

2022 Interim Results

9 August 2022

IWG International
Workplace
Group



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**Results presented in accordance with pre-IFRS 16 accounting standards.
All percentages are at constant currency unless otherwise stated.**

Key Financial highlights

Key financial metrics, £m*	H1 2022	H1 2021	Change
System-wide revenue	1,470.4	1,173.8	22.3%
Revenue	1,309.5	1,044.4	22.9%
Pre-growth EBITDA	152.3	41.8	+£110.5
EBITDA	122.9	5.4	+£117.5

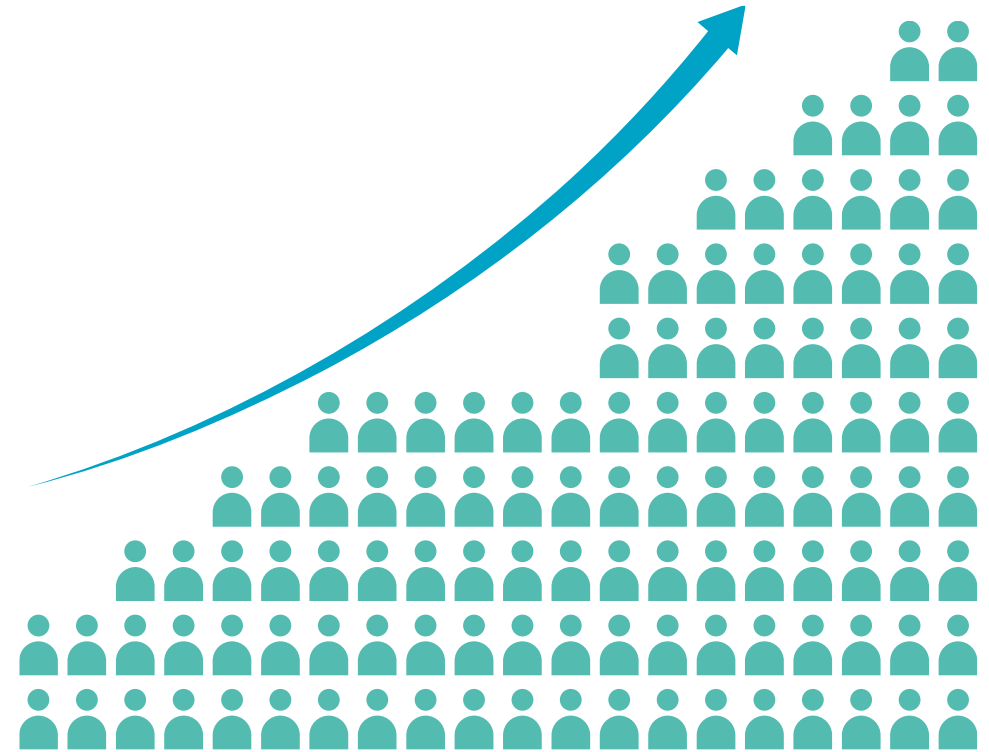
- ✓ Strong demand as more companies move to hybrid
- ✓ Performance improving month on month
- ✓ Maintained almost flat cost base vs H2/21, despite investment and inflation headwinds
- ✓ Strong recovery in pre-growth EBITDA
- ✓ Strong cash flow generation

* Excluding adjusting items; percentage changes at constant currency

Why companies are moving to hybrid

- ✓ Reduce costs by c. 50% and create flexibility
- ✓ Economic uncertainty adding to customers' cost pressures
- ✓ Helps companies overcome resource challenges
- ✓ What people want
 - Only 1 in 5 now willing to commute for 30+ minutes*
 - 50% of people surveyed would quit if asked to commute 5 days a week*
- ✓ Growing focus on ESG
 - Hybrid reduces footprint by c. 70%^
- ✓ Eliminates IFRS-16 exposure

