10 August 2021

IWG plc – INTERIM RESULTS ANNOUNCEMENT – SIX MONTHS ENDED 30 JUNE 2021

IWG plc, the global operator of leading workspace brands, today announces its interim results for the six months ended 30 June 2021

Strong occupancy recovery in Q2 in major markets and future top-line recovery supported by the growth of hybrid working and new customer wins. Pace of recovery dependent on continued easing of pandemic restrictions.

Key Highlights(1)

Performance improvement evident in Q2

- Open centre revenue increased from Q1 to Q2 by 3.4%(2); HY down 10.4%(2) year-on-year
- Pre-2020(3) revenue increased from Q1 to Q2 by 1.5%(2); HY down 15.0%(2) year-on-year to £992.0m (H1 2020: £1,224.7m)
- Pre-2020(3) occupancy increased from Q1 to Q2 by 120 bps to 69.0%; HY occupancy was 68.4% (H1 2020: 75.3%)
- Encouraging Group pricing trends at the end of the period, with average new sales price exceeding embedded price in June
- Enquiries and customer retention are back to pre-COVID-19 levels in Q2
- Very strong recovery in meeting room and day office usage in Q2 with revenue up 39.9%(2) on Q1 2021
- Month-on-month improvement in EBITDA during Q2
- US showing the strongest recovery; June was a record month for space sold

Structural tailwinds strengthening

- Unprecedented demand for hybrid working; record new client wins with over 900 new enterprise customers gained in H1
- Pre-existing demand strongly supplemented by more enterprises now looking at greater distributed working

Strong focus on cost control

- On track to achieve a run-rate reduction in underlying pre-growth costs of c.£320m(1). Approximately £190m delivered in H1 versus prior year
- £39.2m COVID-19 related charges(1)(4)

Quality network growth

- 84 new locations opened including the acquisition of four competitor locations with nine more already signed for opening in H2
- Less capital-intensive growth – net growth investment of £46.9m(1) (H1 2020: £116.2m / 88 locations)

Increased momentum in franchising strategy

- Added 17 new franchise agreements across 10 countries with an additional 64 committed locations
- First franchise agreements signed in the US
- We have just entered into a JV with Hysan to operate across Hong Kong and the Greater Bay Area
- Franchising remains a key focus area for growth; Master franchise discussions ongoing

Q2 sales and operational performance underpins H2 momentum

- H2 performance expected to be underpinned by continuing occupancy and revenue improvement and cost savings
- Uniquely positioned to help companies adapt to the new world of hybrid working post COVID-19

Interim results

£m	**H1 2021** (As reported)	H1 2020 (As reported)	**H1 2021** (Pre-IFRS 16)	H1 2020 (Pre-IFRS 16)	% change constant currency	% change actual currency
Revenue	**1,066.6**	1,321.3	**1,066.6**	1,321.3	(15.3)%	(19.3)%
Open centre revenue	**1,055.2**	1,236.2	**1,055.2**	1,236.2	(10.4)%	(14.6)%
Operating (loss) – continuing operations	**(79.8)**	(92.8)	**(186.6)**	(169.5)		
Adjusted operating profit/(loss) – continuing operations	**(30.2)**	43.3	**(147.4)**	(13.7)		
(Loss) before tax – continuing operations	**(162.7)**	(237.3)	**(183.4)**	(176.2)		
(Loss) after tax – continuing operations	**(172.6)**	(238.4)	**(192.0)**	(202.2)		
Earnings per share – attributable to ordinary shareholders (p)	**(16.9)**	(26.5)	**(18.8)**	(22.7)		
Adjusted earnings per share – from continuing operations (p)	**(12.0)**	(11.0)	**(15.0)**	(5.2)		
Adjusted EBITDA	**528.6**	694.5	**5.4**	137.4		
Net debt	**6,785.8(5)**	7,067.9(5)	**414.6**	15.9		

(1) Presented in accordance with pre-IFRS 16 accounting standards (as defined in Alternative performance measures section)
(2) At constant currency
(3) Pre-2020 refers to the performance for all operations opened on or before 31 December 2019 and which were open throughout the period
(4) COVID-19 related charges are separately disclosed as adjusting items as they are considered to be significant in nature and/or size
(5) Net debt in accordance with IFRS 16 includes lease liabilities of £6,371.2m

Mark Dixon, Chief Executive of IWG plc, said:

"The month-on-month improvements in our key operating metrics as we came into the summer months are encouraging and we anticipate this momentum continuing into the second half of 2021. The significant move to hybrid working has created unprecedented demand for our flexible work products. This fundamental shift in the way people work is clearly a positive tailwind for IWG over the medium to longer term and we are seeing increasing levels of interest from enterprises wishing to transform their working practices.

We continue to make progress with our franchising and partnering agreements which are central to our capital-light expansion strategy. We have also seen significant progress in the acquisition of competitor centres with minimal required investment.

Whilst the pace of recovery remains dependent on the continuing easing of pandemic restrictions across our markets, we look forward to the second half with cautious optimism having implemented the necessary changes to our network and cost base. Looking further ahead, with the improvements we are observing in our operating environment, we remain confident of a stronger recovery in 2022."

Details of results presentation
Mark Dixon, Chief Executive Officer, and Glyn Hughes, Chief Financial Officer, are hosting a conference call today for analysts and investors at 9.00am BST. Please contact Emily Pollard to obtain details for the webcast or conference call: epollard@brunswickgroup.com.

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Chief Executive Officer's review

The end of the first quarter heralded a clear inflection point and the nadir of the Group's performance during the coronavirus crisis. The second quarter witnessed positive occupancy and revenue momentum in most of our key markets, especially the US, which is showing the strongest recovery. With enquiries returning to pre-COVID-19 levels, and occupancy moving in the right direction, we have been able to improve pricing on new business from March 2021 through granting fewer concessions to customers by tightening discounts and removing COVID-19 promotions. As these new sales replace those made during the worst period of the crisis, the embedded price in the forward order book will improve over time, reflecting the normal lag effect. With occupancy on an improving trend, we are also now seeing encouraging signs of service revenue recovery.

Demand from enterprise clients for both fixed office and membership subscription deals continue at unprecedented levels. We won over 900 new enterprise customers in the period and expanded our business with a significant number of existing customers.

Whilst it is good to highlight these positive trends, as we reported on 7 June 2021, the speed of recovery in occupancy across the whole Group has been lower than originally anticipated which, given the operational gearing of the business, will have a significant impact on the Group's performance for 2021. Extended lockdowns in many markets, the emergence of new variants and companies delaying office return until after the summer combined to put a check on the rate of occupancy improvement. What the future recovery looks like will strongly depend on Government policies. Although future lockdowns and the emergence of further new variants cannot be discounted, COVID-19 has positively changed the medium and long-term outlook for the industry and for IWG as the leading operator.

Although restrictions are easing in most markets, 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.

More companies are now seeking flexible and distributed workplaces. With the unrivalled coverage and choice our network offers, IWG is uniquely placed to meet these growing needs.

We retain a strong financial position and are delivering on our plans to reduce costs, preserve cash and strengthen our liquidity position 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 and build an industry-leading services platform.

Financial performance

Open centre revenue declined 10.4% at constant currency to £1,055.2m compared to £1,236.2m in the same period in 2020. Total Group revenue for the six months to 30 June 2021 reduced by 15.3% at constant currency to £1,066.6m (H1 2020: £1,321.3m). Pre-2020 revenue declined 15.0% at constant currency to £992.0m (H1 2020: £1,224.7m).

Pre-2020 occupancy declined from 75.3% for the six months to 30 June 2020 to 68.4% for the same period this year. Our performance in 2020 benefited from the strongest start to a new financial year the Group had ever experienced. In contrast, the first half of 2021 incorporates the most challenging first quarter the Group has experienced with occupancy beginning to improve in March. Pre-2020 occupancy has improved monthly since March and we exited the first half at 69.5%.

The £254.7m reduction in Group revenue resulted in an adjusted centre contribution of £99.6m (H1 2020: £193.2m). Under pre-IFRS 16 reporting, adjusted centre contribution was a negative contribution of £15.1m (H1 2020: £143.9m profit).

Good progress has been made in delivering the targeted cost savings on a pre-IFRS 16 basis, with approximately £190m achieved in H1 versus the prior year. Further savings are anticipated in H2 and we are on track to achieve a run-rate reduction in underlying pre-growth costs of approximately £320m(1).

Adjusted operating loss as reported was £30.2m compared to a profit of £43.3m in the same period 2020. Including adjusting items, the operating loss was £79.8m (H1 2020: £92.8m loss). Under pre-IFRS 16 reporting, the operating loss before adjusting items increased to £147.4m from a loss of £13.7m in the corresponding period in 2020.

Our adjusted EBITDA of £528.6m compared to £694.5m in the corresponding period in 2020 reflecting the negative impact on the business of COVID-19, which was felt across all our markets. On a pre-IFRS 16 reporting basis, the impact was also significant with an adjusted EBITDA of £5.4m compared to £137.4m in HY 2020.

Capital investment has been well controlled. Net growth capital expenditure was £61.9m compared to £76.8m in H1 2020. Under pre-IFRS 16 reporting, net growth capital investment was £46.9m, a significant reduction on the H1 2020 expenditure of £116.2m yet delivering 84 new locations and over 90% of the space added in H1 2020. 76 locations were rationalised in the first half.

The Group has maintained a strong financial position, with net debt at 30 June 2021 of £6,785.8m (31 December 2020: £6,909.6m). On a pre-IFRS 16 basis, excluding debt relating to lease liabilities, net debt was at £414.6m(1) (31 December 2020: £351.1m).

Open centre revenue performance by region

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

£m	**H1 2021**	H1 2020	% Change (constant currency)	% Change (actual currency)
Americas	**415.7**	553.2	(17.8)%	(24.9)%
EMEA	**334.8**	343.5	(0.8)%	(2.5)%
Asia Pacific	**139.1**	147.8	(3.1)%	(5.9)%
UK	**162.9**	188.7	(13.7)%	(13.7)%
Other	**2.7**	3.0	-	-
Total	**1,055.2**	1,236.2	(10.4)%	(14.6)%

Americas

The Americas, our largest region, was significantly impacted by the pandemic, particularly in the first quarter, but is now showing the strongest signs of recovery. This upturn in performance is mainly being driven by the US. Our business in Canada continues to be affected by the continuing COVID-19 restrictions across the country.

£m	**H1 2021**	H1 2020	% Change (constant currency)	% Change (actual currency)
Total revenue	419.7	584.1	(21.4)%	(28.1)%
Open centre revenue	415.7	553.2	(17.8)%	(24.9)%
Pre-2020 revenue	397.0	549.5	(20.9)%	(27.7)%
Pre-2020 occupancy - Workstations	66.0%	75.4%	-	(941) bps
Pre-2020 occupancy – Square feet	68.2%	77.5%	-	(937) bps
Number of centres	1,257	1,271	-	-

Major Central Business Districts (CBDs) faced more challenging conditions than many of the suburban areas. So, although occupancy is picking up the fastest amongst our four regions, some major cities in the region are coming from a much lower base level of occupancy. Despite the removal of promotions and a tightening of discounts, June was a record month for space sold.

Revenue from open centres declined 17.8% at constant currency to £415.7m. The rate of decline in open centre revenue slowed in the second quarter to 12.8% from a 22.3% reduction in Q1. Pre-2020 revenue in the region decreased 20.9% at constant currency to £397.0m.

Average occupancy for the region in the pre-2020 business was 68.2% (H1 2020: 77.5%). Although down year on year, we have clearly seen the inflection point during the first half, with Q2 occupancy 174 bps better than occupancy in Q1.

With the easing of COVID-19 restrictions in the US, occupancy started to recover in February, with strong momentum continuing in Q2 2021. Similarly, meeting room and day office usage improved in Q2. In LATAM the business environment remained tough with COVID-19 restrictions in place in most countries. However, early signs of recovery have been seen in markets like Brazil, Chile and Colombia.

There were 14 new locations added in the region in the first half of 2021 and 28 locations were rationalised. After these movements, the total number of locations in the region was 1,257 at 30 June 2021.

EMEA

Our EMEA business has seen a clear turnaround in performance since February, with turnover and occupancy improving. Ancillary service revenues started to improve towards the end of the first half. These trends are encouraging but the pace of recovery is lagging that of the US.

Open centre revenue declined by just 0.9% at constant currency, with year-on-year growth of 4.4% returning in Q2, reflecting the turnaround in performance. Pre-2020 revenue reduced by 7.3%, with occupancy reduced to 69.3% (H1 2020: 73.7%), however occupancy in Q2 was 135 bps higher than in Q1.

£m	**H1 2021**	H1 2020	% Change (constant currency)	% Change (actual currency)
Total revenue	**336.8**	366.7	(6.5)%	(8.2)%
Open centre revenue	**334.8**	343.5	(0.9)%	(2.5)%
Pre-2020 revenue	**308.3**	338.1	(7.3)%	(8.8)%
Pre-2020 occupancy – Workstations	**68.5%**	71.5%	-	(295) bps
Pre-2020 occupancy – Square feet	**69.3%**	73.7%		(445) bps
Number of centres	**1,123**	1,093	-	-

COVID-19 restrictions in EMEA have been diverse across countries with respective impacts on our business. In the second quarter of 2021 we experienced notable occupancy improvements in major markets like Germany, Italy and South Africa whereas occupancy remained broadly flat in other major markets like France, the Netherlands and Spain, where we have experienced signs of recovery only very recently.

