workstations divided by available workstations expressed as a percentage

Occupied workstations
Workstations which are in use by clients. This is expressed as a weighted average for the year

Open centres
All centres excluding network rationalisation

Operating profit
Operating profit adjusted for the financial impact of growth centres and network rationalisation

Operating profit before growth
Reported operating profit adjusted for the gross profit impact arising from centres opening in the current year and centres to be opened in the subsequent year

Pre-2019 business
Operations 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

Pre-2019 gross margin
Gross margin attributable to the Pre-2018 business

Pre-IFRS 16
IFRS accounting standards effective as at 31 December 2018 (i.e. before the effective date of IFRS 16)

REVPAW
Total revenue per available workstation (revenue/available workstations)

REVPOW
Total revenue per occupied workstation

ROI
Return on investment

TSR
Total shareholder return

WIPOW
Workstation income per occupied workstation

IAS 17 PRO FORMA Statements

Interim consolidated income statement

The purpose of these unaudited pages is to provide a reconciliation from the 2020 interim financial results to the pro forma statements in accordance with the previous IAS 17 policies adopted by the Group, and thereby, giving the reader greater insight into the impact of IFRS 16 on the results of the Group.

Continuing operations	Period ended 30 June 2020 As reported £m	Rent & finance costs £m	Depreciation £m	Other adjustments £m	Taxation £m	Period ended 30 June 2020 per IAS 17 £m
Revenue	**1,322.7**	–	–	–	–	**1,322.7**
Cost of sales	**(1,249.7)**	(535.8)	496.6	(30.0)	–	**(1,318.9)**
Gross profit (centre contribution)	**73.0**	(535.8)	496.6	(30.0)	–	**3.8**
Adjusted gross profit	**193.5**	(535.8)	496.6	(10.3)	–	**144.0**
Selling, general and administration expenses	**(162.8)**	(11.2)	1.9	–	–	**(172.1)**
Share of loss of equity-accounted investees, net of tax	**(0.9)**	–	–	–	–	**(0.9)**
Operating loss	**(90.7)**	(547.0)	498.5	(30.0)	–	**(169.2)**
Adjusted operating profit/(loss)	**45.4**	(547.0)	498.5	(10.3)	–	**(13.4)**
Finance expense	**(145.0)**	133.2	–	4.7	–	**(7.1)**
Finance income	**0.3**	–	–	–	–	**0.3**
Net finance expense	**(144.7)**	133.2	–	4.7	–	**(6.8)**
Loss before tax for the period from continuing operations	**(235.4)**	(413.8)	498.5	(25.3)	–	**(176.0)**
Income tax expense	**(1.1)**	–	–	–	(25.0)	**(26.1)**
Loss after tax for the period from continuing operations	**(236.5)**	(413.8)	498.5	(25.3)	(25.0)	**(202.1)**
Loss after tax for the period from discontinuing operations	**(1.3)**	(0.1)	–	0.2	–	**(1.2)**
Loss for the period	**(237.8)**	(413.9)	498.5	(25.1)	(25.0)	**(203.3)**

Earnings per ordinary share (EPS):		
Attributable to ordinary shareholders		
Basic (p)	**(26.5)**	(22.7)
Diluted (p)	**(26.5)**	(22.7)
From continuing operations		
Basic (p)	**(26.4)**	(22.5)
Diluted (p)	**(26.4)**	(22.5)

Pro forma adjustments recognised

The performance of the Group is impacted by the following significant adjustments from adopting IFRS 16. The recognition of these balances does not impact the overall cash flows of the Group or the cash generation per share.

1. Right-of-use asset & related lease liability
   These adjustments reflect the right-of-use asset recognised on transition, together with the related lease liability. The initial lease liability is equal to the present value of the lease payments during the lease term that have not yet been paid. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, plus any additional direct costs associated with setting up the lease.
2. Rent & finance costs
   Since the adoption of IFRS 16 conventional rent charges are no longer 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 asset and related lease liability noted above. The lease liability is measured in subsequent periods using the effective interest rate method, based on the applicable interest rate determined at the date of transition. The related finance costs arising on subsequent measurement are recognised directly through profit or loss.
3. Depreciation & lease payments
   Depreciation on the right-of-use asset 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 reduce the lease liability recognised in the balance sheet.
4. Other adjustments
   On transition, the remaining net book value of costs previously capitalised, such as costs directly incurred in preparing the business centre for trading (i.e. as part of property, plant and equipment), are de-recognised and eliminated directly against retained earnings.
5. Taxation
   The underlying tax charge is impacted by the change in the profit before tax and deferred tax assets recognised.