* Source: IWG research, conducted by Censuwide
 ^ Internal company research

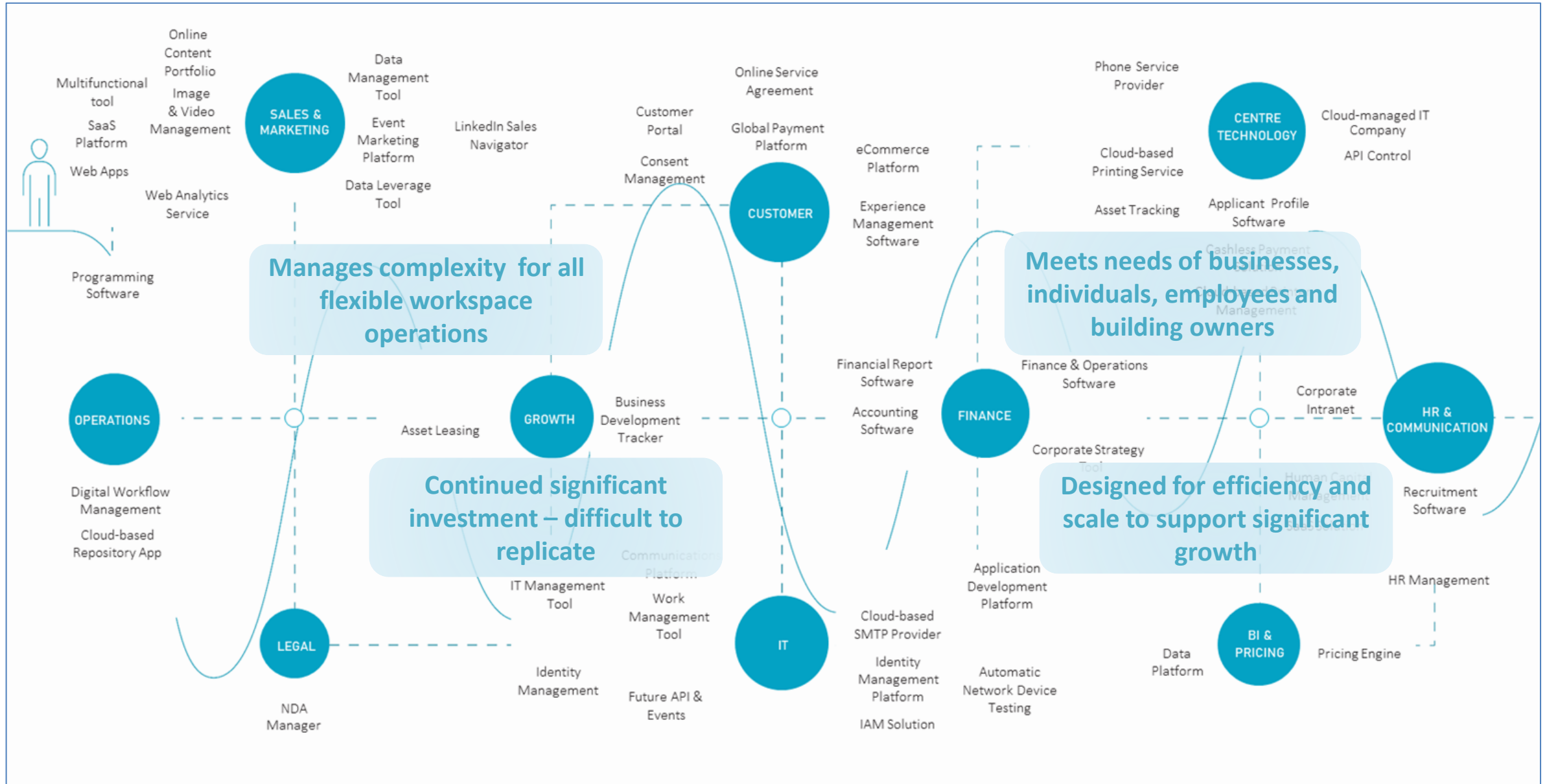


30% of global office space **WILL BE FLEXIBLE BY 2030**, compared to <2% TODAY
JLL, The Impact of Covid19 on Flexible Space

The best global network of brands



An unbeatable digital platform



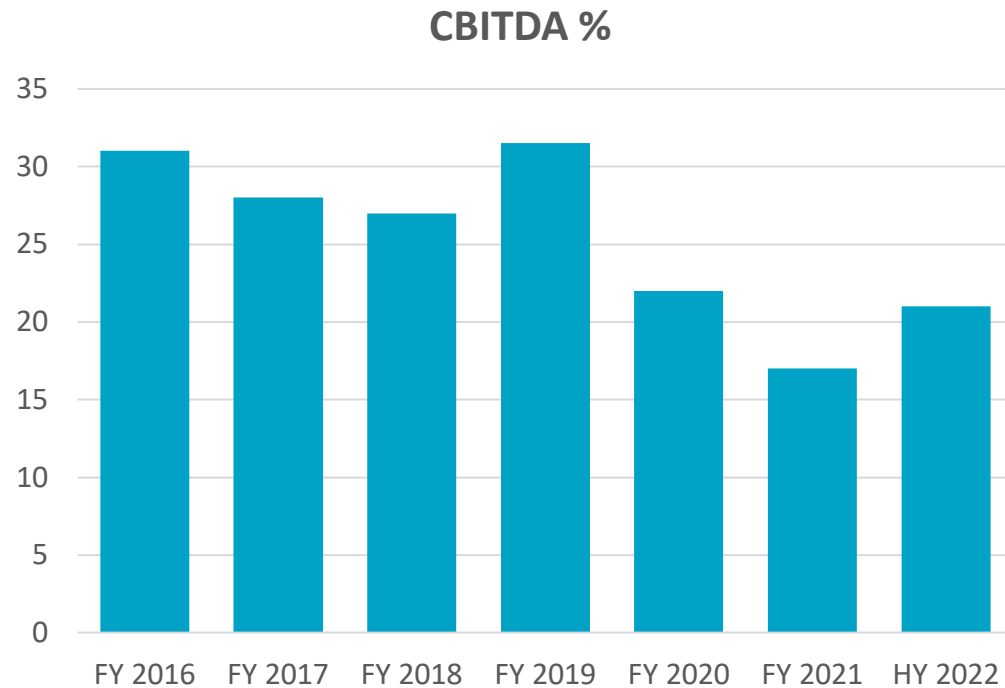
Delivering on our strategic objectives

- ✓ Maximise company-owned performance - **pre-2021 EBITDA £152m**
- ✓ Capital-light growth – **close to 50% of portfolio by year-end**
- ✓ Leverage intellectual and digital assets – **double-digit EBITDA growth**
- ✓ Free cash flow generation – **pre-21 centres cash flow £261m**
- ✓ ESG strategy – **on track to achieve carbon neutrality during 2023**



