

Financial Results for the Full Year ending 31 December 2021

8 March 2022



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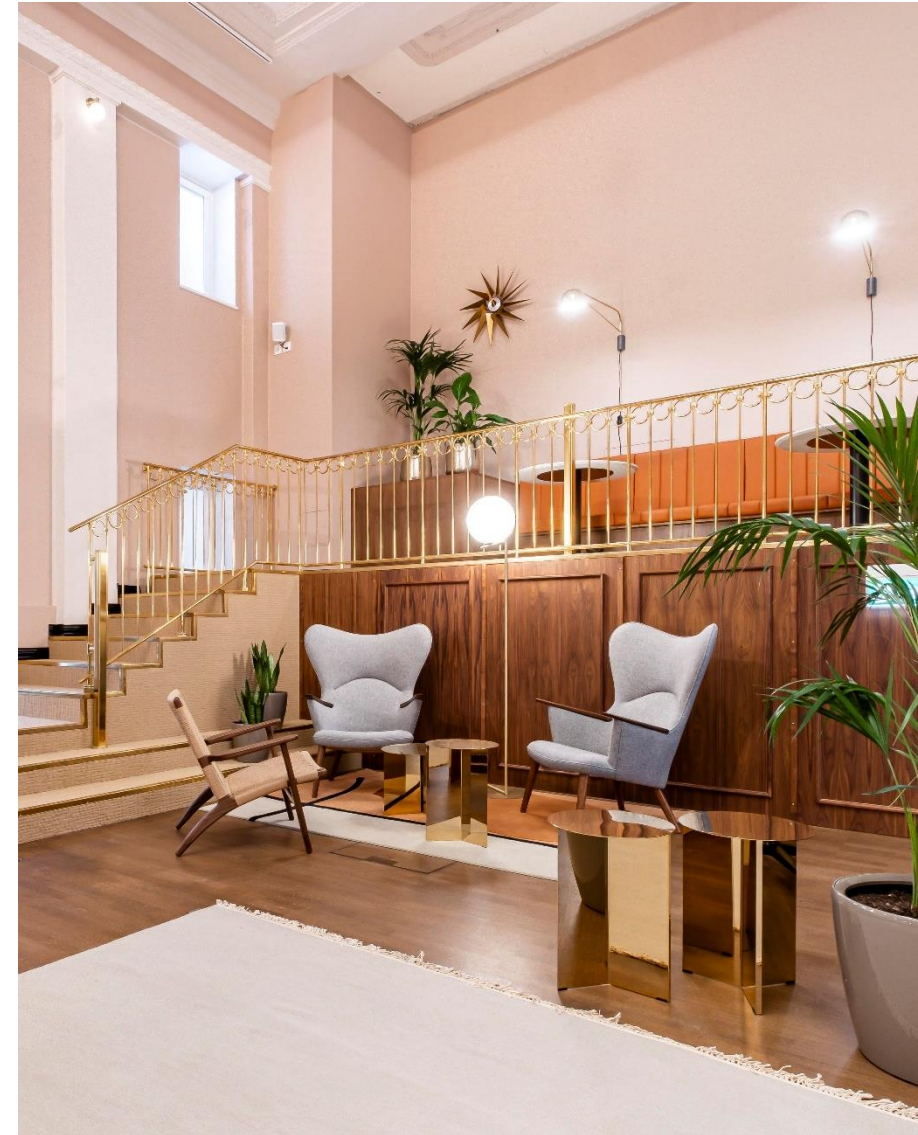
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**Results presented in accordance with pre-IFRS 16 accounting standards.
All percentages are at constant currency unless otherwise stated.**