Growth of our network in EMEA is progressively accelerating with the benefit of new franchise locations, management agreements and acquisitions. A total of 51 new locations were added across this region in the first half of 2021. After these additions and the rationalisation of 21 locations, the total locations in the region were 1,123 at 30 June 2021, offering 22.4m sq. ft. of space.

Asia Pacific

Our business in Asia Pacific has delivered a mixed performance with some markets going back into lockdowns. Revenue from all open centres declined 3.1% at constant currency to £139.1m. After a decline in Q1 of 12.8% the region returned to growth with a 7.0% growth in Q2 open centre revenue year-on-year. Pre-2020 revenue was down 8.2% to £131.1m (H1 2020: £147.0m) and pre-2020 occupancy decreased to 67.8% (H1 2020: 72.4%). Q2 occupancy was 150bps higher than the average occupancy in Q1. Retention improved strongly in the second quarter.

£m	**H1 2021**	H1 2020	% Change (constant currency)	% Change (actual currency)
Total revenue	**140.7**	162.9	(11.1)%	(13.6)%
Open centre revenue	**139.1**	147.8	(3.1)%	(5.9)%
Pre-2020 revenue	**131.1**	147.0	(8.2)%	(10.8)%
Pre-2020 occupancy - Workstations	**67.7%**	71.4%	-	(374) bps
Pre-2020 occupancy – Square feet	**67.8%**	72.4%		(455) bps
Number of centres	**647**	645	-	-

Like EMEA, restrictions in Asia Pacific were also very diverse and impacted our business accordingly. With easing restrictions, we experienced occupancy improvements in major countries like Australia, China, Hong Kong, Indonesia, New Zealand, Malaysia, Singapore, South Korea and Vietnam. In other markets the business environment remained challenging.

A total of 17 new locations were added in the region in the first half of 2021. We are seeing a clear acceleration in variable rent and management agreement deals in the region. At 30 June 2021 we had a total of 647 centres in the region.

Good progress is being made on franchising in the region. We have just entered into a 50:50 Joint Venture with Hysan Development Company Limited to operate a flexible workspace business across Hong Kong, Macau and Guangdong ("the Greater Bay Area" ("GBA")).

UK

Lockdown restrictions had a significant impact on the UK business, with lower demand throughout the CBD of London. Outside of London our business has been more robust. Since the announcement of easing restrictions in March, demand for more distributed working has increased sales in many of the satellite towns and cities outside of London, and more recently also in CBD London. Occupancy plateaued in March and has improved since to exit the half year at 68.2%. Pre-2020 occupancy for the six months to 30 June 2021 averaged 67.7% (H1 2020: 74.6%).

Enquiries are good and sales conversion is improving. Lower discounting and the removal of COVID-19 promotions is helping pricing on new sales. Retention is improving and is now at its highest level since the start of the pandemic. Renewal pricing is also strengthening. Meeting room demand came back strongly in June and revenue from other services is recovering with footfall improvement.

£m	**H1 2021**	H1 2020	% Change (actual currency)
Total revenue	**166.7**	204.6	(18.5)%
Open centre revenue	**162.9**	188.7	(13.7)%
Pre-2020 revenue	**152.9**	187.1	(18.3)%
Pre-2020 occupancy – Workstations	**65.1%**	72.2%	(710) bps
Pre-2020 occupancy – Square feet	**67.7%**	74.6%	(683) bps
Number of centres	**294**	304	-

Revenue from open centres reduced by 13.7% to £162.9m, with the rate of decline slowing to 7.6% in Q2 year-on-year. Pre-2020 revenue declined by 18.3% to £152.9m (H1 2020: £187.1m), with the decline similarly reducing in Q2 to 12.3%.

Two new locations were added and 12 rationalised in the UK in the first half of 2021. The net of these additions and the network rationalisation led to an overall reduction of locations in the region to 294 at 30 June 2021.

Growing the network

During the six months to 30 June 2021, 84 locations were opened and 2.6m sq. ft. of space added to our global network. 43 of these locations were added in the first quarter. Further progress was made in the first half in developing capital light and partnering arrangements. 18 of the added centres were franchises or management agreements. Of the remaining 66 fully owned locations, 23 involved various partnering arrangements. There were 76 locations rationalised in the first half.

We have also been successful in taking over competitor locations at minimal investment. Four such locations were opened in the first half, with a further nine openings scheduled for the second half. In addition, there is a significant pipeline of further potential centre acquisitions in advanced negotiation.

Our global network now totals 3,321 locations and 64.1m sq. ft. of space. We added centres in 11 new towns and cities in the first half and at 30 June 2021 we had coverage across 1,132 towns and cities.

Franchising momentum picking up

We are experiencing strong momentum in our franchising strategy, with potential third parties in many different territories interested in operating under our brands. In the six months to 30 June 2021, we have seen an increase in the number of new agreements signed. We have signed 17 new franchise partners, two more than we signed in the whole of 2020. These deals were across ten countries, including our first deals in the US.

We have just entered into a 50:50 Joint Venture with Hysan Development Company Limited to operate a flexible workspace business across Hong Kong, Macau and Guangdong. Hysan is a leading investment, management and development company based in Hong Kong, with strong long-term partnership credentials. It has an investment portfolio of over 4m sq. ft. of space including over 2m sq. ft. in prime office space in Hong Kong. The JV will acquire and operate IWG's 32 existing locations in the GBA, with exclusive rights to use IWG brands. The JV has committed to a development plan that will add significantly to the network to meet the growing demand for hybrid working in the region.

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 pandemic environment. As we anticipate further significant franchising deals, we continue to invest in resources to ensure that we have the right capabilities. We are focussed on choosing the right partners, who can drive the business forward and enable the network to reach its full potential.

Continuing to see unprecedented growth in enterprise accounts

More companies and public sector bodies are introducing hybrid working into their way of working and this has led to unprecedented growth in our enterprise business. We have gained over 900 new enterprise customers in the half and seen our business expand strongly with a large proportion of our existing customers. This reflects both the increasing demand from enterprises to embrace a more flexible and now an increasingly distributed approach to corporate real estate.

The unrivalled network coverage we can offer has uniquely positioned IWG to support this growing part of the market. Enterprise customers utilise our network in a variety of ways ranging from drop-in flexible space to local head offices and a wide combination of the services we can offer.

Outlook

The month-on-month improvements in our key operating metrics as we came into the summer months are encouraging and we anticipate this momentum continuing into the second half of 2021. The significant move to hybrid working has created unprecedented demand for our flexible work products. This fundamental shift in the way people work is clearly a positive tailwind for IWG over the medium to longer term and we are seeing increasing levels of interest from enterprises wishing to transform their working practices.

We continue to make progress with our franchising and partnering agreements which are central to our capital-light expansion strategy. We have also seen significant progress in the acquisition of competitor centres with minimal required investment.

Whilst the pace of recovery remains dependent on the continuing easing of pandemic restrictions across our markets, we look forward to the second half with cautious optimism having implemented the necessary changes to our network and cost base. Looking further ahead, with the improvements we are observing in our operating environment, we remain confident of a stronger recovery in 2022.

Mark Dixon
Chief Executive Officer
10 August 2021

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.

The Group also presents the results in accordance with pre-IFRS 16 accounting standards as it provides useful information to shareholders on how the Group is managed, operating performance targets are measured, and reporting for bank covenants and certain lease agreements are prepared.

Group income statement

£m	**H1 2021** (As reported)	IFRS 16 Impact	**H1 2021** (Pre-IFRS 16)	H1 2020 (Pre-IFRS 16)	IFRS 16 Impact	**H1 2020** (As reported)
Revenue	**1,066.6**	-	**1,066.6**	1,321.3	-	1,321.3
Gross (loss)/profit (centre contribution)	**67.8**	104.3	**(36.5)**	3.7	69.0	72.7
Gross (loss)/profit before adjusting items(1)	**99.6**	114.7	**(15.1)**	143.9	49.3	193.2
Overheads(2)	**(147.0)**	2.5	**(149.5)**	(172.3)	7.7	(164.6)
Joint ventures	**(0.6)**	-	**(0.6)**	(0.9)	**-**	(0.9)
Operating (loss)	**(79.8)**	106.8	**(186.6)**	(169.5)	76.7	(92.8)
Operating (loss)/profit before adjusting items(1)	**(30.2)**	117.2	**(147.4)**	(13.7)	57.0	**43.3**
Net finance	**(82.9)**	(86.1)	**3.2**	(6.7)	(137.8)	**(144.5)**
(Loss) before tax from continuing operations	**(162.7)**	20.7	**(183.4)**	(176.2)	(61.1)	**(237.3)**
Taxation	**(9.9)**	(1.3)	**(8.6)**	(26.0)	24.9	**(1.1)**
Effective tax rate	***(6.1)%***	-	***(4.7)%***	*(14.8)%*		***(0.5)%***
(Loss) after tax from continuing operations	**(172.6)**	19.4	**(192.0)**	(202.2)	(36.2)	**(238.4)**
(Loss)/profit after tax from discontinuing operations	**0.2**	0.1	**0.1**	(1.1)	1.7	**0.6**
(Loss) for the period	**(172.4)**	19.5	**(191.9)**	(203.3)	(34.5)	**(237.8)**
Basic EPS (p)						
– From continuing operations before adjusting items	**(12.0)**		**(15.0)**	(5.2)		**(11.0)**
– Attributable to shareholders	**(16.9)**		**(18.8)**	(22.7)		**(26.5)**
Depreciation & amortisation	**558.6**		**152.8**	150.8		**649.2**
Adjusted EBITDA(1)	**528.6**		**5.4**	137.4		**694.5**

1. Adjusting items relate to income and costs arising specifically from the impact of COVID-19
2. Overheads for H1 2021 include COVID-19 and other non-recurring items of £17.8m (H1 2020: £15.6m)

Adjusting items

With the pace of recovery from COVID-19 coming through slower than originally anticipated, the Group continued to take measures to build greater resilience into the business and future proof it for the long-term structural growth opportunity. These actions, together with the impact of the prolonged uncertainty caused directly by COVID-19, have resulted in further charges in the first half. These adjusting items totalled £49.6m (H1 2020: £136.1m), £32.4m of which are non-cash items. On a pre-IFRS 16 basis, these adjusting items totalled £39.2m (H1 2020: £155.8m), £22.0m of which are non-cash items. These adjusting items primarily reflect network rationalisation, Group restructuring costs and provision for expected credit losses.

Network rationalisation

The increased COVID-19 related rationalisation of the network is nearing the final stages. During the first half, further marginal centres were eliminated from the network. This led to a charge of £66.3m (H1 2020: £7.8m) which was partially offset by a £34.0m reversal of impairment of property, plant and equipment (H1 2020: impairment of £107.0m). Under pre-IFRS 16 reporting, COVID-19 related rationalisation of the network led to a charge of £30.0m, which was mitigated by utilising £20.6m out of the previously established provision, resulted in a net charge of £9.4m (H1 2020: £134.5m).

Restructuring costs

A charge of £17.4m (H1 2020: £4.9m) is included within adjusting items to cover legal and other professional costs, including costs associated with the significant number of individual centre renegotiations.

Provision for expected credit losses

The prolonged impact of COVID-19, including continuing lockdown restrictions and concerns over new variants of the virus in some markets has continued to present an unprecedented challenge to many of our customers who may struggle to navigate through these challenges. In light of this, the Group reviewed the recoverability of its debtor profile and booked an increase of £12.6m (H1 2020: £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 event of non-performance of customer contracts.

Other one-off items

During the period, the Group incurred £0.4m of transaction costs in respect of master franchise agreements that did not complete due to COVID-19 (H1 2020: £5.8m). In addition, during the period, the Group received a total of £0.6m (H1 2020: £3.7m) in respect of worldwide financial support schemes to fund employee costs and released excess closure related provisions of £12.5m (H1 2020: £nil).

Revenue

Total Group revenue decreased 15.3% at constant currency from £1,321.3m to £1,066.6m. Reflecting the global nature of the pandemic, revenues came under pressure across all four regions. More encouraging is the 2.5% constant currency improvement in Q2 revenue compared to Q1 revenue for the Group. Revenue increased sequentially in Q2 in all regions apart from the Americas where Q2 revenue was just 1.1% lower than Q1.

Open centre revenue declined 10.4% to £1,055.2m (H1 2020: £1,236.2m). Again, the performance in Q2 was much stronger with a year-on-year constant currency decline of 4.0%, with positive improvements in Asia Pacific and EMEA of 7.0% and 4.4% respectively at constant currency. Revenue in Q2 was 3.4% higher at constant currency than the revenue in Q1, with EMEA, Asia Pacific and the UK all contributing. This is an encouraging indicator for future revenue performance as it is not impacted by the network rationalisation programme.