Strategic objective 1

Company-owned performance recovering steadily towards historic margins

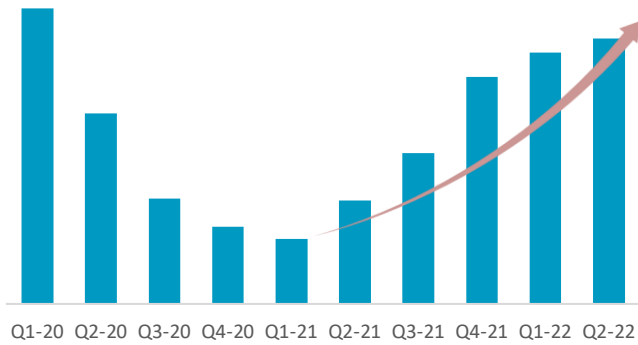


- ✓ CBITDA impacted by cost inflation and other headwinds
- ✓ Delivering targeted margin improvement despite challenging environment
- ✓ On track to achieve **30% margin** on £3bn of revenue

CBITDA = Centre Contribution before interest, tax, depreciation and amortisation

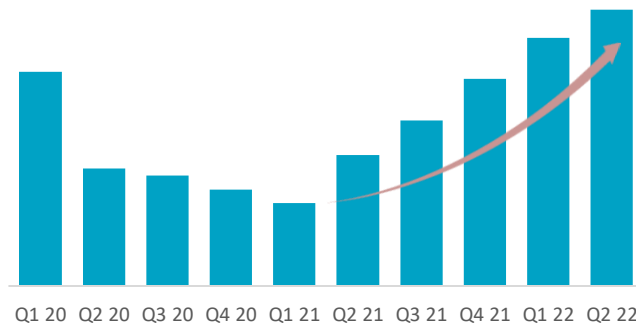
Supportive trading trends

Pre-2021 occupancy (%)



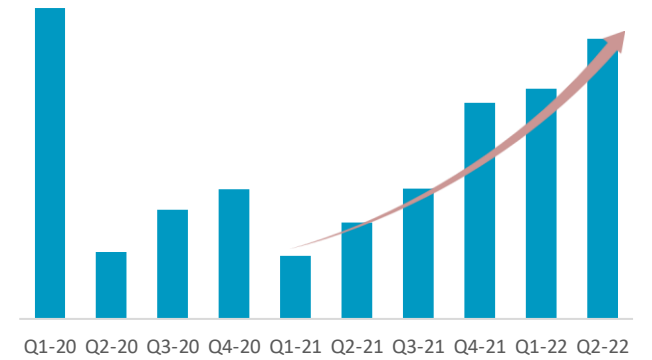
Recovering to previous peak

New sales price (£)



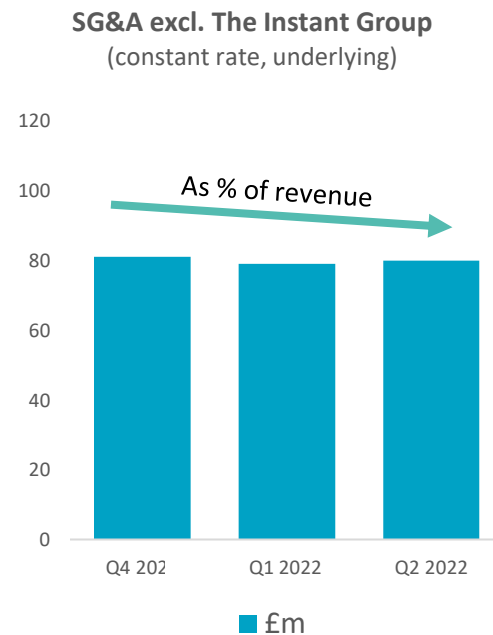
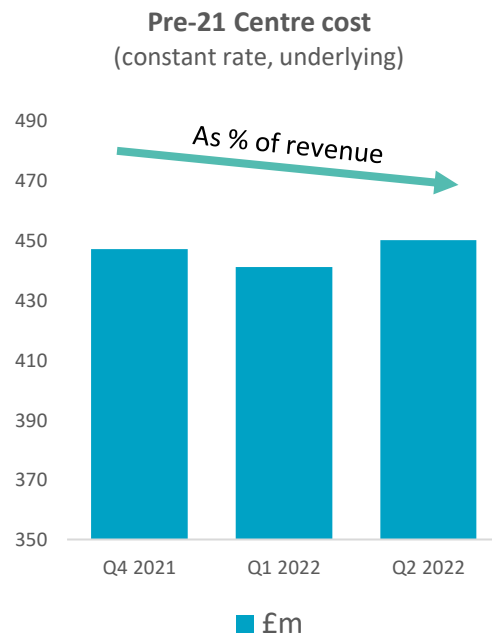
Above previous peak