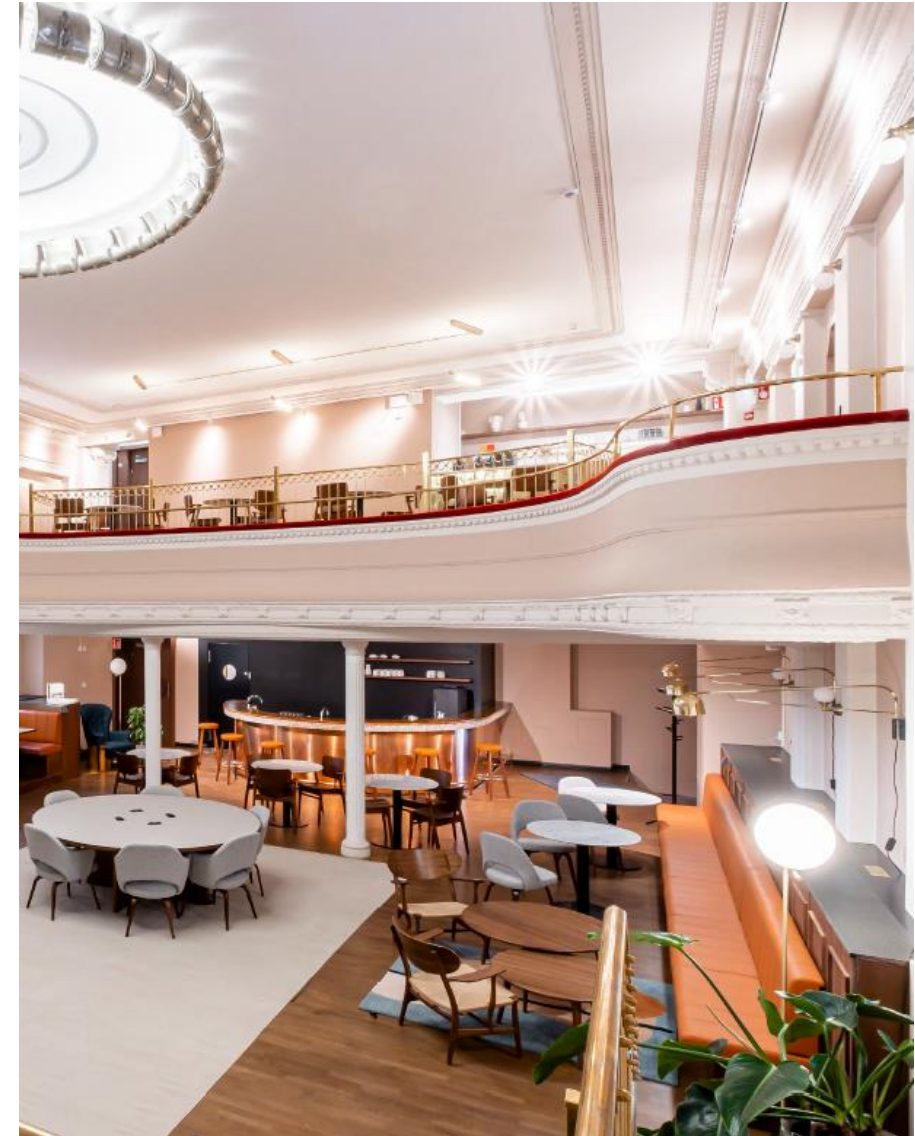
2021 – Hybrid is here

- ✓ **Increasing demand** as more companies **move to hybrid**
- ✓ Significant **growth opportunities** as the supply-side partners with IWG
- ✓ Strong growth in **franchise and partner income**
- ✓ Well established pipeline and **higher levels of network growth** expected this year
- ✓ Expect to approach **50% franchise and partnered** by year end
- ✓ Unit sales and small **MFA discussions restarted**



2021 – Hybrid is here

- ✓ **Strong end to 2021**, consistent recovery from March 2021
- ✓ **Overheads reduced by £52m** with further optimisation of the operating model and cost base
- ✓ Excellent **momentum into Q1 2022**
- ✓ **High level of revenue in order-book** for Q1 and full year
- ✓ Mix continues to move towards **corporate multi-site use**
- ✓ **ESG strategy** in place, with our ambition for carbon neutral operations targeted during 2023
- ✓ Group-wide **strategic review successfully completed**



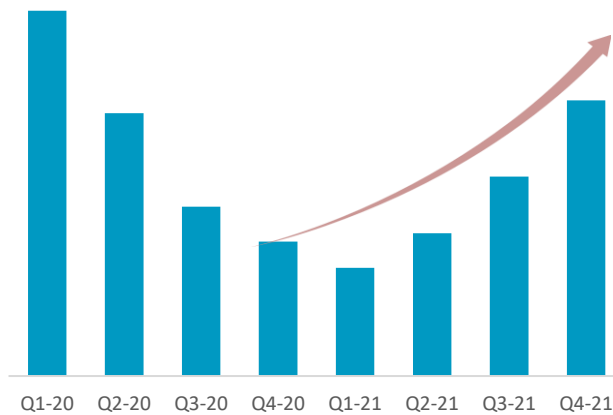
Financial highlights

Key financial metrics	£m	£m	£m	£m	£m	£m
	2021	2020	change	1H21	2H21	change
Revenue	2,228	2,432	(204)	1,045	1,183	138
Gross profit / (loss)	81	(174)	255			
Overheads	(327)	(379)	52			
Operating loss	(248)	(556)	308			
Finance costs	(5)	(11)	6			
Tax	(12)	(43)	31			
Loss after tax	(216)	(604)	388			
Adjusted EBITDA	80	134	(54)	5	75	70
Net debt	(397)	(351)	(46)			