The inflection in our performance during the first half is clear in the pre-2020 revenue performance, a true like-for-like barometer of our business. Revenue for the six months to 30 June 2021 was down 15.0% at constant currency to £992.0m (H1 2020: £1,224.7m) but the Q2 year-on-year decline was 9.2%. Second quarter revenues were 1.5% higher than those in the first quarter. Overall, pre-2020 occupancy was 68.4% (H1 2020: 75.3%). Second quarter occupancy improved 120bps over the first quarter, with all four regions recording improved occupancy. The June 2021 occupancy exit rate was 69.5%.

Gross (loss)/profit (before adjusting items)

The adjusted gross profit reported for the period was £99.6m, which compares to £193.2m in the first half of 2020.

Under pre-IFRS 16 reporting, the adjusted gross loss for the period was £15.1m compared to a profit of £143.9m in the corresponding period in 2020. This loss reflects the reduction in the contribution from the pre-2020 centres and a greater drag from the new centres.

£m	**Pre-2020 centres H1 2021**	**New Centres H1 2021**	**Closed Centres H1 2021**	**Total Centres H1 2021**
Revenue	**992.0**	**63.2**	**11.4**	**1,066.6**
Cost of sales	**(885.2)**	**(70.3)**	**(11.4)**	**(967.0)**
Gross profit/(loss) (centre contribution)	**106.8**	**(7.1)**	**(0.0)**	**99.6**
Gross margin	**10.8%**			**6.4%**
Cost of sales(7)	**(925.4)**	**(120.1)**	**(36.2)**	**(1,081.7)**
Gross profit/(loss) (centre contribution)(7)	**66.6**	**(56.9)**	**(24.8)**	**(15.1)**
Gross margin(7)	**6.7%**			**(1.4)%**

£m	Pre-2020 centres H1 2020	New Centres H1 2020	Closed Centres H1 2020	Total Centres H1 2020
Revenue	1,224.7	11.5	85.1	1,321.3
Cost of sales	(998.0)	(23.5)	(106.6)	(1,128.1)
Gross profit/(loss) (centre contribution)	226.7	(12.0)	(21.5)	193.2
Gross margin	18.5%			14.6%
Cost of sales(7)	(1,043.3)	(21.8)	(112.3)	(1,177.4)
Gross profit/(loss) (centre contribution) (7)	181.4	(10.3)	(27.2)	143.9
Gross margin	14.8%			10.9%

(7) Results presented in accordance with pre-IFRS 16 accounting standards and before adjusting items

EBITDA

Adjusted EBITDA, before COVID-19 related charges, declined from a profit of £694.5m to a profit of £528.6m for the six months to 30 June 2021 as rental costs under pre-IFRS 16 reporting are replaced by a depreciation charge on the right of use assets and finance costs arising on the lease liabilities, both of which are excluded from EBITDA. EBITDA including the adjusting items was £478.9m (H1 2020: £558.4m).

Although under pre-IFRS 16 reporting adjusted EBITDA declined to £5.4m (H1 2020: £137.4m), this represented a positive Q2 result reflecting the monthly improvement in occupancy and revenue. Adjusted EBITDA still reflects the significant drag from investment in growth of £25.5m (H1 2020: profit of £18.7m), and a further drag of £33.0m (H1 2020: £27.3m) from centres closed in the period. Pre-2020 adjusted EBITDA, which eliminates both these negative factors and therefore provides a better indication of underlying performance, was £63.8m (H1 2020: £145.6m).

Pre-IFRS 16 EBITDA including adjusting items was a loss of £33.8m (H1 2020: loss of £18.4m).

Overhead investment

Reported Group overheads, excluding adjusting items of £17.8m related to COVID-19, decreased 10.3% at constant currency to £129.2m (H1 2020: £149.0m). Under pre-IFRS 16 reporting, overheads before the £17.8m of adjusting items, reduced by 12.7% at constant currency to £131.7m (H1 2020: £156.7m). Personnel cost savings have been a significant contributor to this overhead improvement. As a percentage of revenue, overheads are 12.3%, which is just 40bps higher than in the corresponding period for 2020 despite the lower revenue level and continued investment in the business platform, the development of enterprise accounts and our pivot to a franchise and capital-light business model.

Operating loss – continuing operations

The adjusted operating loss reported was £30.2m (H1 2020: profit of £43.3m). Including the adjusting items, the operating loss was £79.8m compared to a loss of £92.8m in the first half of 2020.

Under pre-IFRS-16 reporting, the adjusted operating loss for the six months to 30 June 2021 was £147.4m (H1 2020: £13.7m loss). In addition to the impact of COVID-19 on the operating performance of the business, the interim operating loss continues to reflect the drag from new centres of £86.2m (H1 2020: £14.8m) as well as losses of £26.4m (H1 2020: £37.0m) from centres closed in the six months to 30 June 2021. Including the adjusting items of £39.2m, the operating loss was £186.6m (H1 2020: £169.5m loss).

Net finance

The Group has reported a net finance costs under IFRS 16 for the six months to 30 June 2021 of £82.9m (H1 2020: £144.5m). 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 unwind of the discounting. This interest cost is recognised within finance costs in the income statement as it unwinds.

Under pre-IFRS 16 reporting, the Group has reported a net finance income for the six months to 30 June 2021 of £3.2m, compared to a net finance cost of £6.7m for the corresponding period in 2020. Two factors have contributed to this positive net interest position. The most significant is the mark-to-market of the option element of the convertible bond. Primarily due to the lower share price during the period this has resulted in a gain of £14.3m. The second benefit was £3.2m of interest received on the unwinding of an unsuccessful investment transaction.

Excluding the mark-to-market of the convertible bond and the exceptional interest receipt on the unwinding of the aborted investment, the total net financial expense was £11.1m, on a pre-IFRS 16 basis.

Taxation

The reported effective interim tax rate for the six months to 30 June 2021 is (6.1)% (H1 2020: (0.5)% on continuing operations). The effective tax rate on continuing operations under pre-IFRS 16 reporting is (4.7)% (H1 2020: (14.8)%). Despite reporting a loss for the year, the Group has incurred a tax charge due to the continuing profitability of certain countries and entities within the overall Group.

Looking forward at factors that potentially influence the effective tax rate, we expect the full year current tax charge to be lower than in 2020, because of continuing challenging trading conditions arising from COVID-19 and the availability of tax losses arising in 2020.

Earnings per share

Reported basic earnings per share for the first half was a loss of 16.9p (H1 2020: (26.5)p). The loss per share from continuing operations before adjusting items was 12.0p (H1 2020: (11.0)p).

Under pre-IFRS 16 reporting, the loss per share improved to 18.8p (H1 2020: (22.7)p). The loss per share from continuing operations before adjusting items increased to 15.0p (H1 2020: 5.2p).

Diluted earnings per share under pre-IFRS 16 reporting for the first half was a loss of 16.9p (H1 2020: (26.5)p). Diluted earnings per share on a continuing basis before adjusting items for H1 2021 was a loss of 12.0p (H1 2020: (11.0)p).

The weighted average number of shares in issue for the first six months of the year was 1,007,043,055 (H1 2020: 897,228,291). The weighted average number of shares for diluted earnings per share was 1,104,176,078 (H1 2020: 914,334,296). No shares were acquired in the period to be held in treasury to satisfy future exercises under various Group long-term incentive schemes. The Group reissued 796,947 shares from treasury to satisfy such exercises during the first half. At 30 June 2021 49,880,333 shares were held as treasury shares.

Cash flow and funding

Reported cash flow in the first six months to 30 June 2021, the Group experienced a cash outflow of £230.0m before net investment in growth capital expenditure compared to a cash outflow of £89.4m for the same period in 2020. The primary reason for these outflows is the success the Group has had in completing more deals with landlords which triggered the release of rent payments in the first quarter, which had been accrued for at 31 December 2020. This negatively impacted working capital for the period.

Overall, the Group cash inflow for the period was £123.8m as the net growth capital expenditure was £61.9m (H1 2020: £76.8m) and the return from an aborted potential acquisition was £283.7m. Net debt at 30 June 2021 reduced to £6,785.8m from £6,909.6m at 31 December 2020.

On a pre-IFRS reporting basis, in the six months to 30 June 2021 the Group experienced a significant cash outflow of £303.0m before net investment in growth capital expenditure compared to a cash inflow of £125.4m for the corresponding period in 2020 for the reasons noted earlier.

On a pre-IFRS reporting basis, the overall Group cash outflow for the period was limited to £63.5m through the planned reduction in net growth capital expenditure to £46.9m (H1 2020: £116.2m) and the £283.7m return of cash from an unsuccessful potential acquisition. Net debt at 30 June 2021 on a pre-IFRS 16 basis therefore increased to £414.6m from £351.1m at 31 December 2020.

Cash flow

The table below reflects the Group's cash flow:

£m	**H1 2021** **(As reported)**	IFRS 16 Impact	**H1 2021** **(Pre-IFRS 16)**	H1 2020 (Pre-IFRS 16)	IFRS 16 Impact	H1 2020 (As reported) (Restated[8])
Adjusted EBITDA	**528.6**	523.2	**5.4**	137.4	557.1	694.5
Working capital	**(224.0)**	13.9	**(237.9)**	177.3	(151.8)	25.5
Growth-related partner contributions	**-**	29.3	**(29.3)**	(73.7)	73.7	-
Maintenance capital expenditure	**(45.8)**	6.3	**(52.1)**	(91.5)	10.8	(80.7)
Taxation	**(9.2)**	-	**(9.2)**	(8.7)	-	(8.7)
Finance costs	**(92.8)**	(87.9)	**(4.9)**	(7.6)	(133.2)	(140.8)
Finance lease liability arising on new leases	**(391.6)**	(391.6)	**-**	-	(639.0)	(639.0)
Proceeds from partner contributions (lease incentives)	**7.1**	7.1	**-**	-	67.1	67.1
Other items	**(2.3)**	(27.3)	**25.0**	(7.8)	0.5	(7.3)
Cash flow before growth capital expenditure, share repurchases and dividends	**(230.0)**	(73.0)	**(303.0)**	125.4	(214.8)	(89.4)
Gross growth capital expenditure	**(91.2)**	(15.0)	**(76.2)**	(189.9)	39.4	(150.5)
Growth-related partner contributions	**29.3**	-	**29.3**	73.7	-	73.7
Net growth capital expenditure[8]	**(61.9)**	(15.0)	**(46.9)**	(116.2)	39.4	(76.8)
Total net cash flow from operations	**(291.9)**	58.0	**(349.9)**	9.2	(175.4)	(166.2)
Purchase of shares	**-**	-	**-**	(43.7)	-	(43.7)
Dividend paid	**-**	-	**-**	-	-	-
Corporate financing activities	**0.1**	(0.7)	**0.8**	1.0	-	1.0
Investment related loan receivable acquired	**283.7**	-	**283.7**	-	-	-
Net proceeds from the issue of shares	-	-	-	313.9	-	313.9
Opening net debt	**(6,909.6)**	(6,558.5)	**(351.1)**	(294.1)	(6,546.0)	(6,840.1)
Exchange movement	**131.9**	130.0	**1.9**	(2.2)	(330.6)	(332.8)
Closing net debt	**(6,785.8)**	(6,371.3)	**(414.6)**	(15.9)	(7,052.0)	(7,067.9)

(8) *The comparative reported information has been restated to reflect the impact of interest charges on lease liabilities and partner contributions.*

Capital investment in the network

Consistent with our strategy of delivering more capital-light growth we have added over 90% of the space we did in H1 2020 but at approximately 40% of the net investment made in the same period on a pre-IFRS 16 basis. During the period, we added 84 new locations and 2.6m sq. ft. of additional gross space to our global network. This represents an approximate 4% increase in gross space compared to the Group's footprint at 31 December 2020. The net growth capital expenditure in the six months to 30 June 2021 was £46.9m, net of partner contributions (H1 2020: £116.2m).

In the six months to 30 June 2021, we rationalised 76 centres and approximately 1.4m sq. ft. of gross space.

At 30 June 2021, the group's physical network comprised 3,321 locations and 64.1m sq. ft. of gross space.

As with growth capital expenditure, reducing maintenance capital expenditure was a decisive action taken to mitigate the impact of COVID-19. Gross maintenance capital expenditure reported in the first half reduced to £45.8m (H1 2020: £80.7m). Under pre-IFRS 16 basis it reduced to £52.1m (H1 2020: £91.5m). After partner contributions received, net maintenance capital expenditure was £45.8m (H1 2020: £80.7m) on a pre-IFRS 16 basis.

Strong financial position

Reported net debt has decreased to £6,785.8m (H1 2020: £7,067.9m) due to the lease liabilities being recognised under IFRS 16.

On a pre-IFRS basis, the Group has maintained a strong financial position with net debt at 30 June 2021 of £414.6m (31 December 2020: £351.1m). The 30 June 2021 net debt position reflects the previously highlighted return of the £283.7m investment on an unsuccessful potential acquisition and the higher-than-normal cash outflows resulting from the completion of more deals with landlords, which triggered the release of previously deferred rent payments.