Services (£m)



Recovering to previous peak

Excellent performance on cost control despite inflationary pressures

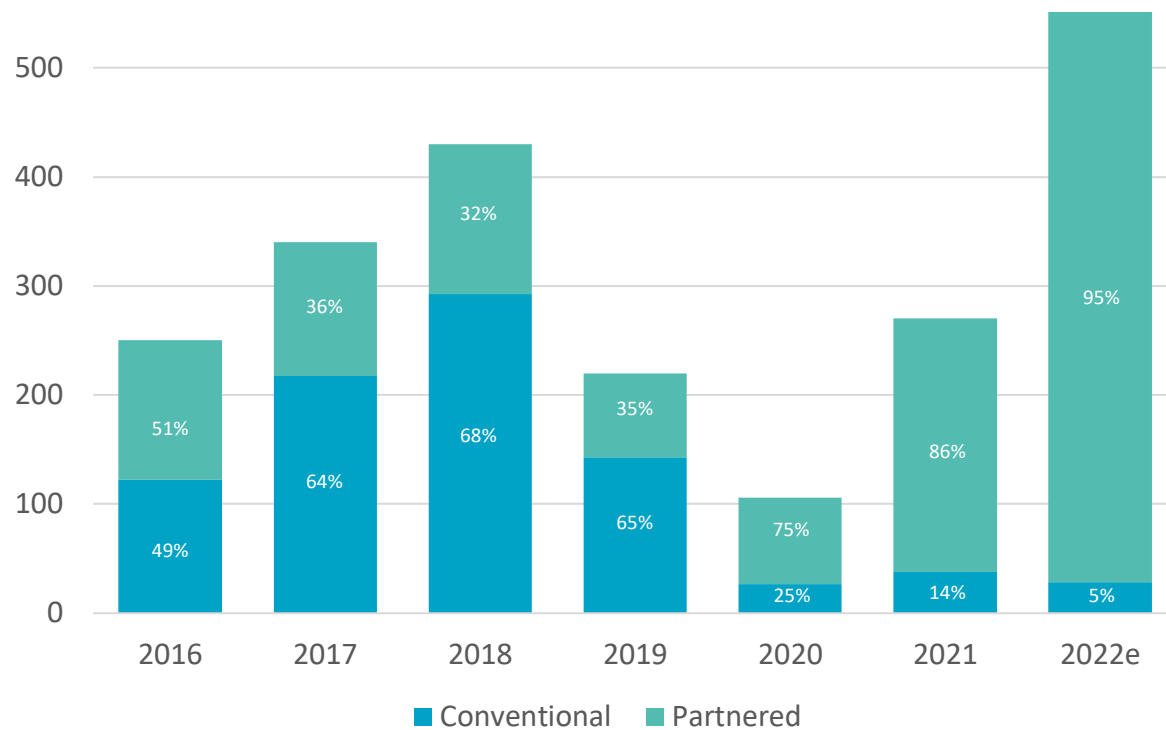


- ✓ Despite inflationary pressures and increased investment in growth team we held costs flat, both at centre level and overheads
 - Supply chain initiatives and procurement savings
 - System improvements
 - Operational efficiencies
- ✓ Mitigation plans in place to manage ongoing inflationary pressures