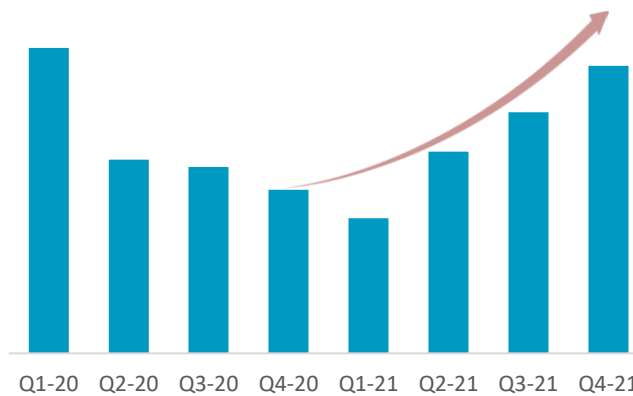
- ✓ Month on month accelerating performance from a low in March
- ✓ Increases in price and occupancy delivered throughout the year
- ✓ Service revenue following, with more to come
- ✓ Overheads before adjusting items reduced to £294m (2020: £323m)
- ✓ EBITDA of £80m driven by strong second half recovery
- ✓ Strong cash generation and steady reduction of net debt in the second half
- ✓ Trading momentum continuing to build into 2022

Recovery of trading performance

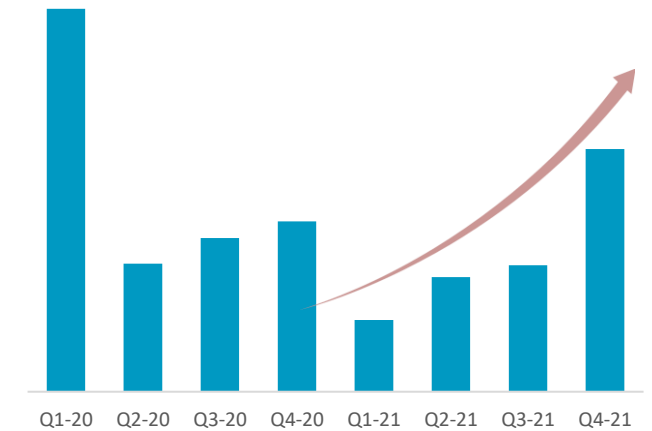
Pre-2020 occupancy (%)



New sales price (£)



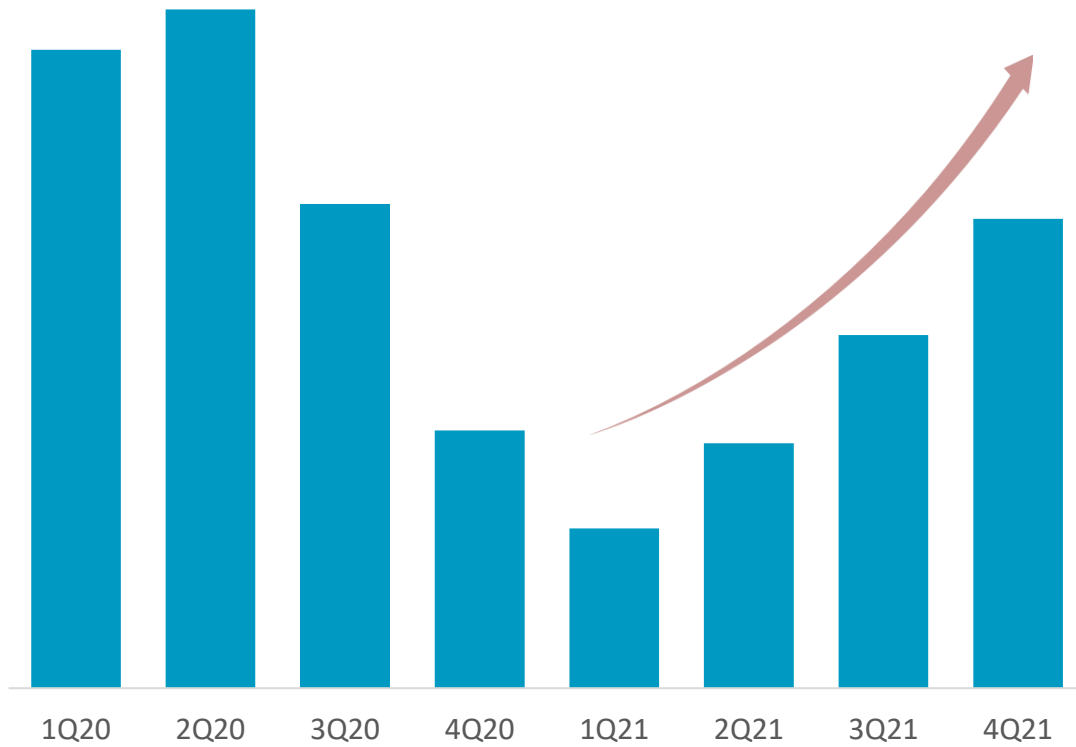
Services (£m)