During the first half the Group proactively engaged with the lending banks in its £950m Revolving Credit Facility to structure the facility to provide maximum flexibility in the current environment. All twelve banks universally agreed new short-term covenant tests which are more aligned with the present market environment and which will allow the business to consider an increased number of attractive organic and inorganic opportunities to accelerate growth and development.

Cash plus the unused portion of the revolving credit facility at 30 June 2021 totalled £635.3m (H1 2020: £830.3m).

Foreign exchange

The Group's results are exposed to translation risk from the movement in currencies. During the first half of 2021 key individual exchange rates have moved, as shown in the table below. Overall, this provided a headwind, particularly in respect of the US dollar.

On pre-IFRS 16 reporting the overall impact of these exchange rate movements over the course of the first six months of the year decreased revenue and operating profit by £58.3m and £0.9m respectively. Gross profit increased by £1.1m due to regional mix.

Foreign exchange rates

	At 30 June			Half year average		
Per £ sterling	2021	2020	%	2021	2020	%
US dollar	**1.38**	1.23	12.2%	**1.39**	1.26	10.3%
Euro	**1.17**	1.10	6.4%	**1.15**	1.14	0.9%

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 2020 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 2021. Details of related party transactions that have taken place in the period can be found in note 15.

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 remain on hold with the intention of the earliest possible return to our progressive dividend policy.

Going Concern COVID-19 Update

The ongoing impact of COVID-19 on the global economy and the operating activities of many businesses continues to create a climate of considerable uncertainty. The ultimate impact of the pandemic on the Group remains 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. The Group continues to have options to further reduce operating costs and overheads to optimise cash flows and liquidity during the current environment.

Based on the strength of the Group's balance sheet and its available liquidity, the Group will continue to consider taking advantage of growth opportunities and strengthening the Group's global leadership position where and when appropriate. These include:

- Enhanced organic expansion possibilities arising from increased future demand from enterprise customers;
- 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.

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 2021.

Glyn Hughes
Chief Financial Officer
10 August 2021

Condensed Consolidated Financial Information

Interim consolidated income statement (unaudited)

£m	Notes	Six months ended 30 June 2021 Total	Six months ended 30 June 2020 (Restated) [1] Total
Revenue		**1,066.6**	1,321.3
Total costs of sales		**(979.6)**	(1,239.2)
Cost of sales		**(960.4)**	(1,128.1)
Adjusting items to cost of sales	5	**(53.2)**	(4.1)
Reversal/(loss) on impairment of property, plant and equipment	5	**34.0**	(107.0)
Expected credit losses on trade receivables		**(19.2)**	(9.4)
Gross profit (centre contribution)		**67.8**	72.7
Total selling, general and administration expenses		**(147.0)**	(164.6)
Selling, general and administration expenses		**(129.2)**	(149.0)
Adjusting items to selling, general and administration expenses	5	**(17.8)**	(15.6)
Share of loss of equity-accounted investees, net of tax		**(0.6)**	(0.9)
Operating loss		**(79.8)**	(92.8)
Finance expense	3	**(100.5)**	(144.8)
Finance income	3	**17.6**	0.3
Net finance expense		**(82.9)**	(144.5)
Loss before tax for the period from continuing operations		**(162.7)**	(237.3)
Income tax charge		**(9.9)**	(1.1)
Loss for the period from continuing operations		**(172.6)**	(238.4)
Profit after tax for the period from discontinued operations	4	**0.2**	0.6
Loss for the period		**(172.4)**	(237.8)
Attributable to equity shareholders of the Group		**(170.3)**	(237.8)
Attributable to non-controlling interests		**(2.1)**	–

(1) The comparative information has been restated to reflect the impact of discontinued operations (note 4).

Loss per ordinary share (EPS):	**Six months ended 30 June 2021**	Six months ended 30 June 2020 (Restated) [1]
Attributable to ordinary shareholders		
Basic (p)	**(16.9)**	(26.5)
Diluted (p)	**(16.9)**	(26.5)
From continuing operations		
Basic (p)	**(16.9)**	(26.6)
Diluted (p)	**(16.9)**	(26.6)

(1) The comparative information has been restated to reflect the impact of discontinued operations (note 4).

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

Interim consolidated statement of comprehensive income (unaudited)

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Loss for the period	**(172.4)**	(237.8)
Other comprehensive income/(loss) that is or may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges – effective portion of changes in fair value	**0.2**	–
Foreign exchange recycled to profit or loss from discontinued operations	–	–
Foreign currency translation differences for foreign operations	**(21.7)**	35.3
Items that are or may be reclassified to profit or loss in subsequent periods	**(21.5)**	35.3
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:	–	–
Re-measurement of defined benefit liability, net of income tax	–	–
Items that will never be reclassified to profit or loss in subsequent periods	–	–
Other comprehensive (loss)/income for the period, net of tax	**(21.5)**	35.3
Total comprehensive loss for the period, net of tax	**(193.9)**	(202.5)
Attributable to shareholders of the Group	**(191.8)**	(202.5)
Attributable to non-controlling interests	**(2.1)**	–

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

Interim consolidated statement of changes in equity (unaudited)

£m	Issued share capital	Share premium	Treasury shares	Foreign currency translation reserve	Hedging reserve	Other reserves[1]	Retained earnings	Total Equity attributable to equity shareholders	Non-controlling interests	Total Equity
Balance at 1 January 2020	**9.2**	**–**	**(116.9)**	**34.9**	**(0.2)**	**25.8**	**927.7**	**880.5**	–	**880.5**
Loss for the period	–	–	–	–	–	–	(237.8)	(237.8)	–	(237.8)
Other comprehensive income:										
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	–	–	–	–	–	–
Foreign exchange recycled to profit or loss from discontinued operations	–	–	–	–	–	–	–	–	–	–
Foreign currency translation differences for foreign operations	–	–	–	35.3	–	–	–	35.3	–	35.3
Other comprehensive income, net of tax	**–**	**–**	**–**	**35.3**	**–**	**–**	**–**	**35.3**	–	**35.3**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**35.3**	**–**	**–**	**(237.8)**	**(202.5)**	–	**(202.5)**
Transaction with owners of the Company										
Share-based payments	–	–	–	–	–	–	1.0	1.0	–	1.0
Ordinary dividend paid	–	–	–	–	–	–	–	–	–	–
Proceeds from exercise of share awards, net of costs	1.3	312.6	–	–	–	–	–	313.9	–	313.9
Purchase of shares	–	–	(43.7)	–	–	–	–	(43.7)	–	(43.7)
Proceeds from exercise of share awards	–	–	3.5	–	–	–	(2.6)	0.9	–	0.9
Total transactions with owners of the Company	**1.3**	**312.6**	**(40.2)**	**–**	**–**	**–**	**(1.6)**	**272.1**	**–**	**272.1**
Balance at 30 June 2020	**10.5**	**312.6**	**(157.1)**	**70.2**	**(0.2)**	**25.8**	**688.3**	**950.1**	–	**950.1**
Balance at 1 January 2021	**10.5**	**312.6**	**(154.1)**	**36.2**	**(0.2)**	**25.8**	**283.0**	**513.8**	–	**513.8**
Loss for the period	–	–	–	–	–	–	**(170.3)**	**(170.3)**	**(2.1)**	**(172.4)**
Other comprehensive income:										
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	**0.2**	–	–	**0.2**	–	**0.2**
Foreign exchange recycled to profit or loss from discontinued operations	–	–	–	–	–	–	–	–	–	–
Foreign currency translation differences for foreign operations	–	–	–	**(21.7)**	–	–	–	**(21.7)**	–	**(21.7)**
Other comprehensive (loss)/income, net of tax	–	–	–	**(21.7)**	**0.2**	–	–	**(21.5)**	–	**(21.5)**
Total comprehensive (loss)/income for the period	–	–	–	**(21.7)**	**0.2**	–	**(170.3)**	**(191.8)**	**(2.1)**	**(193.9)**
Transaction with owners of the Company										
Share-based payments	–	–	–	–	–	–	**2.1**	**2.1**	–	**2.1**
Ordinary dividend paid	–	–	–	–	–	–	–	–	–	–
Purchase of shares	–	–	–	–	–	–	–	–	–	–
Proceeds from exercise of share awards	–	–	**2.6**	–	–	–	**(1.8)**	**0.8**	–	**0.8**
Total contributions and distributions	–	–	**2.6**	–	–	–	**0.3**	**2.9**	–	**2.9**
Acquisition of subsidiary with Non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13.5**	**13.5**
Total transactions with owners of the Company	**–**	**–**	**2.6**	**–**	**–**	**–**	**0.3**	**2.9**	**13.5**	**16.4**
Balance at 30 June 2021	**10.5**	**312.6**	**(151.5)**	**14.5**	–	**25.8**	**113.0**	**324.9**	**11.4**	**336.3**

(1) Other reserves include £10.5m for the restatement of the assets and liabilities of the UK associate, from historic to fair value at the time of the acquisition of the outstanding 58% interest on 19 April 2006, £37.9m arising from the Scheme of Arrangement undertaken on 14 October 2008, £6.5m relating to merger reserves and £0.1m to the redemption of preference shares partly offset by £29.2m arising from the Scheme of Arrangement undertaken in 2003.

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 2021 (unaudited)	As at 31 December 2020 (1)
Non-current assets			
Goodwill	7	**691.7**	695.5
Other intangible assets	7	**65.9**	53.3
Property, plant and equipment	8	**6,617.8**	6,855.9
Right-of-use asset	8	**5,480.6**	5,646.9
Other property, plant and equipment	8	**1,137.2**	1,209.0
Deferred tax assets	9	**188.6**	188.2
Other long-term receivables		**52.4**	55.0
Investments in joint ventures		**10.8**	11.3
Other investments		**0.4**	–
Total non-current assets		**7,627.6**	7,859.2
Current assets			
Inventory		**1.2**	1.3
Trade and other receivables(2)		**687.8**	1,003.7
Corporation tax receivable		**31.0**	29.1
Cash and cash equivalents	10	**90.9**	71.0
Total current assets		**810.9**	1,105.1
Total assets		**8,438.5**	8,964.3
Current liabilities			
Trade and other payables		**426.9**	584.0
Customer deposits		**386.7**	423.6
Deferred income		**307.3**	328.9
Corporation tax payable		**43.3**	40.0
Bank and other loans	10	**20.5**	21.9
Lease liabilities	10	**926.3**	1,019.6
Provisions		**5.6**	17.5
Total current liabilities		**2,116.6**	2,435.5
Non-current liabilities			
Other long-term payables		**5.2**	5.9
Deferred tax liability		**0.2**	0.2
Bank and other loans	10	**485.0**	400.2
Lease liabilities	10	**5,444.9**	5,538.9
Derivative financial liabilities	11	**35.1**	49.6
Provisions		**8.4**	13.5
Provision for deficit on joint ventures		**4.7**	4.6
Retirement benefit obligations		**2.1**	2.1
Total non-current liabilities		**5,985.6**	6,015.0
Total liabilities		**8,102.2**	8,450.5
Total equity			
Issued share capital	12	**10.5**	10.5
Issued share premium		**312.6**	312.6
Treasury shares		**(151.5)**	(154.1)
Foreign currency translation reserve		**14.5**	36.2
Hedging reserve		**–**	(0.2)
Other reserves		**25.8**	25.8
Retained earnings		**113.0**	283.0
Total shareholder's equity		**324.9**	513.8
Non-controlling interests		**11.4**	–
Total equity		**336.3**	513.8
Total equity and liabilities		**8,438.5**	8,964.3

(1) Based on the audited financial statements for the year ended 31 December 2020.

(2) Included in other receivables at 31 December 2020 was a mezzanine and senior debt recognised at amortised cost of £276.2m. This receivable balance was fully repaid to the Group in February 2021.