Strategic objective 2

Significant progress in capital-light growth

New centres signed

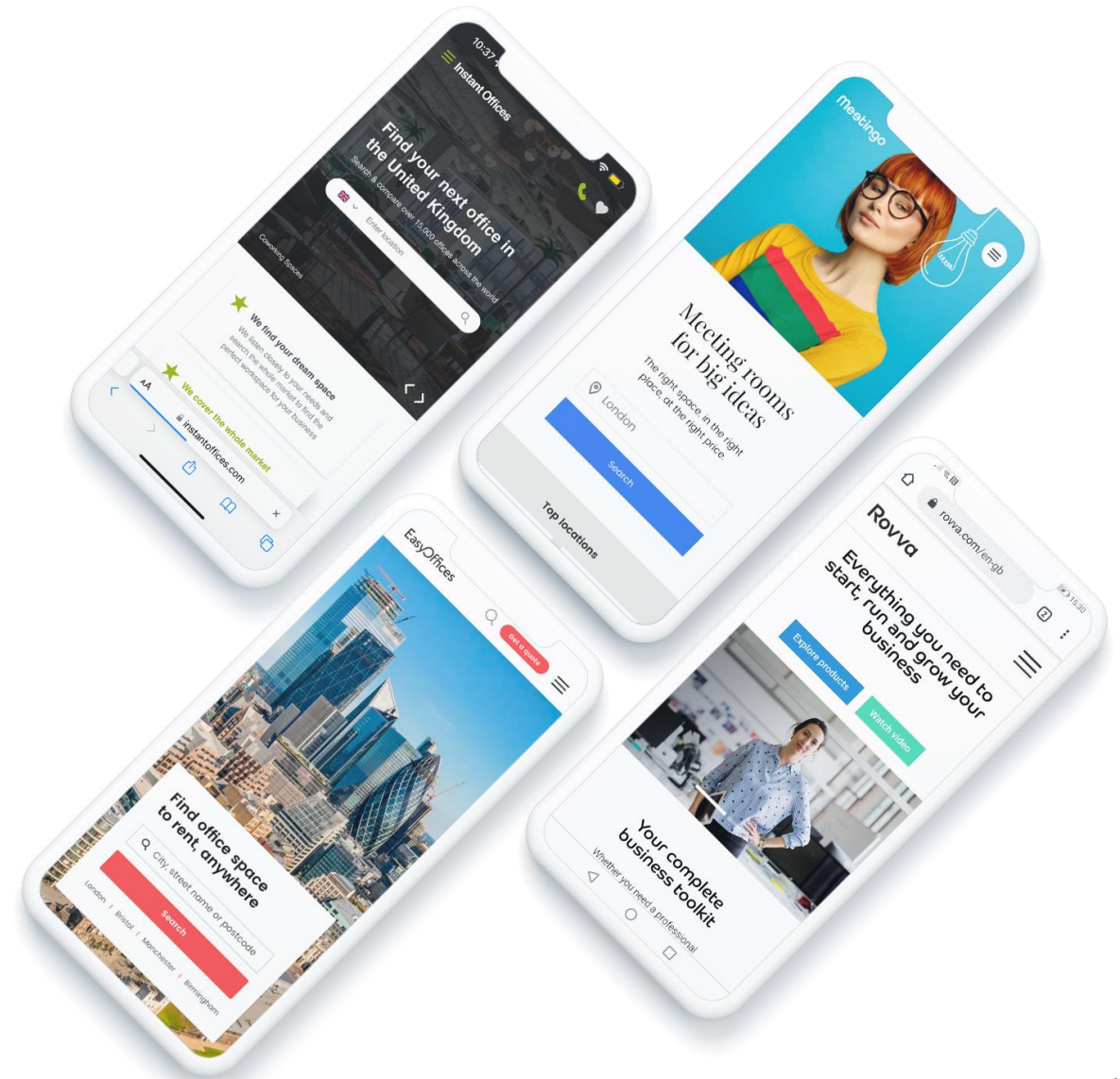


- ✓ Line of sight to 500+ signings in FY22
- ✓ H1 - 70 openings with 76% partnered or franchised
- ✓ Franchise and partnered deals on track to be close to 50% by year end