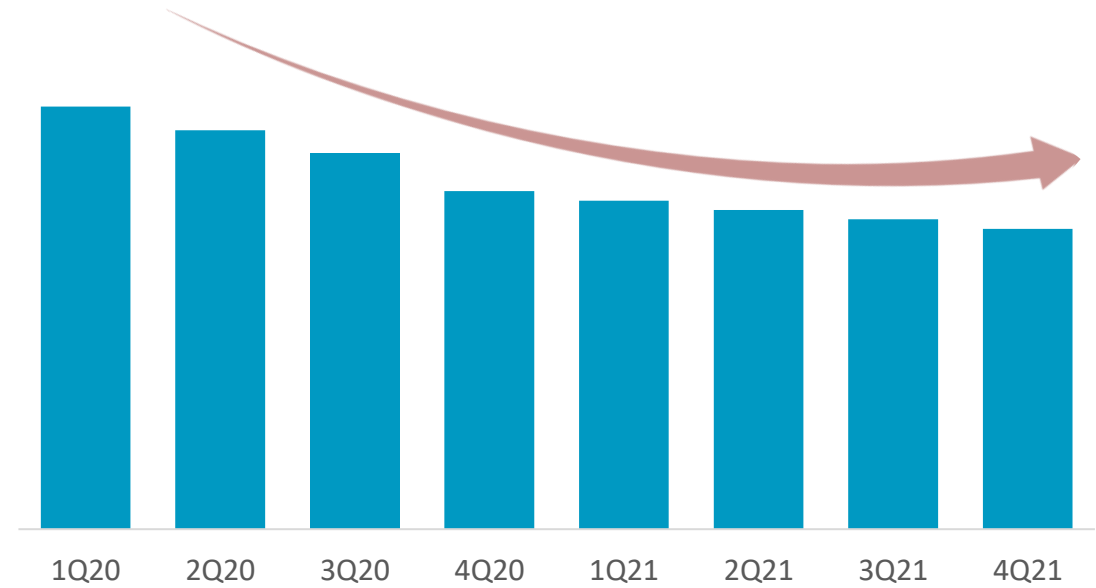
- ✓ Sequential recovery of occupancy, returning towards pre-pandemic levels
- ✓ New sales price returning to more normal levels, with embedded price now increasing month on month
- ✓ Services revenues improving and continue to strengthen into 2022

Ongoing sequential trading recovery

Centre cash contribution (£m)



Overheads (£m)