Interim consolidation balance sheet

	Period ended 30 June 2020 As reported £m	Right-of-use asset & related lease liability £m	Rent & finance costs £m	Depreciation & lease payments £m	Other adjustments £m	Taxation £m	Period ended 30 June 2020 per IAS 17 £m
Non-current assets							
Goodwill	**699.5**	–	–	–	–	–	**699.5**
Other intangible assets	**46.7**	–	–	–	–	–	**46.7**
Right of use asset	**6,221.4**	(6,860.1)	–	562.4	76.3	–	**–**
Property, plant and equipment	**1,334.7**	–	958.1	(11.6)	27.8	–	**2,309.0**
Deferred tax assets	**216.1**	–	–	–	–	(113.7)	**102.4**
Non-current derivative financial assets	**–**	–	–	–	–	–	**–**
Other long-term receivables	**61.9**	–	–	–	0.9	–	**62.8**
Investments in joint ventures	**13.8**	–	–	–	–	–	**13.8**
Total non-current assets	**8,594.1**	(6,860.1)	958.1	550.8	105.0	(113.7)	**3,234.2**
Current assets							
Inventory	**1.4**	–	–	–	–	–	**1.4**
Trade and other receivables	**755.5**	–	149.9	–	–	–	**905.4**
Corporation tax receivable	**27.6**	–	–	–	–	(0.7)	**26.9**
Cash and cash equivalents	**362.7**	–	–	–	–	–	**362.7**
Total current assets	**1,147.2**	–	149.9	–	–	(0.7)	**1,296.4**
Total assets	**9,741.3**	(6,860.1)	1,108.0	550.8	105.0	(114.4)	**4,530.6**
Current liabilities							
Trade and other payables (incl. customer deposits)	**982.6**	–	367.3	–	–	–	**1,349.9**
Deferred income	**305.7**	–	–	–	–	–	**305.7**
Corporation tax payable	**45.9**	–	–	–	–	4.2	**50.1**
Bank and other loans	**13.4**	–	–	–	–	–	**13.4**
Lease liabilities	**1,084.1**	(1,049.7)	(133.3)	98.9	–	–	**–**
Provisions	**8.1**	–	–	–	126.7	–	**134.8**
Total current liabilities	**2,439.8**	(1,049.7)	234.0	98.9	126.7	4.2	**1,853.9**
Non-current liabilities							
Other long-term payables	**2.6**	–	1,067.0	–	0.9	–	**1,070.5**
Bank and other loans	**365.2**	–	–	–	–	–	**365.2**
Lease liabilities	**5,967.9**	(6,466.1)	–	498.2	–	–	**–**
Non-current derivative financial assets	**0.2**	–	–	–	–	–	**0.2**
Deferred tax liability	**–**	–	–	–	–	–	**–**
Provisions	**10.0**	–	–	–	2.1	–	**12.1**
Provision for deficit in joint ventures	**4.0**	–	–	–	–	–	**4.0**
Retirement benefit obligations	**1.5**	–	–	–	–	–	**1.5**
Total non-current liabilities	**6,351.4**	(6,466.1)	1,067.0	498.2	3.0	–	**1,453.5**
Total liabilities	**8,791.2**	(7,515.8)	1,301.0	597.1	129.7	4.2	**3,307.4**
Total equity							
Issued share capital	**10.5**	–	–	–	–	–	**10.5**
Issued share premium	**312.6**	–	–	–	–	–	**312.6**
Treasury shares	**(157.1)**	–	–	–	–	–	**(157.1)**
Foreign currency translation reserve	**70.2**	28.5	–	–	(21.7)	–	**77.0**
Hedging reserve	**(0.2)**	–	–	–	–	–	**(0.2)**
Other reserves	**25.8**	–	–	–	–	–	**25.8**
Retained earnings	**688.3**	627.2	(193.0)	(46.3)	(3.0)	(118.6)	**954.6**
Total equity	**950.1**	655.7	(193.0)	(46.3)	(24.7)	(118.6)	**1,223.2**
Total equity and liabilities	**9,741.3**	(6,860.1)	1,108.0	550.8	105.0	(114.4)	**4,530.6**