- ✓ Fully de-risked portfolio with 96% risk managed
- ✓ **Only £16m net investment by IWG in new centres opened in H1 2022 (£29m in H1 2021)**

Strategic objective 3

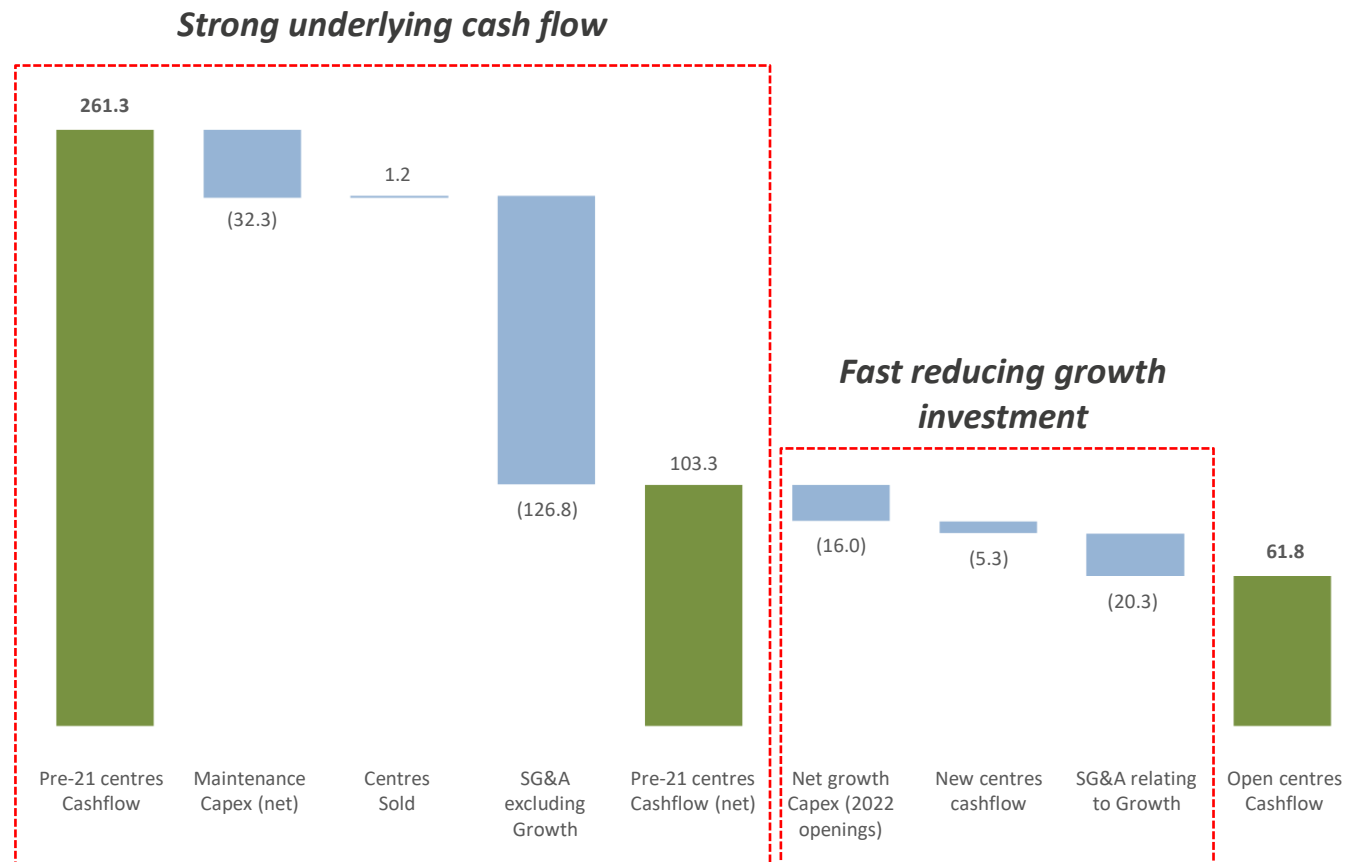
Creating the world's largest digital workspace platform