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 2021	Six months ended 30 June 2020 (Restated) [1]
Operating activities			
Loss for the period from continuing operations		**(172.6)**	(238.4)
Adjustments for:			
Profit from discontinued operations	4	**0.2**	0.6
Net finance expense	3	**82.9**	144.5
Share of loss on equity-accounted investees, net of income tax		**0.6**	0.9
Depreciation charge - Other property, plant and equipment	8	**101.4**	118.7
Depreciation charge - Right-of-use assets	8	**451.2**	525.7
Impairment of goodwill	7	–	4.9
Loss on disposal of property, plant and equipment	8	**55.2**	19.5
Profit on disposal of right-of-use assets and related leases liabilities		**(26.5)**	(2.3)
Profit on sale of other current assets[2]		**(1.4)**	–
Loss on impairment of property, plant and equipment	8	**6.8**	27.8
Loss on impairment of right-of-use assets	8	**3.5**	79.2
Amortisation of intangible assets		**6.0**	4.1
Tax expenses		**9.9**	1.1
Expected credit losses on trade receivables		**19.2**	9.4
(Decrease)/increase in provisions		**(18.4)**	2.1
Unrealised loss on fair value financial derivative instruments		–	–
Share-based payments		**2.1**	1.0
Other non-cash movements		**6.5**	(11.8)
Operating cash flows before movements in working capital		**526.6**	687.0
Proceeds from partner contributions (reimbursement of costs)	8	**4.1**	30.0
Decrease/(increase)in trade and other receivables		**15.6**	(50.3)
(Decrease)/increase in trade and other payables		**(237.4)**	37.3
Cash generated from operations		**308.9**	704.0
Interest paid and similar charges on bank loans and corporate borrowings		**(8.2)**	(7.8)
Interest paid on lease liabilities		**(87.9)**	(133.2)
Tax paid		**(9.2)**	(8.6)
Net cash inflows from operating activities		**203.6**	554.4
Investing activities			
Purchase of property, plant and equipment	8	**(107.6)**	(151.3)
Purchase of subsidiary undertakings (net of cash acquired)	16	**6.5**	(0.6)
Purchase of intangible assets		**(12.9)**	(5.6)
Purchase of joint ventures		**(0.3)**	–
Proceeds on the sale of discontinued operations, net of cash disposed of	4	–	(0.5)
Proceeds on sale of property, plant and equipment	8	**0.1**	8.2
Proceeds on sale of other current assets[2]		**283.7**	–
Interest received	3	**3.3**	0.3
Net cash inflows/(outflows) from investing activities		**172.8**	(149.5)
Financing activities			
Proceeds from issue of loans	10	**561.0**	420.1
Repayment of loans	10	**(484.0)**	(406.9)
Payment of lease liabilities	10	**(441.4)**	(463.2)
Proceeds from partners contributions (lease incentives)		**7.1**	67.1
Proceeds from issue of ordinary shares, net of costs	12	–	313.9
Purchase of treasury shares		–	(43.7)
Proceeds from exercise of share awards		**0.8**	0.9
Net cash outflows from financing activities		**(356.5)**	(111.8)
Net increase in cash and cash equivalents	10	**19.9**	293.1
Cash and cash equivalents at beginning of the period	10	**71.0**	66.6
Effect of exchange rate fluctuations on cash held	10	–	3.0
Cash and cash equivalents at end of the period	10	**90.9**	362.7

(1) The comparative information has been restated to reflect the impact of discontinued operations (note 4), interest charges on lease liabilities and partner contributions (note 1).

(2) Included in other receivables at 31 December 2020 was mezzanine and senior debt recognised at amortised cost of £276.2m. This receivable balance was fully repaid to the Group in February 2021, in addition to associated costs reimbursements, resulting in an additional £1.4m gain on settlement.

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 2021 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 2020;
- was prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority;
- comprises the Company and its subsidiaries (the "Group") and the Group's interests in jointly controlled entities;
- does not constitute statutory accounts as defined in Companies (Jersey) Law 1991. A copy of the statutory accounts for the year ended 31 December 2020 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 10 August 2021.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements. The Consolidated Statement of Cash Flows as of 30 June 2020 has been restated, whereby the Group previously disclosed:

- Interest charges on lease liabilities of £133.2m within the 'payment of lease liabilities' balance (£597.0m) within financing activities.
- Partner contributions of £97.1m offset within 'Increase in trade and other payables' for reimbursements for landlord assets (£30.0m) and 'Payment for lease liabilities' for lease incentives (£67.1m).

Having considered feedback from the Financial Reporting Council, as disclosed in the 2020 Annual Report and Accounts, the Group revisited these classifications and determined that:

- Cash flows related to lease interest payments (£133.2m for the period ended 30 June 2020) are material and should be disclosed separately as operating cashflows, consistent with the treatment of other interest payments. The 'payment of lease liabilities' balance at 30 June 2020 has been adjusted accordingly.
- Cash flows related to partner contributions (both reimbursements and lease incentives) are material and should be disclosed separately with contributions received for reimbursements (£30.0m for the period ended 30 June 2020) as operating cashflows and contributions received as for lease incentives (£67.1m for the period ended 30 June 2020) as financing cash flows, with 'movement in trade and other payables' and 'payment of lease liabilities' restated for these changes respectively.

The basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2020 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 2021, 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 2021:

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The above has not had a significant impact on the Group.

The following new or amended standards and interpretations that are mandatory for 2022 annual periods (and future years) are not expected to have a material impact on the Company:

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework - Amendments to IFRS 3	1 January 2022
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023

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 period, 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 2020.

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 2020 Annual Report.

Going concern

The ongoing impact of COVID-19 on the global economy and the operating activities of many businesses continues to facilitate a climate of considerable uncertainty. The ultimate impact of the pandemic on the Group remains uncertain at the date of signing these financial statements.

The Group reported a loss after tax of £172.6m from continuing operations for the period. This result includes a significant amount of non-cash related charges. Net cash of £203.6m was generated from operations during the year. Although the Group's balance sheet at 30 June 2021 reports a net current liability position of £1,305.7m the Directors do not consider that this gives rise to a liquidity risk. A large portion of the net current liabilities comprise non-cash liabilities such as deferred income which will be recognised through future periods in the income statement. The Group also holds customer deposits which are spread across a large number of customers with no deposit for any individual customer being material. Excluding deferred income and short-term lease liabilities, the Group had net current liabilities of £72.1m at 30 June 2021.

The Group maintains a 12-month rolling forecast and a three-year strategic outlook. It also monitors the covenants in its facilities to manage the risk of breach. The Group expects to remain within covenants throughout the forecast period. 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), mitigating actions to reduce operating costs and optimise cash flows during the ongoing global restrictions, the liquidity of the Group and funding available under the Group's £950.0m Revolving Credit Facility. £544.4m was available and undrawn at 30 June 2021.

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 the suspension of future dividend payments and 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.

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.

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

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 2021.

Contractual obligations

During 2021 the Group conducted a review of its customer deposits for inactive customer accounts. Based on this review, the Group has released the financial liabilities in respect of such deposits where the obligation qualifies for derecognition. The effect of these changes was an increase in operating profit of £21.9m in 2021.

The group conducted a review of the expected credit risk associated with accounts receivable balances during 2021. This review was performed in response to changing commercial circumstances, with the Group recognising an increase in the expected credit losses of £6.1m.

Note 2: Segmental analysis

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. An operating segment's results are reviewed regularly by the chief operating decision-maker (the Board of Directors of the Group) on a pre-IFRS 16 basis to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The business is run on a worldwide basis but managed through four principal geographical segments (the Group's operating segments): the Americas; EMEA (Europe, Middle East and Africa); Asia Pacific; and the United Kingdom. These geographical segments exclude the Group's non-trading, holding and corporate management companies, which are included in the "Other" segment. 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 2020.

Six months ended	**Americas**		**EMEA**		**Asia Pacific**		**United Kingdom**		**Other**		**Total**	
30 June	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
£m		Restated(5)		Restated(5)		Restated(5)		Restated(5)		Restated(5)		Restated(5)
Revenues from external customers **(1)**	**419.7**	584.1	**336.8**	366.7	**140.7**	162.9	**166.7**	204.6	**2.7**	3.0	**1,066.6**	1,321.3
Mature (2)	**397.0**	549.5	**308.3**	338.1	**131.1**	147.0	**152.9**	187.1	**2.7**	3.0	**992.0**	1,224.7
2020 Expansions (2)	**9.0**	3.7	**20.8**	5.4	**7.3**	0.8	**9.7**	1.6	**–**	–	**46.8**	11.5
2021 Expansions (2)	**9.7**	–	**5.7**	–	**0.7**	–	**0.3**	–	**–**	–	**16.4**	–
Closures (2)	**4.0**	30.9	**2.0**	23.2	**1.6**	15.1	**3.8**	15.9	**–**	–	**11.4**	85.1
Gross (loss)/profit (centre contribution)	**(23.6)**	(30.8)	**0.3**	34.1	**8.4**	7.5	**(24.2)**	(12.8)	**2.6**	5.7	**(36.5)**	3.7
Share of loss of equity-accounted investees	**–**	–	**–**	(0.1)	**–**	(0.1)	**(0.6)**	(0.7)	**–**	–	**(0.6)**	(0.9)
Operating loss	**(69.3)**	(70.2)	**(31.4)**	(7.6)	**(3.4)**	(9.3)	**(34.4)**	(30.6)	**(48.1)**	(51.8)	**(186.6)**	(169.5)
Finance expense		–		–		–		–		–	**(14.4)**	(7.0)
Finance income		–		–		–		–		–	**17.6**	0.3
Loss before tax for the period from continuing operations											**(183.4)**	(176.2)
Depreciation and amortisation	**72.4**	79.6	**33.5**	29.5	**15.9**	16.6	**22.7**	19.9	**8.3**	5.1	**152.8**	150.7
Impairment of assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Assets(3)	**3,326.5**	4,029.4	**2,535.3**	2,621.2	**632.7**	775.7	**1,518.4**	1,765.6	**425.6**	549.4	**8,438.5**	9,741.3
Liabilities(3)	**(3,203.0)**	(3,697.0)	**(2,379.8)**	(2,427.4)	**(640.0)**	(731.1)	**(1,346.7)**	(1,536.7)	**(532.7)**	(399.0)	**(8,102.2)**	(8,791.2)
Net assets / (liabilities)	**123.5**	332.4	**155.5**	193.8	**(7.3)**	44.6	**171.7**	228.9	**(107.1)**	150.4	**336.3**	950.1
Non-current asset additions (3)(4)	**23.0**	128.1	**106.6**	301.0	**28.3**	52.9	**11.3**	94.5	**24.6**	62.9	**193.8**	639.4

(1) Excludes revenue from discontinued operations.

(2) Revenue has been disaggregated to reflect the basis on which it is reported to the chief operating decision-maker.

(3) Presents on a basis consistent with IFRS 16.

(4) Excluding deferred taxation.

(5) The comparative information has been restated to reflect the impact of discontinued operations and presentation of the reported segment profit or loss on a pre-IFRS 16 basis, as adopted in 2020.

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

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

Continuing operations	Americas		EMEA		Asia Pacific		United Kingdom		Other		Total	
	2021 £m	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m
Gross (loss)/profit (centre contribution)	**(23.6)**	(30.8)	**0.3**	34.1	**8.4**	7.5	**(24.2)**	(12.8)	**2.6**	5.7	**(36.5)**	3.7
Rent	**212.6**	236.8	**157.5**	149.1	**67.8**	76.1	**77.0**	72.7	**1.6**	0.5	**516.5**	535.2
Depreciation of right-of-use assets/property, plant and equipment	**(153.4)**	(220.3)	**(138.6)**	(129.7)	**(54.6)**	(78.0)	**(56.7)**	(67.7)	**(1.7)**	(0.2)	**(405.0)**	(495.9)
Other	**(7.4)**	24.5	**2.5**	10.2	**(1.2)**	2.5	**(1.1)**	(0.9)	**–**	(6.6)	**(7.2)**	29.7
Gross profit/(loss) (centre contribution) - Reported	**28.2**	10.2	**21.7**	63.7	**20.4**	8.1	**(5.0)**	(8.7)	**2.5**	(0.6)	**67.8**	72.7

(1) The comparative information has been restated to reflect the impact of discontinued operations and presentation of the reported segment profit or loss on a pre-IFRS 16 basis, as adopted in 2020.

Continuing operations	Americas		EMEA		Asia Pacific		United Kingdom		Other		Total	
	2021 £m	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m
Operating (loss)/profit	**(69.3)**	(70.2)	**(31.4)**	(7.6)	**(3.4)**	(9.3)	**(34.4)**	(30.6)	**(48.1)**	(51.8)	**(186.6)**	(169.5)
Rent	**212.7**	236.8	**157.5**	149.1	**67.8**	76.1	**79.8**	82.9	**2.0**	1.3	**519.8**	546.2
Depreciation of right-of-use assets/property, plant and equipment	**(153.4)**	(220.3)	**(138.6)**	(129.7)	**(54.6)**	(78.0)	**(57.0)**	(68.2)	**(2.2)**	(1.5)	**(405.8)**	(497.7)
Other	**(7.5)**	24.5	**2.3**	10.0	**(1.3)**	2.3	**(0.9)**	(0.8)	**0.2**	(7.8)	**(7.2)**	28.2
Operating (loss)/profit - Reported	**(17.5)**	(29.2)	**(10.2)**	21.8	**8.5**	(8.9)	**(12.5)**	(16.7)	**(48.1)**	(59.8)	**(79.8)**	(92.8)

(1) The comparative information has been restated to reflect the impact of discontinued operations and presentation of the reported segment profit or loss on a pre-IFRS 16 basis, as adopted in 2020.

Continuing operations	Americas		EMEA		Asia Pacific		United Kingdom		Other		Total	
	2021 £m	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m
Depreciation and amortisation	**72.4**	79.6	**33.5**	29.5	**15.9**	16.6	**22.7**	19.9	**8.3**	5.1	**152.8**	150.7
Depreciation of right-of-use assets/property, plant and equipment	**153.4**	220.3	**138.6**	129.7	**54.6**	78.0	**57.0**	68.2	**2.2**	1.5	**405.8**	497.7
Depreciation and amortisation - Reported	**225.8**	299.9	**172.1**	159.2	**70.5**	94.6	**79.7**	88.1	**10.5**	6.6	**558.6**	648.4

(1) The comparative information has been restated to reflect the impact of discontinued operations and presentation of the reported segment profit or loss on a pre-IFRS 16 basis, as adopted in 2020.