Interim consolidated statement of cash flows

£m	**Period ended 30 June 2020 As reported £m**	Rent & finance costs £m	Depreciation & lease payments £m	Other adjustments £m	**Period ended 30 June 2020 per IAS 17 £m**
(Loss)/profit before tax for the period	**(235.4)**	**(413.8)**	**498.5**	**(25.3)**	**(176.0)**
Adjustments for:					
Profit from discontinued operations	**(0.1)**	0.1	-	(0.2)	(0.2)
Net finance expense	**144.7**	(133.2)	-	(4.7)	6.8
Share of loss on equity-accounted investees, net of income tax	**0.9**	-	-	-	0.9
Depreciation charge – Right-of-use asset	**562.4**	-	(562.4)	-	-
Depreciation charge – Other property, plant and equipment	**82.7**	-	63.9	-	146.6
Loss on disposal of intangible assets	**4.9**	-	-	-	4.9
Loss on disposal of property, plant and equipment	**17.1**	-	-	(0.4)	16.7
Impairment of property, plant and equipment	**27.8**	-	-	(27.8)	-
Amortisation of intangible assets	**4.1**	-	-	-	4.1
Impairment loss on Right-of-use asset	**79.2**	-	-	(79.2)	-
Increase in provisions	**2.1**	-	-	126.7	128.8
Share-based payments	**1.0**	-	-	-	1.0
Other non-cash movements	**(11.8)**	-	-	-	(11.8)
Operating cash flows before movements in working capital	**679.6**	**(546.9)**	**-**	**(10.9)**	**121.8**
Increase in trade and other receivables	**(41.8)**	15.5	-	-	(26.3)
Increase in trade and other payables	**134.4**	655.3	(597.0)	10.9	203.6
Cash generated from operations	**772.2**	**123.9**	**(597.0)**	**-**	**299.1**
Interest paid	**(7.9)**	-	-	-	(7.9)
Tax paid	**(8.7)**	-	-	-	(8.7)
Net cash inflows from operating activities	**755.6**	**123.9**	**(597.0)**	**-**	**282.5**
Investing activities					
Purchase of property, plant and equipment	**(151.3)**	(123.9)	-	-	(275.2)
Purchase of subsidiary undertakings (net of cash acquired)	**(0.6)**	-	-	-	(0.6)
Purchase of intangible assets	**(5.6)**	-	-	-	(5.6)
(Payments)/Proceeds on the sale of discontinued operations, net of cash disposed of	**(0.5)**	-	-	-	(0.5)
Proceeds on sale of property, plant and equipment	**8.2**	-	-	-	8.2
Interest received	**0.3**	-	-	-	0.3
Cash inflows / (outflows) from investing activities	**(149.5)**	**(123.9)**	**-**	**-**	**(273.4)**
Financing activities					
Net proceeds from issue of loans	**419.8**	-	-	-	419.8
Repayment of loans	**(406.9)**	-	-	-	(406.9)
Payment of lease liability	**(597.0)**	-	597.0	-	-
Proceeds on issue of shares	**313.9**	-	-	-	313.9
Purchase of treasury shares	**(43.7)**	-	-	-	(43.7)
Proceeds from exercise of share awards	**0.9**	-	-	-	0.9
Payment of ordinary dividend	**-**	-	-	-	-
Cash (outflows) / inflows from financing activities	**(313.0)**	**-**	**597.0**	**-**	**284.0**
Net decrease in cash and cash equivalents	**293.1**	-	-	-	293.1
Cash and cash equivalents at beginning of period	**66.6**	-	-	-	66.6
Effect of exchange rate fluctuations on cash held	**3.0**	-	-	-	3.0
Cash and cash equivalents at end of period	**362.7**	-	-	-	**362.7**

Segmental analysis – management basis (unaudited)