- ✓ Building the world's leading provider of digital workspace services
- ✓ Network of 30,000 buildings in 175 countries, operating 24/7 in 40 languages
- ✓ Very strong independent management team
- ✓ Added Davinci and Coworker to platform
- ✓ Financial performance in-line with plan
- ✓ Intention to list the business within the next two years



Strategic objective 4

Strong and improving open centre cash flow generation



- ✓ Strong growth in cash flow from pre-21 centres
- ✓ Well controlled maintenance capex
- ✓ Partnering minimises net growth capex, delivering capital-light growth
- ✓ Lower cash flow drag from new centres

ESG – on track to become carbon neutral during 2023

Investment

Prioritising low carbon properties and buildings with low carbon energy suppliers

Improvement

Measuring and improving the performance of our existing operations to reduce energy use, water consumption and waste

Carbon Removal

Leveraging commercial offset schemes to accelerate carbon-reduction

Replace offset emissions with embedded savings from the greening of the estate

Financial results

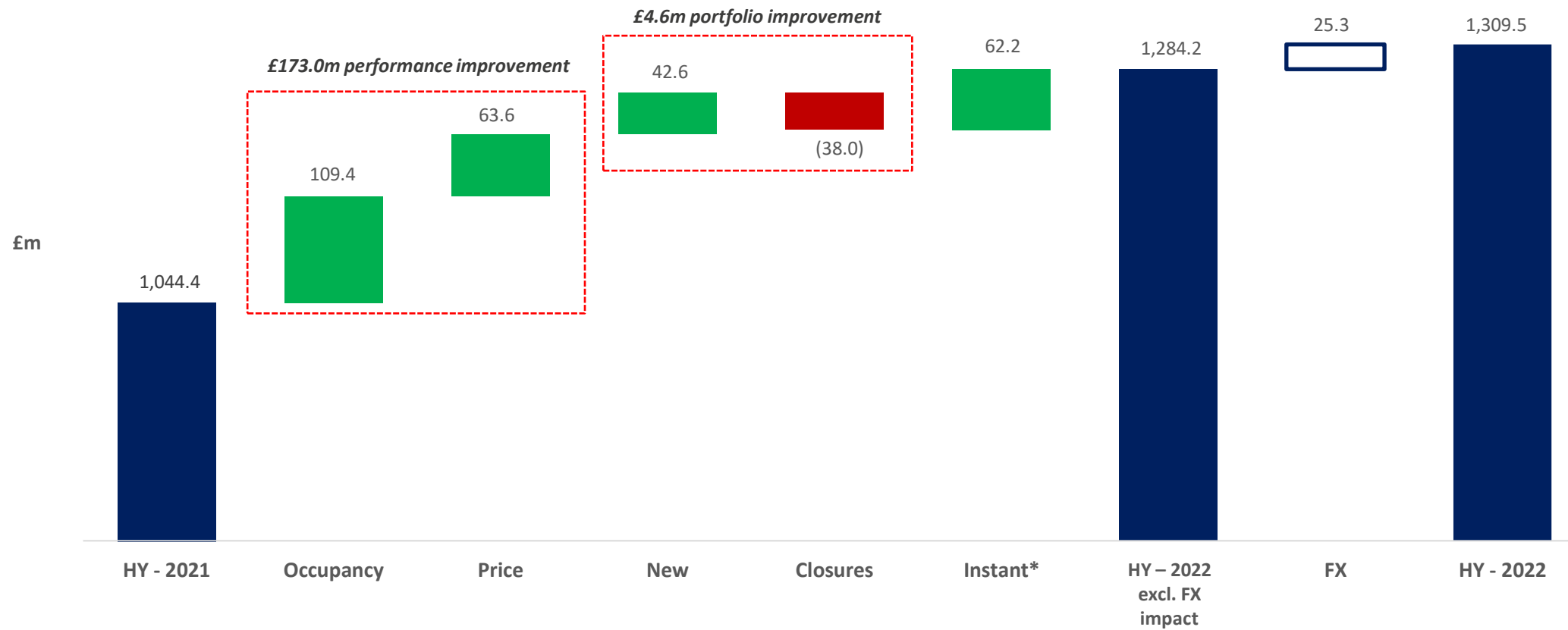
Total Group

£m	H1 2022*	H1 2021*
Revenue	1,309.5	1,044.4
Adjusted Gross profit/(loss)	141.7	(16.1)
Adjusted operating profit/(loss)	(36.0)	(147.8)
Adjusting operating items	4.6	(39.2)
Operating loss	(31.4)	(187.0)
Net finance costs	6.7	3.2
Loss before tax	(24.7)	(183.8)
Taxation	27.4	(8.2)
Profit/(loss) for the period	2.7	(192.0)
Adjusted EBITDA	122.9	5.4

- ✓ Strong Group revenue performance +22.9%
- ✓ Open centre revenue +27.8% to £1,300.9m
 - Sequential month-on-month improvement
 - Double-digit improvement across all regions
- ✓ Good cost control driving:
 - Positive gross profit
 - Reduced operating loss
- ✓ Significant reduction in adjusting items
- ✓ Net finance costs reflect impact of mark-to-market of convertible bond
- ✓ Strong cashflow generation

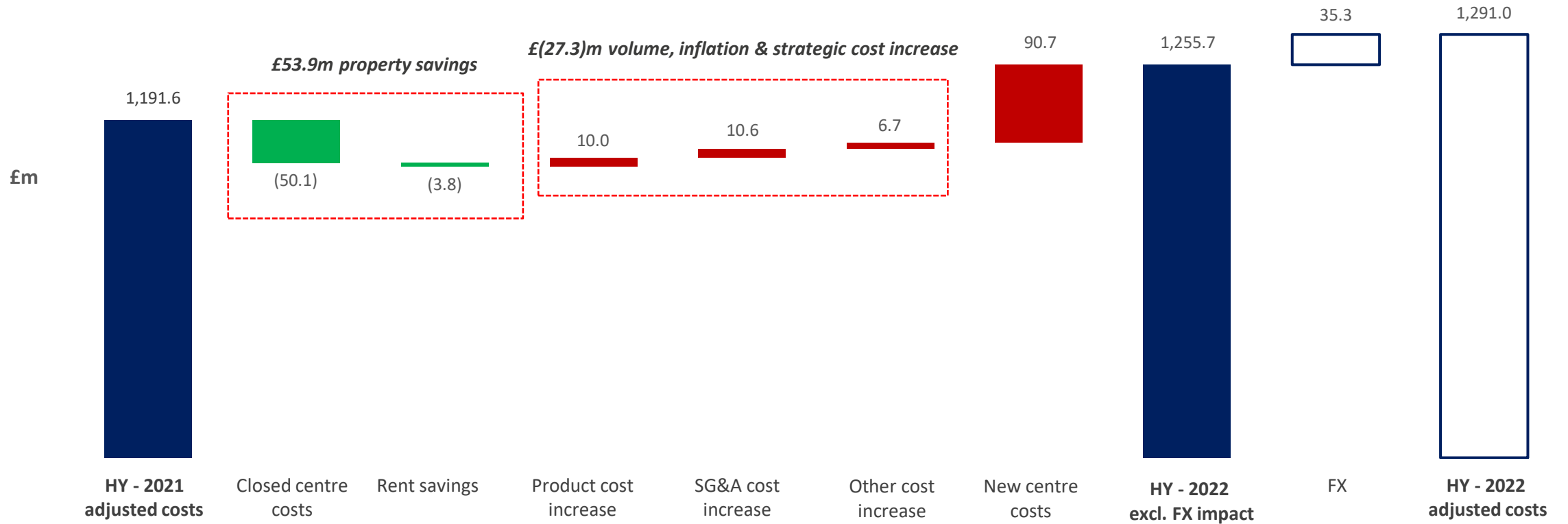
* Results presented in accordance with pre-IFRS 16 accounting standard