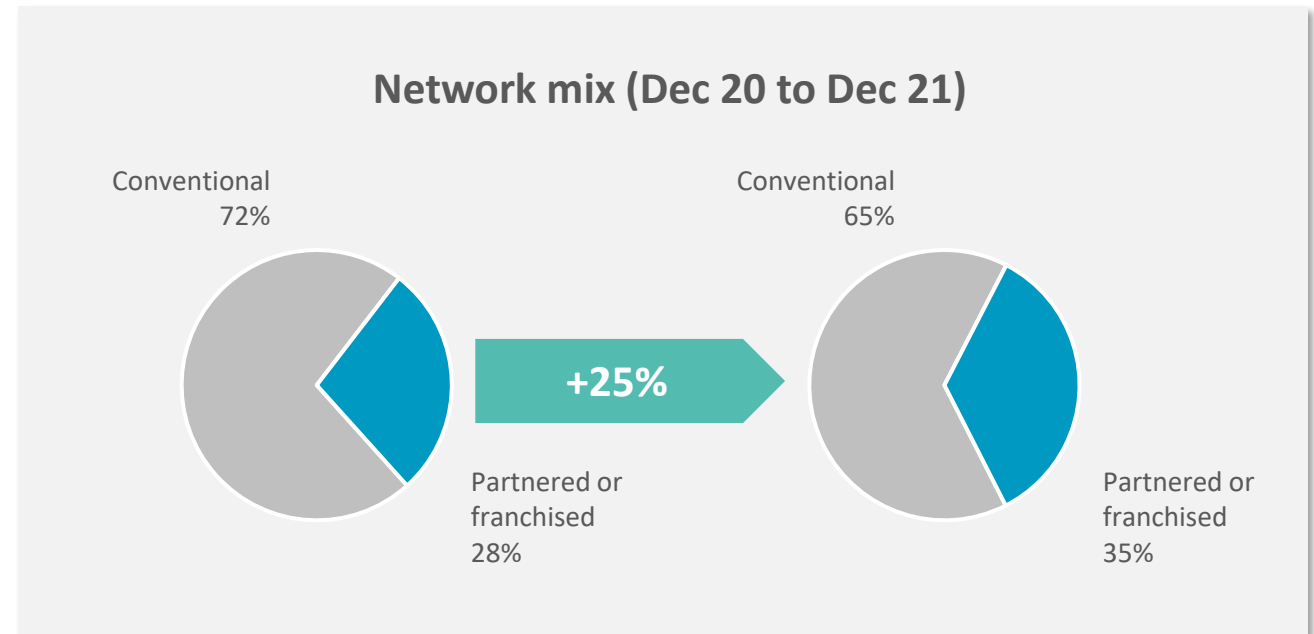


Growing our network

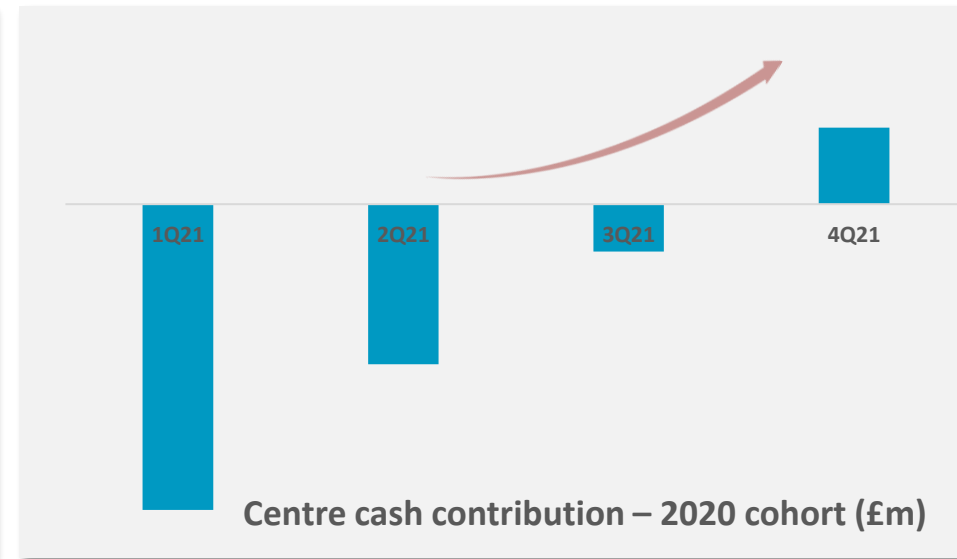
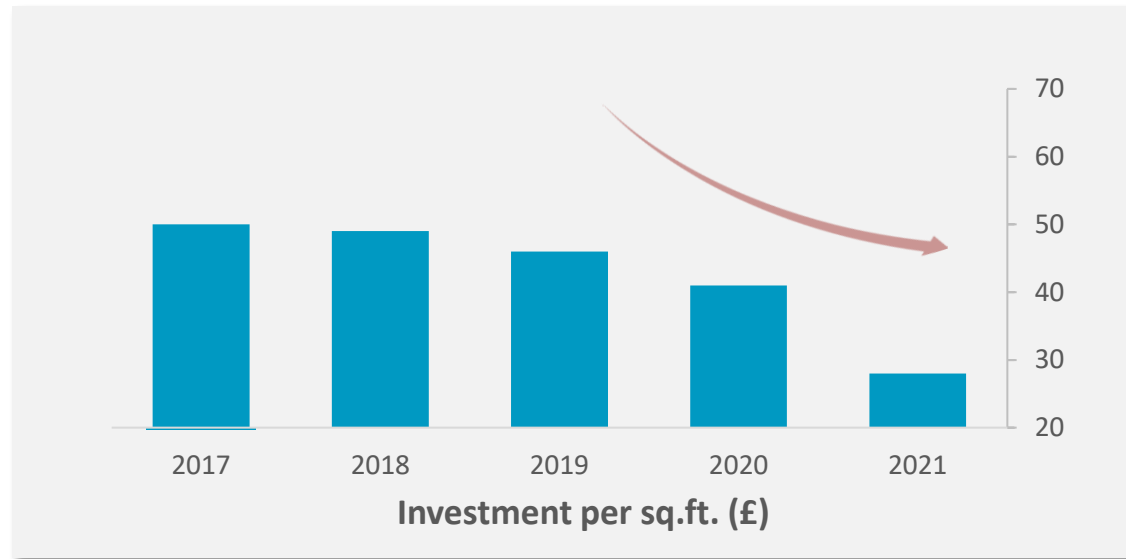