Continuing operations	Americas		EMEA		Asia Pacific		United Kingdom		Other		Total	
	2021 £m	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m	**2021 £m**	2020 Restated(1) £m
Impairment of assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Impairment of right-of-use assets/property, plant and equipment	**(12.9)**	83.9	**10.6**	8.2	**0.3**	2.9	**12.3**	12.0	**–**	–	**10.3**	107.0
Impairment of assets - Reported	**(12.9)**	83.9	**10.6**	8.2	**0.3**	2.9	**12.3**	12.0	**–**	–	**10.3**	107.0

(1) The comparative information has been restated to reflect the impact of discontinued operations and presentation of the reported segment profit or loss on a pre-IFRS 16 basis, as adopted in 2020.

Note 3: Net finance expense

£m	Six months ended 30 June 2021	Six months ended 30 June 2020 (Restated) [1]
Interest payable and similar charges on bank loans and corporate borrowings	**(9.1)**	(6.7)
Interest payable on finance lease liabilities	**(87.9)**	(133.2)
Total interest expense	**(97.0)**	(139.9)
Other finance income/(costs) (including foreign exchange)	**(3.5)**	(4.8)
Unwinding of discount rates	–	(0.1)
Total finance expense	**(100.5)**	(144.8)
Total interest income	**3.3**	0.3
Unwinding of discount rates	–	–
Financial liabilities measured at FVTPL	**14.3**	–
Total finance income	**17.6**	0.3
Net finance expense	**(82.9)**	(144.5)

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

Note 4: Discontinued operations

During the period, the Group completed the sale of the business and assets of Davao Felcris Centre, Inc. in Philippines, which resulted in a gain of £0.2m.

£m	Six months ended 30 June 2021	Six months ended 30 June 2020
Revenue	–	2.0
Expenses[1]	–	(0.9)
Profit before tax for the period	–	1.1
Income tax expense / (credit)	–	–
Profit after tax for the period	–	1.1
Gain/(loss) on sale of discontinued operations	0.2	(0.5)
Profit for the period, net of tax	**0.2**	0.6

The assets and liabilities of these operations at their respective dates of disposal were as follows:

£m	30 June 2021	30 June 2020
Total assets	1.3	–
Total liabilities	(0.8)	–
Net assets	**0.5**	–
Costs directly associated with the disposal	–	–
Foreign exchange recycled to profit and loss	–	–
	0.5	–
Consideration on disposal (net of cash and debt) [2]	0.7	(0.5)
Gain/(loss) on sale of discontinued operations	**0.2**	(0.5)

(1) Includes £0.7m of depreciation and amortisation

(2) The consideration on disposal in 2021 is deferred in nature.

The net cash flows incurred by these operations are as follows:

£m	Six months ended 30 June 2021	Six months ended 30 June 2020
Operating	–	1.9
Investing	–	–
Financing	–	(1.7)
Net cash inflow	–	0.2

Note 5: COVID-19 related adjusting items

Following the declaration by the World Health Organisation of the COVID-19 pandemic (COVID-19) and subsequent global government restrictions in March 2020, the Group has been unable to operate at full capacity. Given the ongoing political and economic uncertainty resulting from COVID-19, the Group continues to expect to see significant volatility and business disruption, impacting expected performance in 2021 and potentially 2022.

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 £49.6m (2020: £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. For more details on the Group's accounting policies for adjusting items, refer to page 114 of the Annual Report and Accounts 2020.

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

£m	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Reversal of impairment)/Impairments of property, plant and equipment (including right-of-use assets) (1)	**(34.0)**	107.0
Impairments of goodwill (2)	–	4.9
Provision for expected credit losses (4)	**12.6**	9.4
Network rationalisation (1)	**66.3**	7.8
Other one-off items (3)	**4.7**	7.0
Total adjusting items	**49.6**	136.1

(1) Included as an adjusting item in cost of sales.

(2) Included as an adjusting item in selling, general and administration.

(3) Included as adjusting items in selling, general and administration except for £13.1m (2020: £3.7m) in respect of worldwide financial support schemes which is included in costs of sales.

(4) Included within the £19.2m of expected credit losses in cost of sales (2020: £9.4m).

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

  The continuation of COVID-19, including new and extended preventative measures in most of the Group's markets, continues to prolong the impact on our business in 2021. As a result of these measures, management continues to carry out a comprehensive review exercise for potential impairments across the whole portfolio at a cash-generating units (CGUs) level.

  The impairment review forms part of the Group's rationalisation process undertaken throughout the period due to the impact of COVID-19. This review compared the recoverable amounts of CGUs, based on management's assumptions regarding likely future trading performance, to the carrying values at 30 June 2021. Following this review, an additional charge of £67.7m (2020: charge of £107.0m) recognised, offset by a reversal of £101.7m due to renegotiation and/or improvement in performance. Of this release, £12.4m (2020: charge of £27.8m) was recorded against property, plant and equipment and a release of £21.6m (2020: charge of £79.2m) was recorded against right-of-use assets.

- ***Impairment of goodwill***

  COVID-19 and associated restrictions continue to impact our ability to trade our way to sustainable, profitable growth in certain markets. As a result, the projected cash flows for these markets continue to be evaluated to determine the carrying value of the CGUs, with no additional impairment taken as at 30 June 2021 (2020: impairment of £4.9m). Further detail on the Group's impairment analysis carried out as a result of COVID-19 is provided in note 7.

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

  The Group continues to review the recoverability of its trade and other receivables portfolio and booked an additional expected credit loss of £12.6m (2020: £9.4m). This increase reflects the greater likelihood of credit default by the Group's debtors directly attributable to the impact of COVID-19.

- ***Network rationalisation***

  £66.3m (2020: £7.8m) of charges were incurred relating to the rationalisation of 63 centres (2020: 32 centres) which arose directly as a result of COVID-19. A separate rationalisation charge for a further 13 centres (2020: 53 centres) has also been recorded which is not included as adjusting items.

- ***Other one-off items***

  During the period, the Group incurred £0.4m of transaction costs in respect of master franchise agreements that did not complete due to the outbreak of COVID-19 (2020: £5.8m). The Group fully expects to resume its pivot towards a franchising model in due course.

  Other charges of £17.4m (2020: £4.9m) were also incurred, arising from mitigating actions taken by the Group in respect of the COVID-19 crisis, offset by the release of excess closure related provisions of £12.5m (2020: £nil). In addition, during the period, the Group received a total of £0.6m (2020: £3.7m) in respect of worldwide financial support schemes to fund staff costs.

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 6: Dividends

Equity dividends on ordinary shares paid during the period:

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Final dividend for the year ended 31 December 2020: Nil pence per share (2019: Nil pence per share)	–	–

Due to the prolonged uncertainty caused by COVID-19, we believe it is prudent to protect our liquidity and as a result, no final dividend was declared in 2020, payable in 2021 (2020: £nil).

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 7: Goodwill and indefinite life intangible assets

As at 30 June 2021, the carrying value of the Group's goodwill and indefinite life intangible assets was £691.7m and £11.2m respectively (31 December 2020: £695.5m 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 potential indicators of impairment. Detailed impairment indicator reviews were performed on both the US and UK businesses, 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. There were no long-term indicators of impairment identified for the US and UK. There was no impairment recognised in the current period in respect of individually immaterial countries (2020: £4.9m) (refer to note 5).

Note 8: Property, plant and equipment

	Right-of-use assets (1) £m	Land and buildings £m	Leasehold improvements £m	Furniture and equipment £m	Computer hardware £m	Total £m
Cost						
At 1 January 2021	**9,529.9**	**149.9**	**1,521.0**	**775.0**	**129.0**	**12,104.8**
Additions	77.5	10.7	61.1	28.2	3.5	**181.0**
Modifications (2)	278.7	–	–	–	–	**278.7**
Acquisition of subsidiaries (Note 16)	68.3	–	12.3	7.1	0.5	**88.2**
Disposals (4) (5)	(304.9)	–	(78.7)	(13.7)	(1.3)	**(398.6)**
Exchange rate movements	(183.9)	–	(33.9)	(12.9)	(2.5)	**(233.2)**
At 30 June 2021	**9,465.6**	**160.6**	**1,481.8**	**783.7**	**129.2**	**12,020.9**
Accumulated depreciation						
At 1 January 2021	**3,883.0**	**8.7**	**835.5**	**420.8**	**100.9**	**5,248.9**
Charge for the period (3) (6)	451.2	1.3	66.9	28.7	4.5	**552.6**
Disposals (4) (5)	(270.6)	–	(29.4)	(8.7)	(0.9)	**(309.6)**
Impairment/ Reversal of impairment (7)	3.5	–	6.8	–	–	**10.3**
Exchange rate movements	(82.1)	(0.3)	(9.0)	(5.8)	(1.9)	**(99.1)**
At 30 June 2021	**3,985.0**	**9.7**	**870.8**	**435.0**	**102.6**	**5,403.1**
Net book value						
At 1 January 2021	**5,646.9**	**141.2**	**685.5**	**354.2**	**28.1**	**6,855.9**
At 30 June 2021	**5,480.6**	**150.9**	**611.0**	**348.7**	**26.6**	**6,617.8**

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

(2) Modifications includes lease modifications and extensions.

(3) Includes depreciation expenses related to discontinued operations for right-of-use assets of £nil and other property, plant and equipment of £nil.

(4) Included disposals related to discontinued operations for right-of-use assets of £0.1m and other property, plant and equipment of £0.6m.

(5) Disposals is net of £18.2m (2020: £nil) in respect of COVID related adjusting items previously provided for (Note 5).

(6) Depreciation is net of £25.3m (2020: £nil) in respect of COVID related adjusting items previously provided for (Note 5).

(7) The impairment of £10.3m includes an additional COVID related impairment of £67.7m (2020: £107.0m), offset by the reversal of £58.2m (2020: £nil) previously provided for (Note 5).

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 2020 Annual Report and Accounts.

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £80.3m (30 June 2020: £94.1m).

Impairment tests for property, plant and equipment (including right-of-use assets) are performed on a cash-generating unit basis when impairment triggers arise. Cash-generating units (CGUs) are defined as individual business centres, being the smallest identifiable group of assets that generate cash flows that are largely independent of other groups of assets. The Group assesses whether there is an indication that a CGU may be impaired, including persistent operating losses, net cash outflows and poor performance against forecasts. During the period, and as a direct result of the challenging economic circumstances arising from COVID-19, this gave rise to impairment tests in relation to various centres where impairment indicators were identified.

The recoverable amounts of property, plant & equipment are based on the higher of fair value less costs to sell and value in use. The Group considered both fair value less costs to dispose and value in use in the impairment testing on a centre by centre level. Impairment charges are recognised within cost of sales in the consolidated income statement. In 2021, the Group recorded impairment charges of £3.5m (2020: £79.2m) in respect of right-of-use assets and £6.8m (2020: £27.8m) in respect of leasehold improvements.

Note 9: Deferred tax assets

The Group's deferred tax assets arising on IFRS 16 have increased to £188.6m (31 December 2021: £188.2m).

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 2021 than it was at the 31 December 2020.

Note 10: Analysis of financial assets/(liabilities)

	Cash and cash equivalents £m	**Gross cash £m**	Debt due within one year £m	Debt due after one year[1] £m	Lease due within one year £m	Lease due after one year £m	**Gross Debt £m**	**Net financial assets/ (liabilities) £m**
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[(2)]	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)**
At 1 January 2021	71.0	**71.0**	(21.9)	(400.2)	(1,019.6)	(5,538.9)	**(6,980.6)**	**(6,909.6)**
Cash flow	19.9	**19.9**	1.9	(78.9)	85.5	443.8	**452.3**	**472.2**
Non-cash movements	–	–	(0.8)	(7.5)	(13.2)	(458.8)	**(480.3)**	**(480.3)**
Exchange rate movements	–	–	0.3	1.6	21.0	109.0	**131.9**	**131.9**
At 30 June 2021	90.9	**90.9**	(20.5)	(485.0)	(926.3)	(5,444.9)	**(6,876.7)**	**(6,785.8)**

(1) Includes £303.5 (2020: £Nil) convertible bond liability.

(2) Includes restated lease and debt cash flows of £0.6m and £0.3m relating to discontinued operations

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use (''Blocked Cash'') amounted to £5.8m at 30 June 2021 (31 December 2020: £4.1m).

Of this balance, £2.5m (31 December 2020: £1.6m) is pledged as security against outstanding bank guarantees and a further £3.3m (31 December 2020: £2.5m) is pledged against various other commitments of the Group.

Cash flows on lease liabilities consist of principal payments of £441.4m (2020: £463.8m) and interest payments of £87.9m (2020: £133.2m). Total cash outflows of £563.0m (2020: £618.4m) for leases, including variable payments of £33.7m (2020: £21.4m), were incurred in the period.

Non-cash movements of £472.0m (2020: £772.2m) represent the movements on lease liabilities in relation to new lease interest expense, leases, lease modifications/remeasurements and lease cessations.