Revenue growth of 23% from performance and portfolio improvement

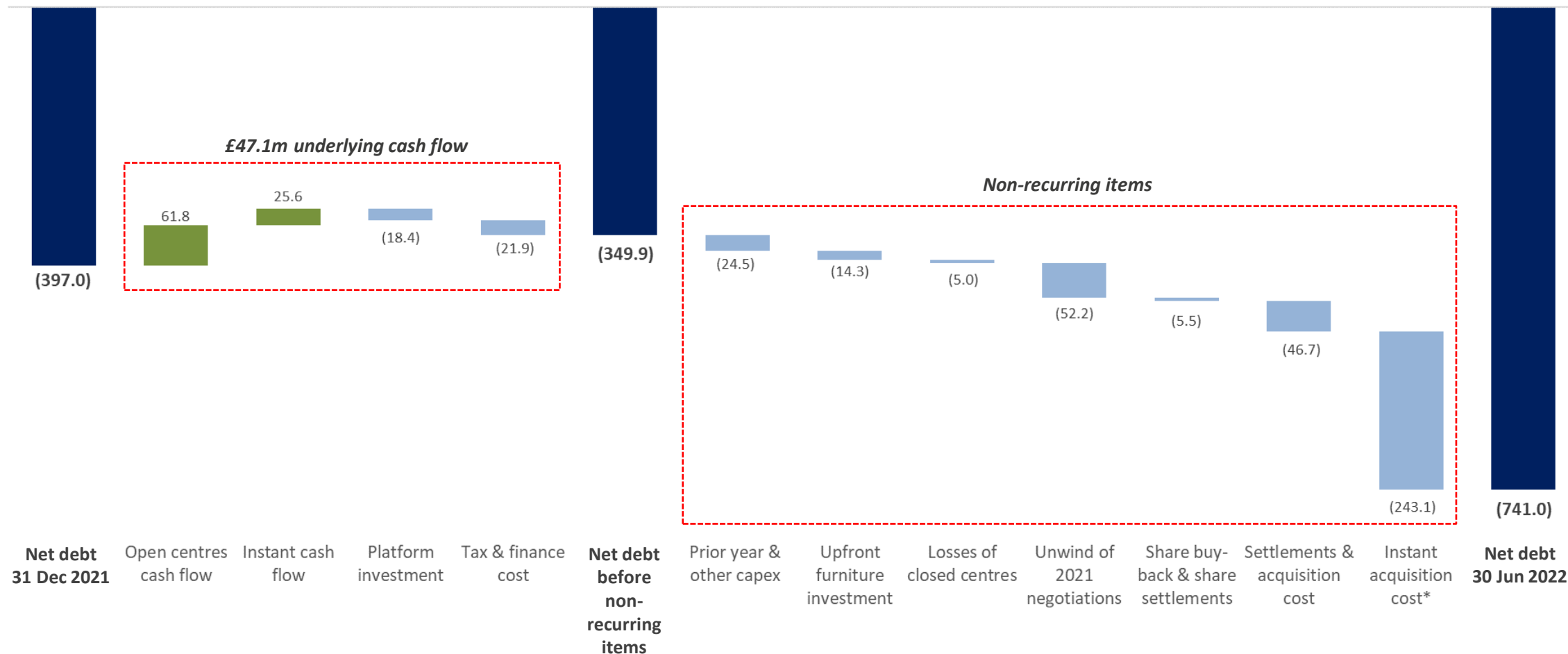


*The Instant Group included from 9 March 2022

Cost growth below revenue growth



Net debt increase reflects Instant Group acquisition



* Less non-controlling interests

Outlook

Absolute focus on execution is delivering



- ✓ Clear strategic objectives are delivering results:
 - 1) Strong traction in company-owned performance
 - 2) Significant progress in capital-light growth
 - 3) On track to build the largest digital workspace platform
 - 4) Generating strong and improving underlying cash flow
- ✓ Long term structural tailwinds; short term headwinds

Well positioned leadership position in an exciting growth industry

Q&A

APPENDIX



Cash flow

£m	HY 2022*	HY 2021*
Adjusted EBITDA	122.9	5.4
Working capital	(47.2)	(237.9)
Growth related partner contributions	(18.7)	(29.3)
Net maintenance capital expenditure	(47.4)	(45.8)
Taxation	(11.1)	(9.2)
Finance costs	(11.7)	(4.9)
Other items	(21.5)	18.7
Cash flow before net growth capital expenditure, investments, share repurchases, dividends & adjusting items	(34.7)	(303.0)
Net growth capital expenditure	(360.9)	(46.9)
Proceeds from Non-controlling interests	52.6	-
Investment in loan receivables	-	283.7
Net proceeds on transactions	1.6	-
Dividends & share repurchases	(5.5)	-
Other items (including FX movements)	2.9	2.7
Closing net debt	(741.0)	(414.6)

- ✓ Strong recovery in EBITDA
- ✓ Improvement in working capital
- ✓ Well controlled maintenance capex
- ✓ Only £16.0m invested in 70 centre openings
- ✓ RCF reduced from £950m to £750m in view of decreased requirements after financing Instant
- ✓ Net debt includes Instant £330m bridge facility

* Results presented in accordance with pre-IFRS 16 accounting standard – before the implementation of IFRS 16

A modern office interior with a light-colored ceiling, blue pendant lights, and large windows. People are working at desks with computers. The scene is bright and professional.

Thank you

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