Capital-light growth

- ✓ Strategy of moving to capital-light franchise and partnered centres is working
- ✓ Growing fee income
- ✓ Significant de-risking of the network in 2021
- ✓ 25% increase in capital-light centres
- ✓ Growing pipeline of new openings planned for 2022, comprising c. 85% partnered and franchised
- ✓ Target of **50% partnered and franchised** by the end of 2022



Strong performance of 2020 openings – company-owned growth



- ✓ Building **trading momentum** in the company-owned estate, with particular acceleration of 2020 and 2021 openings
- ✓ The **performance of the 2020 cohort** of new openings accelerated strongly during the period, with margin growing to double digit in QTR4, return on capital > 20%
- ✓ Continuing **investment in our network** taking advantage of the opportunities created by the dislocations in our markets
- ✓ During 2020 and 2021 287 new centres were opened, delivering on our **strategy of operating near-to-home** centres in commuter areas along with prestige locations in metropolitan zones

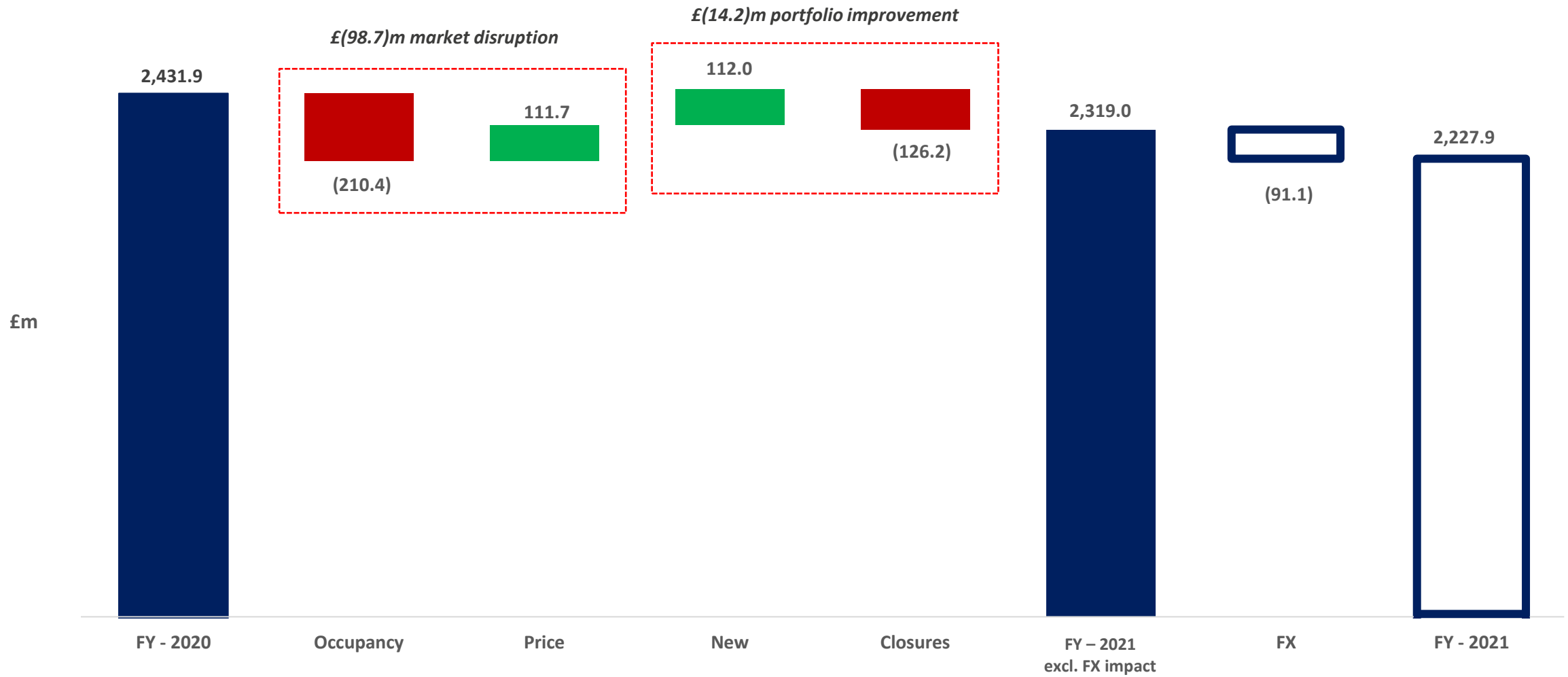
Financial results

£m	2021*	2020*	Change
System-wide revenue	2,498.5	2,721.9	(223.4)
Revenue	2,227.9	2,431.9	(204.0)
Open centre revenue	2,180.1	2,254.3	(74.2)
Adjusted gross profit	69.3	149.4	(80.1)
Adjusted operating loss	(226.9)	(176.0)	(50.9)
Adjusting operating items	(21.1)	(379.5)	358.4
Operating loss	(248.0)	(555.5)	307.5
Net finance costs	(5.1)	(10.8)	5.7
Loss before tax	(253.1)	(566.3)	313.2
Taxation	(12.4)	(43.0)	30.6
Loss for the period	(265.5)	(609.3)	343.8
Adjusted EBITDA	79.6	133.8	(54.2)