Six months ended 30 June 2020	Americas (IAS 17 basis)	EMEA (IAS 17 basis)	Asia Pacific (IAS 17 basis)	UK (IAS 17 basis)	Other (IAS 17 basis)	Total (IAS 17 basis)
Pre-2019 [1]						
Workstations [4]	**198,164**	**143,123**	**87,195**	**95,185**	**–**	**523,667**
Occupancy (%)	**77.9%**	**76.3%**	**72.9%**	**74.1%**	**–**	**75.9%**
Revenue (£m)	**539.3**	**295.6**	**145.1**	**181.4**	**3.0**	**1,164.4**
REVPOW (£)	**3,495**	**2,707**	**2,284**	**2,579**	**–**	**2,929**
2019 Expansions [2]						
Workstations [4]	**24,484**	**41,311**	**11,667**	**11,658**	**–**	**89,120**
Occupancy (%)	**48.7%**	**54.0%**	**58.0%**	**56.4%**	**–**	**53.4%**
Revenue (£m)	**30.4**	**63.5**	**13.5**	**14.8**	**–**	**122.2**
2020 Expansions [2]						
Workstations [4]	**6,581**	**8,426**	**2,027**	**1,516**	**–**	**18,550**
Occupancy (%)	**20.7%**	**33.0%**	**25.8%**	**15.8%**	**–**	**26.4%**
Revenue (£m)	**3.9**	**4.8**	**0.8**	**2.1**	**–**	**11.6**
Network rationalisation						
Workstations [4]	**6,743**	**2,242**	**3,013**	**3,079**	**–**	**15,077**
Occupancy (%)	**49.5%**	**57.7%**	**57.5%**	**63.1%**	**–**	**55.1%**
Revenue (£m)	**10.6**	**3.9**	**3.7**	**6.3**	**–**	**24.5**
Total						
Workstations [4]	**235,972**	**195,102**	**103,902**	**111,438**	**–**	**646,414**
Occupancy (%)	**72.4%**	**69.5%**	**69.8%**	**71.1%**	**–**	**70.9%**
Revenue (£m) [6]	**584.2**	**367.8**	**163.1**	**204.6**	**3.0**	**1,322.7**
REVPAW (£)	**2,476**	**1,885**	**1,570**	**1,836**	**–**	**2,046**
Period end workstations [5]						
Pre-2019	**201,321**	**144,172**	**88,360**	**95,831**	**–**	**529,684**
2019 Expansions	**27,047**	**43,033**	**11,952**	**11,750**	**–**	**93,782**
2020 Expansions	**9,819**	**13,279**	**3,105**	**6,220**	**–**	**32,423**
Total	**238,187**	**200,484**	**103,417**	**113,801**	**–**	**655,889**

Segmental analysis – management basis (continued)

Six months ended 30 June 2019	Americas (IAS 17 basis)	EMEA (IAS 17 basis)	Asia Pacific (IAS 17 basis)	UK (IAS 17 basis)	Other (IAS 17 basis)	Total (IAS 17 basis)
Pre-2019 [1]						
Workstations [4]	196,399	139,934	87,019	87,738	–	511,090
Occupancy (%)	75.6%	70.5%	68.3%	69.0%	–	71.8%
Revenue (£m)	553.3	290.5	138.7	174.3	4.0	1,160.8
REVPOW (£)	3,727	2,946	2,332	2,878		3,162
2019 Expansions [2]						
Workstations [4]	4,422	8,673	3,024	4,413	–	20,532
Occupancy (%)	24.3%	37.1%	15.0%	24.7%	–	28.4%
Revenue (£m)	3.3	9.3	0.9	2.4	–	15.9
Network rationalisation						
Workstations [4]	11,274	8,873	10,584	14,022	–	44,753
Occupancy (%)	65.5%	65.9%	61.9%	60.0%	–	63.0%
Revenue (£m)	26.8	25.0	22.2	25.6	–	99.6
Total						
Workstations [4]	212,095	157,480	100,627	106,173	–	576,375
Occupancy (%)	74.0%	68.4%	66.1%	66.0%	–	69.6%
Revenue (£m) [6]	583.4	324.8	161.8	202.3	4.0	1,276.3
REVPAW (£)	2,751	2,062	1,608	1,905	–	2,214

(1) The Pre-2019 business comprises centres opened on or before 31 December 2018

(2) Expansions include new centres opened and acquired businesses

(3) Network rationalisation for the 2019 comparative data is defined as a centre closed during the period from 1 January 2019 to 30 June 2020

(4) Workstation numbers are calculated as the weighted average for the period

(5) Workstations available at period end

(6) From continuing operations