Cash flows on debt due within, and after, one year relate to movements in the revolving credit facility and other borrowings. These net movements align with the activities reported in the cash flow statement after taking into consideration the £35.1m derivative liability recognised separately.

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

	30 June 2021	30 June 2020
Depreciation charge for right-of-use assets	**451.2**	525.7
Principal lease liability repayments	**441.4**	463.8
Interest expense on lease liabilities	**87.9**	133.2
Expense relating to short-term leases	**–**	–
Expense relating to leases of low-value assets that are not shown above as short-term leases	**–**	–
Expenses relating to variable lease payments not included in lease liabilities	**33.7**	21.4
Total cash outflow for leases comprising interest and capital payments	**(529.3)**	(597.0)
Additions to right-of-use assets	**77.5**	401.2
Gains/(losses) arising from sale and leaseback transactions	**–**	–
Income from sub-leasing right-of-use assets	**–**	–

Note 11: 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 2021		At 31 December 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**90.9**	**–**	71.0	–
Trade and other receivables	**545.7**	**–**	875.3	276.2
Other long-term receivables	**52.4**	**–**	55.0	–
Derivative financial liabilities	**(35.1)**	**(35.1)**	(49.6)	(49.6)
Convertible bond	**(303.5)**	**(303.5)**	(298.8)	(298.8)
Bank loans and corporate borrowings	**(171.5)**	**–**	(91.7)	–
Other loans	**(30.5)**	**–**	(31.6)	–
Trade and other payables	**(797.1)**	**–**	(1,007.6)	–
Other long-term payables	**(5.2)**	**–**	(4.1)	–
	(653.9)	**(338.6)**	(482.1)	(72.2)

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

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

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 2020.

While the Group continues to monitor liquidity risk on a basis consistent to the approach set out on page 135 of the 2020 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 2020 and suspending the share repurchase program. The Group also assessed the recoverability of trade receivables, with an increase in expected credit losses of £19.2 million recorded during the period (as at 30 June 2020: £9.4 million). See note 5 for further detail.

Although the Group has net current liabilities of £1,305.7m (31 December 2020: £1,330.4m), the Group does not consider that this gives rise to a liquidity risk. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred income which will be recognised in future periods through the income statement. The Group holds customer deposits of £386.7m (December 2020: £423.6m) which are spread across a large number of customers and no deposit held for an individual customer is material. Therefore, the Group does not believe the balance represents a liquidity risk. Excluding short-term lease liabilities and deferred income, the Group has net current liabilities of £72.1m at 30 June 2021 which will be managed through the Group's available resources (31 December 2020: net current assets of £18.1m).

The Group maintains a revolving credit facility provided by a group of international banks. The amount of the facility is £950.0 million with a final maturity of March 2025 and an option to extend until 2026. As at 30 June, £544.4m was available and undrawn under this facility (as at 30 June 2020: £467.6m).

The £950.0m revolving credit facility is subject to financial covenants. In April 2021 the Group agreed revised covenants for the period to June 2022 relating to EBITDA and liquidity headroom. The Group was in compliance with its covenants up to the date of the amendment of the covenants and is in compliance with the amended covenant requirements.

In December 2020 the Group issued a £350.0m convertible bond, which is due for repayment in 2027 if not previously converted into shares. If the conversion option is exercised by the holder of the option, the issuer has the choice to settle by cash or equity shares in the Group. The holders of the bond have the right to put the bonds back to the Group in 2025 at par. The bond carries a fixed coupon of 0.5% per annum. In accordance with IFRS, the bond liability is split between corporate borrowings (debt) and a derivative financial liability. At the date of issue, the £350.0m was bifurcated at £298.2m and £51.8m between corporate borrowings (debt) and a derivative financial liability respectively. At 30 June 2021, the debt was valued at its amortised cost, £303.5m (31 December 2020: £298.8m) and the derivative liability at its fair value, £35.1m (31 December 2020: £49.4m). A mark-to-market gain of £14.3m (2020: £nil), on the derivative liability, was recognised through finance income.

Note 12: 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 13: Share-based payment

During the period, the Group awarded 734,820 options (30 June 2020: 19,725,000) under the Share Option Plan, 959,015 share awards (30 June 2020: 915,739) under the Performance Share Plan and no share awards (30 June 2020: 264,277) under the Deferred Share Bonus Plan. During the period, a charge of £2.1m was recognized (2020: £1.0m).

Note 14: Bank guarantees and contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks, predominantly in support of leasehold contracts with a variety of landlords, amounting to £263.0m (31 December 2020: £143.9m). There are no material lawsuits pending against the Group.

Note 15: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group for the year ended 31 December 2020 has not changed.

	30 June 2021	31 December 2020
Management fees received from related parties	**1.2**	2.6

	30 June 2021	31 December 2020
Amounts owed by related party	**19.7**	17.6
Amounts owed to related party	**5.3**	4.3

As at 30 June 2021, no amounts due to the Group have been provided for (31 December 2020: £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 acquired goods and services from a company indirectly controlled by a director of the Group amounting to £4,926 (31 December 2020: £5,629).

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 2021.

Note 16: Acquisitions of subsidiaries and non-controlling interest

Current period acquisitions

During the six months ended 30 June 2021, the Group made three individually immaterial acquisitions for a total consideration of £27.3m.

£m	**Book value**	**Provisional fair value adjustments**	**Provisional fair value**
Net assets acquired			
Right-of-use assets	**68.3**	**–**	**68.3**
Other property, plant and equipment	**19.9**	**–**	**19.9**
Cash	**27.8**	**–**	**27.8**
Other current and non-current assets	**22.5**	**–**	**22.5**
Lease liabilities	**(77.0)**	**–**	**(77.0)**
Current liabilities	**(24.9)**	**–**	**(24.9)**
Non-current liabilities	**(2.3)**	**–**	**(2.3)**
Net assets acquired	**34.3**	**–**	**34.3**
NCI based on their proportionate interest in the recognised amounts of the assets and liabilities of 'The Wing'			**(13.5)**
Goodwill arising on acquisition			**6.5**
Total consideration			**27.3**
Less deferred consideration			**(6.0)**
Cash flow on acquisition			
Cash paid			**21.3**
Net cash inflow			**6.5**

The goodwill arising on the 2021 acquisitions reflects the anticipated future benefits IWG can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value-adding products and services. Of the above goodwill, £6.5m is expected to be deductible for tax purposes.

If the above acquisitions had occurred on 1 January 2021, the revenue and net retained loss arising from these acquisitions would have been £6.7m and £10.3m respectively. In the period, the equity acquisitions contributed revenue of £3.9m and net retained loss of £7.3m.

There was no contingent consideration arising on the 2021 acquisitions, nor was any contingent consideration paid during the current period with respect to milestones achieved on previous acquisitions. There are no contingent considerations held on the Group's balance sheet as at 30 June 2021.

These acquisitions include a 57% controlling interest acquired in a subsidiary, 'The Wing'. A non-controlling interest of 43% has been recognised on acquisition of the Company.

The acquisition costs associated with these transactions were £1.0m, recorded within administration expenses in the consolidated income statement.

For 2021's acquisitions, the fair value of assets acquired has only been provisionally assessed, pending completion of a fair value assessment which has not yet been completed due to the limited time available between the date of acquisitions and the year-end date. The main changes in the provisional fair values expected are primarily for customer relationships and plant, property and equipment. The final assessment of the fair value of these assets will be made within 12 months of the acquisition dates and any adjustments reported in future reports.

Prior 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. Acquisition accounting has been concluded on acquisitions completed before 30 June 2020 with no fair value adjustments recognised.

Note 17: Events after the balance sheet date

On 9 August 2021, the Group entered into a joint venture, with Hysan Development Company Limited, for the sale of 32 locations. The related strategic master franchise agreement grants the joint venture the exclusive right to operate all IWG brands in Hong Kong and the Greater Bay Area.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the half year ended 30 June 2021

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 2021 ("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	Glyn Hughes
Chief Executive Officer	Chief Financial Officer

10 August 2021

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 2021 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 2021 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.

Barrie O'Connell 10 August 2021

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 163 of the IWG plc 2020 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 centre contribution
Centre contribution excluding adjusting items

Adjusted EBITDA
EBITDA excluding adjusting items

Adjusted EPS
EPS excluding adjusting items

Adjusted operating profit
Operating profit 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.

EBIT
Earnings before interest and tax.

EBITDA
Earnings before interest, tax, depreciation and amortisation for the period

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.

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.

Mature business
Operations owned for a full 12-month period prior to the start of the current financial year and operated throughout the current financial year, which therefore have a full-year comparative.

Net debt
Operations cash and cash equivalents, adjusted for both short and long-term borrowings and lease liabilities.

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

Open centres
All centres excluding closures.

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-2020 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-2020 gross margin
Gross margin attributable to the Pre-2020 business.

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

Revenue development
Revenue development, on a continuing basis, for the last four years.

ROI
Return on investment.

TSR
Total shareholder return.

REVPOS
Revenue per occupied square feet.

Workstation occupancy
Occupied workstations divided by available workstations expressed as a percentage.

Pre-IFRS 16 PRO FORMA Statements

Interim consolidated income statement

The purpose of these unaudited pages is to provide a reconciliation from the 2021 interim financial results to the pro forma statements in accordance with the previous pre-IFRS 16 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 2021 As reported £m	Rent & finance costs £m	Depreciation £m	Other adjustments £m	Taxation £m	Period ended 30 June 2021 pre-IFRS 16 £m
Revenue	**1,066.6**	**–**	**–**	**–**	**–**	**1,066.6**
Total cost of sales	**(979.6)**	**(516.5)**	**405.0**	**7.2**	**–**	**(1,083.9)**
Cost of sales	**(960.4)**	**(516.5)**	**405.0**	**(3.2)**	**–**	**(1,075.1)**
Adjusting items to cost of sales	**(53.2)**	**–**	**–**	**44.4**	**–**	**(8.8)**
Loss on impairment of property, plant , equipment and right-of-use assets	**34.0**	**–**	**–**	**(34.0)**	**–**	**–**
Expected credit losses on trade receivables	**(19.2)**	**–**	**–**	**–**	**–**	**(19.2)**
Gross profit/(loss) (centre contribution)	**67.8**	**(516.5)**	**405.0**	**7.2**	**–**	**(36.5)**
Total selling, general and administration expenses	**(147.0)**	**(3.3)**	**0.8**	**–**	–	**(149.5)**
Selling, general and administration expenses	**(129.2)**	**(3.3)**	**0.8**	**–**	–	**(131.7)**
Adjusting items to selling, general and administration expenses	**(17.8)**	–	–	–	–	**(17.8)**
Share of loss of equity-accounted investees, net of tax	**(0.6)**	**–**	**–**	**–**	**–**	**(0.6)**
Operating loss	**(79.8)**	**(519.8)**	**405.8**	**7.2**	**–**	**(186.6)**
Finance expense	**(100.5)**	**87.9**	**–**	**(1.8)**	**–**	**(14.4)**
Finance income	**17.6**	**–**	**–**	**–**	**–**	**17.6**
Net finance expense	**(82.9)**	**87.9**	**–**	**(1.8)**	**–**	**3.2**
Loss before tax for the period from continuing operations	**(162.7)**	**(431.9)**	**405.8**	**5.4**	**–**	**(183.4)**
Income tax expense	**(9.9)**	**–**	**–**	**–**	**1.3**	**(8.6)**
Loss for the period from continuing operations	**(172.6)**	**(431.9)**	**405.8**	**5.4**	**1.3**	**(192.0)**
Profit after tax for the period from discontinuing operations	**0.2**	**(0.2)**	**–**	**0.1**	**–**	**0.1**
(Loss)/profit for the period	**(172.4)**	**(432.1)**	**405.8**	**5.5**	**1.3**	**(191.9)**
Attributable to equity shareholders of the Company	**(170.3)**	**(432.1)**	**405.8**	**5.5**	**1.3**	**(189.8)**
Attributable to non-controlling interests	**(2.1)**	**–**	–	–	–	**(2.1)**

Earnings per ordinary share (EPS):		
Attributable to ordinary shareholders		
Basic (p)	**(16.9)**	**(18.8)**
Diluted (p)	**(16.9)**	**(18.8)**
From continuing operations		
Basic (p)	**(16.9)**	**(18.9)**
Diluted (p)	**(16.9)**	**(18.9)**

Pro forma adjustments recognised

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

1. Right-of-use assets and related lease liabilities

These adjustments reflect the right-of-use assets recognised on transition, together with the related lease liabilities. The initial lease liabilities are 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 and finance costs

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

3. Depreciation and lease payments

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

4. Taxation

The underlying tax charge is impacted by the change in the profit before tax and deferred tax assets recognised.