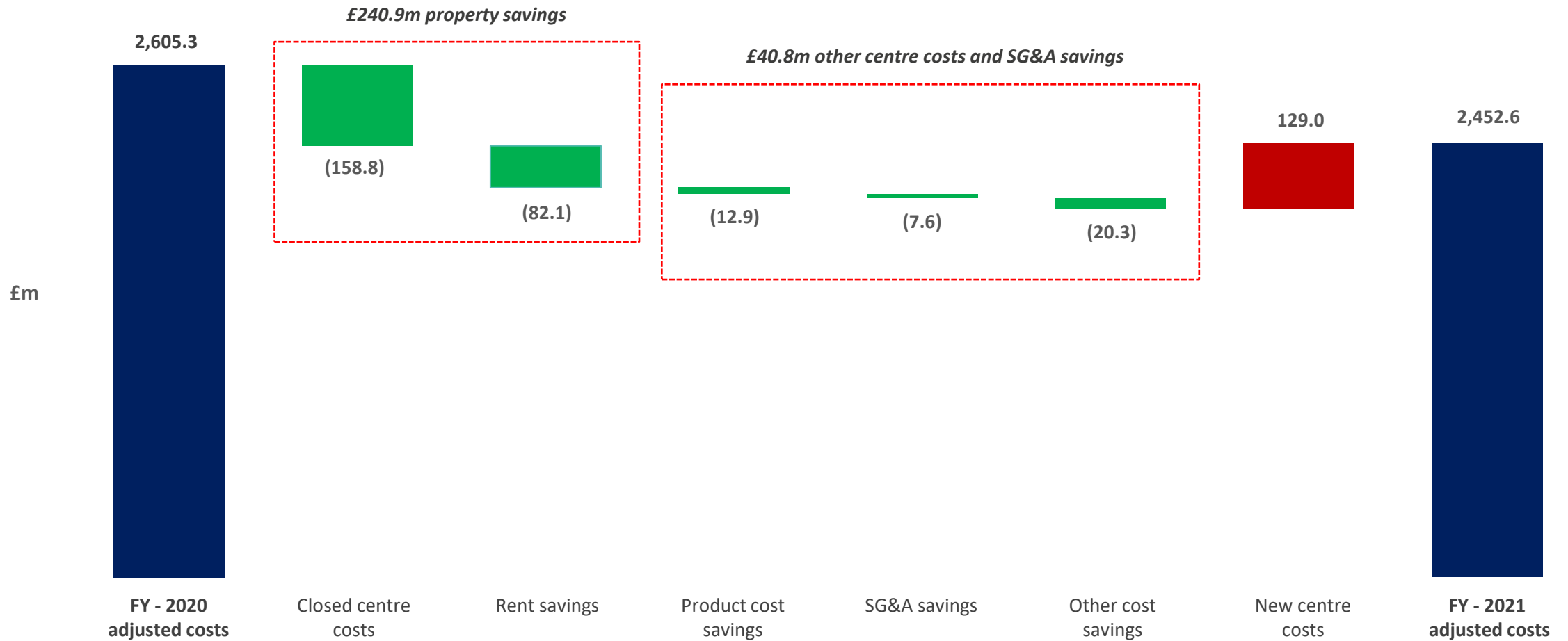
- ✓ Revenue inflection beginning in April, with growth strengthening through the year
- ✓ Pre-growth, annualised run rate cost reduction of £328.7m
 - £281.7m in 2021
 - £47.0m in 2020
- ✓ Investment in new centre costs of £129.0m in 2021
 - Strong performance from new centre investments
- ✓ Significant reduction in COVID-19 adjusting items
- ✓ Strong EBITDA development in H2 building to year-end
- ✓ Building momentum in financial performance
- ✓ Very good visibility in FOB over start of 2022