5. Other adjustments

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

Interim consolidated balance sheet

	Period ended 30 June 2021 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 2021 pre-IFRS 16 £m
Non-current assets							
Goodwill	**691.7**	–	–	–	–	–	**691.7**
Other intangible assets	**65.9**	–	–	–	–	–	**65.9**
Property, plant and equipment	**6,617.8**	(5,932.9)	537.7	405.8	12.5	–	**1,640.9**
Right-of-use assets	**5,480.6**	(5,932.9)	–	451.2	1.1	–	**–**
Other property, plant and equipment	**1,137.2**	–	537.7	(45.4)	11.4	–	**1,640.9**
Deferred tax assets	**188.6**	–	–	–	–	(106.2)	**82.4**
Other long-term receivables	**52.4**	–	–	–	0.5	–	**52.9**
Investments in joint ventures	**10.8**	–	–	–	–	–	**10.8**
Other investments	**0.4**	–	–	–	–	–	**0.4**
Total non-current assets	**7,627.6**	(5,932.9)	537.7	405.8	13.0	(106.2)	**2,545.0**
Current assets							
Inventory	**1.2**	–	–	–	–	–	**1.2**
Trade and other receivables	**687.8**	–	125.1	–	–	–	**812.9**
Corporation tax receivable	**31.0**	–	–	–	–	–	**31.0**
Cash and cash equivalents	**90.9**	–	–	–	–	–	**90.9**
Total current assets	**810.9**	–	125.1	–	–	–	**936.0**
Total assets	**8,438.5**	(5,932.9)	662.8	405.8	13.0	(106.2)	**3,481.0**
Current liabilities							
Trade and other payables	**426.9**	–	394.0	–	–	–	**820.9**
Customer deposits	**386.7**	–	–	–	–	–	**386.7**
Deferred income	**307.3**	–	–	–	–	–	**307.3**
Corporation tax payable	**43.3**	–	–	–	–	(0.4)	**42.9**
Bank and other loans	**20.5**	–	–	–	–	–	**20.5**
Lease liabilities	**926.3**	(923.7)	(87.5)	84.9	–	–	**–**
Provisions	**5.6**	–	–	–	239.2	–	**244.8**
Total current liabilities	**2,116.6**	(923.7)	306.5	84.9	239.2	(0.4)	**1,823.1**
Non-current liabilities							
Other long-term payables	**5.2**	–	911.3	–	0.4	–	**916.9**
Deferred tax liability	**0.2**	–	–	–	–	(0.2)	**–**
Bank and other loans	**485.0**	–	–	–	–	–	**485.0**
Lease liabilities	**5,444.9**	(5,801.0)	(0.4)	356.5	–	–	**–**
Derivative financial assets	**35.1**	–	–	–	–	–	**35.1**
Provisions	**8.4**	–	–	–	2.1	–	**10.5**
Provision for deficit in joint ventures	**4.7**	–	–	–	–	–	**4.7**
Retirement benefit obligations	**2.1**	–	–	–	–	–	**2.1**
Total non-current liabilities	**5,985.6**	(5,801.0)	910.9	356.5	2.5	(0.2)	**1,454.3**
Total liabilities	**8,102.2**	(6,724.7)	1,217.4	441.4	241.7	(0.6)	**3,277.4**
Total equity							
Issued share capital	**10.5**	–	–	–	–	–	**10.5**
Issued share premium	**312.6**	–	–	–	–	–	**312.6**
Treasury shares	**(151.5)**	–	–	–	–	–	**(151.5)**
Foreign currency translation reserve	**14.5**	(21.3)	–	–	–	–	**(6.8)**
Hedging reserve	**–**	–	–	–	–	–	**–**
Other reserves	**25.8**	–	–	–	–	–	**25.8**
Retained earnings	**113.0**	813.1	(554.6)	(35.6)	(228.7)	(105.6)	**1.6**
Total shareholder's equity	**324.9**	791.8	(554.6)	(35.6)	(228.7)	(105.6)	**192.2**
Non-controlling interests	**11.4**	–	–	–	–	–	**11.4**
Total equity	**336.3**	791.8	(554.6)	(35.6)	(228.7)	(105.6)	**203.6**
Total equity and liabilities	**8,438.5**	(5,932.9)	662.8	405.8	13.0	(106.2)	**3,481.0**

Interim consolidated statement of cash flows

	Period ended 30 June 2021 As reported £m	Rent & finance costs £m	Depreciation & lease payments £m	Other adjustments £m	Period ended 30 June 2021 pre-IFRS 16 £m
Operating activities					
Loss for the period from continuing operations	**(172.6)**	**(431.9)**	**405.8**	**6.7**	**(192.0)**
Adjustments for:					
Profit from discontinued operations	**0.2**	(0.2)	–	0.1	0.1
Net finance expense	**82.9**	(87.9)	–	1.8	(3.2)
Share of loss on equity-accounted investees, net of income tax	**0.6**	–	–	–	0.6
Depreciation charge - Other property, plant and equipment	**101.4**	–	45.4	–	146.8
Depreciation charge - Right-of-use assets	**451.2**	–	(451.2)	–	–
Loss on disposal of property, plant and equipment	**55.2**	–	–	20.6	75.8
Profit on disposal of right-of-use assets and related leases liabilities	**(26.5)**	–	–	26.5	–
Profit on sale on current assets	**(1.4)**	–	–	–	(1.4)
Loss on impairment of property, plant and equipment	**6.8**	–	–	(6.8)	–
Loss on impairment of right-of-use assets	**3.5**	–	–	(3.5)	–
Amortisation of intangible assets	**6.0**	–	–	–	6.0
Tax expenses	**9.9**	–	–	(1.3)	8.6
Expected credit losses on trade receivables	**19.2**	–	–	–	19.2
(Decrease)/increase in provisions	**(18.4)**	–	–	(8.6)	(27.0)
Share-based payments	**2.1**	–	–	–	2.1
Unrealised loss on fair value financial derivative instruments	–	–	–	–	–
Other non-cash movements	**6.5**	–	–	(3.2)	3.3
Operating cash flows before movements in working capital	**526.6**	**(520.0)**	–	**32.3**	**38.9**
Proceeds from partner contributions (reimbursement of costs)	**4.1**	–	(4.1)	–	–
Decrease/(increase) in trade and other receivables	**15.6**	17.8	–	–	33.4
(Decrease)/increase in trade and other payables	**(237.4)**	428.6	(430.2)	(32.3)	(271.3)
Cash generated from operations	**308.9**	**(73.6)**	**(434.3)**	–	**(199.0)**
Interest paid and similar charges on bank loans and corporate borrowings	**(8.2)**	–	–	–	(8.2)
Interest paid on lease liability	**(87.9)**	87.9	–	–	–
Tax paid	**(9.2)**	–	–	–	(9.2)
Net cash inflows from operating activities	**203.6**	**14.3**	**(434.3)**	–	**(216.4)**
Investing activities					
Purchase of property, plant and equipment	**(107.6)**	(14.3)			(121.9)
Purchase of subsidiary undertakings (net of cash acquired)	**6.5**	–	–	–	6.5
Purchase of intangible assets	**(12.9)**	–	–	–	(12.9)
Purchase of joint ventures	**(0.3)**	–	–	–	(0.3)
Proceeds on the sale of discontinued operations, net of cash disposed of	–	–	–	–	–
Proceeds on sale of property, plant and equipment	**0.1**	–	–	–	0.1
Proceeds on sale of other current assets	**283.7**				283.7
Interest received	**3.3**	–	–	–	3.3
Net cash inflows / (outflows) from investing activities	**172.8**	**(14.3)**	–	–	**158.5**
Financing activities					
Proceeds from issue of loans	**561.0**	–	–	–	561.0
Repayment of loans	**(484.0)**	–	–	–	(484.0)
Payment of lease liabilities	**(441.4)**	–	441.4	–	–
Proceeds from partners contributions (lease incentives)	**7.1**	–	(7.1)	–	–
Proceeds from issue of ordinary shares, net of costs	–	–	–	–	–
Purchase of treasury shares	–	–	–	–	–
Proceeds from exercise of share awards	**0.8**	–	–	–	0.8
Net cash outflows from financing activities	**(356.5)**	–	**434.3**	–	**77.8**
Net increase in cash and cash equivalents	**19.9**	–	–	–	19.9
Cash and cash equivalents at beginning of the period	**71.0**	–	–	–	71.0
Effect of exchange rate fluctuations on cash held	–	–	–	–	–
Cash and cash equivalents at end of the period	**90.9**	–	–	–	**90.9**

Segmental analysis – management basis (unaudited)

Six months ended 30 June 2021	Americas (pre-IFRS 16 basis)	EMEA (pre-IFRS 16 basis)	Asia Pacific (pre-IFRS 16 basis)	UK (pre-IFRS 16 basis)	Other (pre-IFRS 16 basis)	Total (pre-IFRS 16 basis)
Pre-2020 [1]						
Square Feet (000's) [4]	**11,784**	**8,569**	**3,381**	**4,500**	–	**28,234**
Occupancy %	**68.2%**	**69.3%**	**67.8%**	**67.7%**	–	**68.4%**
Workstations [8]	**212,129**	**183,978**	**91,276**	**103,043**	–	**590,426**
Workstations occupancy (%)	**66.0%**	**68.5%**	**67.7%**	**65.1%**	–	**66.9%**
Revenue (£m)	**397.0**	**308.3**	**131.1**	**152.9**	**2.7**	**992.0**
REVPOS (£)	**49.4**	**52.0**	**57.2**	**50.2**	–	**51.4**
2020 Expansions [2]						
Square Feet (000's) [4]	**434**	**860**	**191**	**301**	–	**1,786**
Occupancy %	**43.9%**	**50.4%**	**57.2%**	**48.6%**	–	**49.2%**
Revenue (£m)	**9.0**	**20.8**	**7.3**	**9.7**	–	**46.8**
2021 Expansions [2][5]						
Square Feet (000's) [4]	**89**	**403**	**71**	**29**	–	**592**
Occupancy (%)	**20.0%**	**23.8%**	**16.4%**	**33.3%**	–	**22.8%**
Revenue (£m)	**9.7**	**5.7**	**0.7**	**0.3**	–	**16.4**
Closures [3] [6]						
Square Feet (000's) [4]	**113**	**95**	**42**	**123**	–	**373**
Occupancy (%)	**50.8%**	**42.1%**	**54.7%**	**49.2%**	–	**48.5%**
Revenue (£m)	**4.0**	**2.0**	**1.6**	**3.8**	–	**11.4**
Total						
Square Feet (000's) [4]	**12,420**	**9,927**	**3,685**	**4,953**	–	**30,985**
Occupancy (%)	**66.8%**	**65.5%**	**66.1%**	**65.9%**	–	**66.2%**
Revenue (£m)	**419.7**	**336.8**	**140.7**	**166.7**	**2.7**	**1,066.6**
Period end square feet (000's) [7]						
Pre-2020	**11,815**	**8,608**	**3,396**	**4,612**	–	**28,431**
2020 Expansions	**436**	**860**	**189**	**303**	–	**1,788**
2021 Expansions	**116**	**701**	**125**	**41**	–	**983**
Total	**12,367**	**10,169**	**3,710**	**4,956**	–	**31,202**

Segmental analysis – management basis (continued)

Six months ended 30 June 2020	Americas (pre-IFRS 16 basis)	EMEA (pre-IFRS 16 basis)	Asia Pacific (pre-IFRS 16 basis)	UK (pre-IFRS 16 basis)	Other (pre-IFRS 16 basis)	Total (pre-IFRS 16 basis)
Pre-2020 (1)						
Square Feet (000's) (4)	11,850	8,632	3,361	4,573	–	28,416
Occupancy %	77.5%	73.7%	72.4%	74.6%	–	75.3%
Workstations (8)	212,588	174,163	91,191	101,777	–	579,719
Workstations occupancy (%)	75.4%	71.5%	71.4%	72.2%	–	73.0%
Revenue (£m)	549.5	338.1	147.0	187.1	3.0	1,224.7
REVPOS (£)	59.8	53.1	60.4	54.9	–	57.2
2020 Expansions (1)						
Square Feet (000's) (4)	232	388	61	53	–	734
Occupancy (%)	23.2%	33.5%	22.7%	14.4%	–	28.0%
Revenue (£m)	3.7	5.4	0.8	1.6	–	11.5
Closures(3) (6)						
Square Feet (000's) (4)	868	610	388	384	–	2,250
Occupancy (%)	60.1%	69.3%	64.0%	68.9%	–	64.8%
Revenue (£m)	30.9	23.2	15.1	15.9	–	85.1
Total						
Square Feet (000's) (4)	12,950	9,630	3,810	5,010	–	31,400
Occupancy (%)	75.4%	71.8%	70.7%	73.5%	–	73.4%
Revenue (£m)	584.1	366.7	162.9	204.6	3.0	1,321.3

(1) The Pre-2020 business comprises centres opened prior to the current or previous financial year

(2) Expansions include new centres opened and acquired businesses

(3) Network rationalisation for the 2021 data is defined as a centre closed during the period from 1 January 2021 to 30 June 2021

(4) Office square feet are calculated as the weighted average for the period

(5) 2021 expansions include any costs incurred in 2021 for centres which will open in 2022

(6) Network rationalisation for the 2020 comparative data is defined as a centre closed during the period from 1 January 2020 to 30 June 2021

(7) Office square feet available at period end

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