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

Revenue bridge



Centre & overhead cost reduction bridge



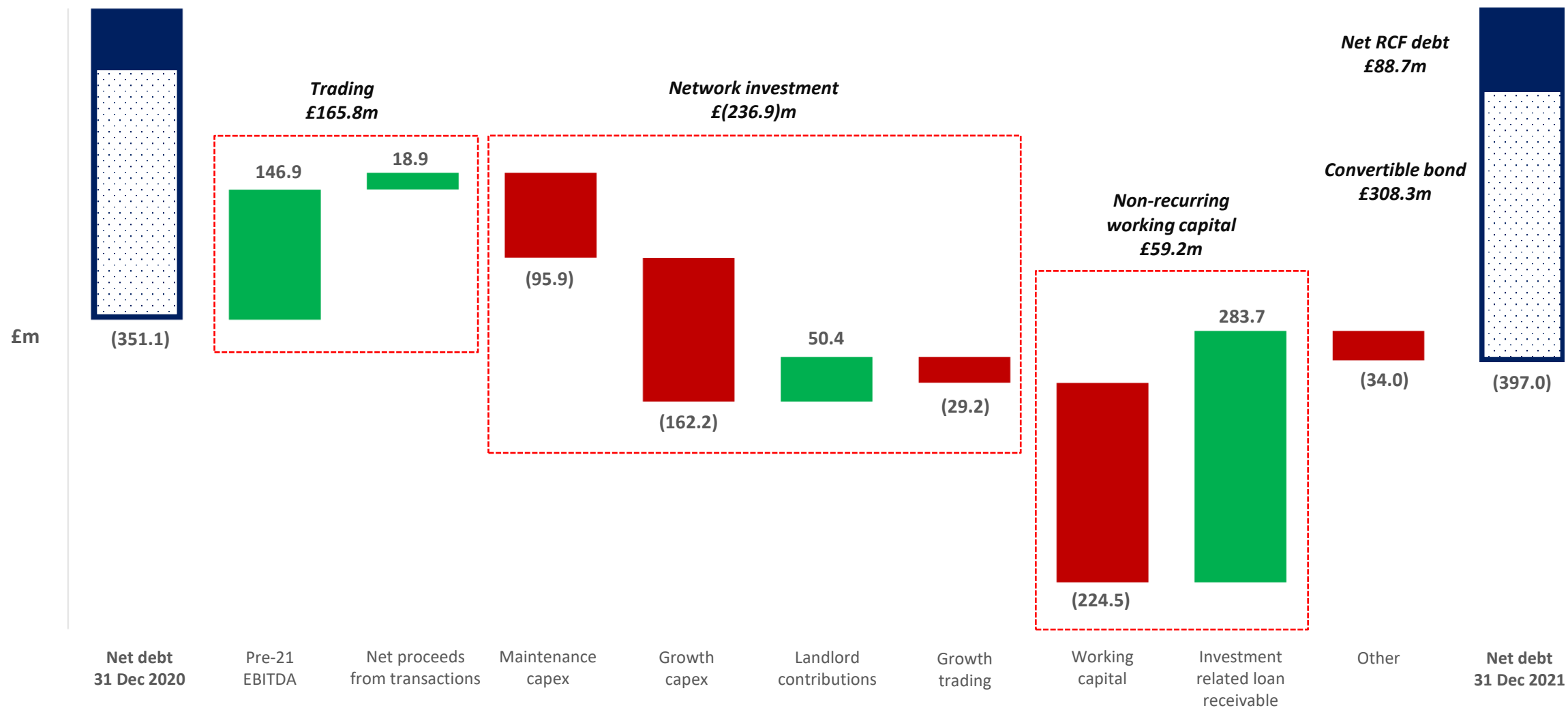
Cash flow

£m	2021*	2020*	Change
Adjusted EBITDA	79.6	133.8	(54.2)
Working capital	(174.1)	242.3	(416.4)
Growth related partner contributions	(50.4)	(106.6)	
Net maintenance capital expenditure	(95.9)	(81.9)	
Taxation	(5.4)	(21.9)	
Finance costs	(15.5)	(17.0)	
Other items	22.6	(8.0)	
Cash flow before net growth capital expenditure, investments, share repurchases, dividends & adjusting items	(239.1)	140.7	(379.8)
Net growth capital expenditure	(111.8)	(250.9)	
Share issue and Convertible Bond proceeds (Net)	-	657.1	
Less: debt element of convertible bond	-	(291.4)	
Investment in loan receivables	283.7	(276.2)	
Net proceeds on transactions	18.9	3.3	
Dividends & share repurchases	-	(43.7)	
Other items (including FX movements)	2.4	4.1	
Closing net debt	(397.0)	(351.1)	(45.9)

- ✓ Cash-flow from open centre trading of £117.7m
- ✓ Net proceeds of £18.9m from franchising and joint ventures
- ✓ Net growth capital expenditure of £111.8m
- ✓ Closing net debt of £397.0m, a reduction of £17.6m since the half year
- ✓ Group facilities refinanced to increase flexibility and reduce cost
- ✓ Strengthening balance sheet and liquidity for future growth

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

Cash flow bridge



Hybrid is working

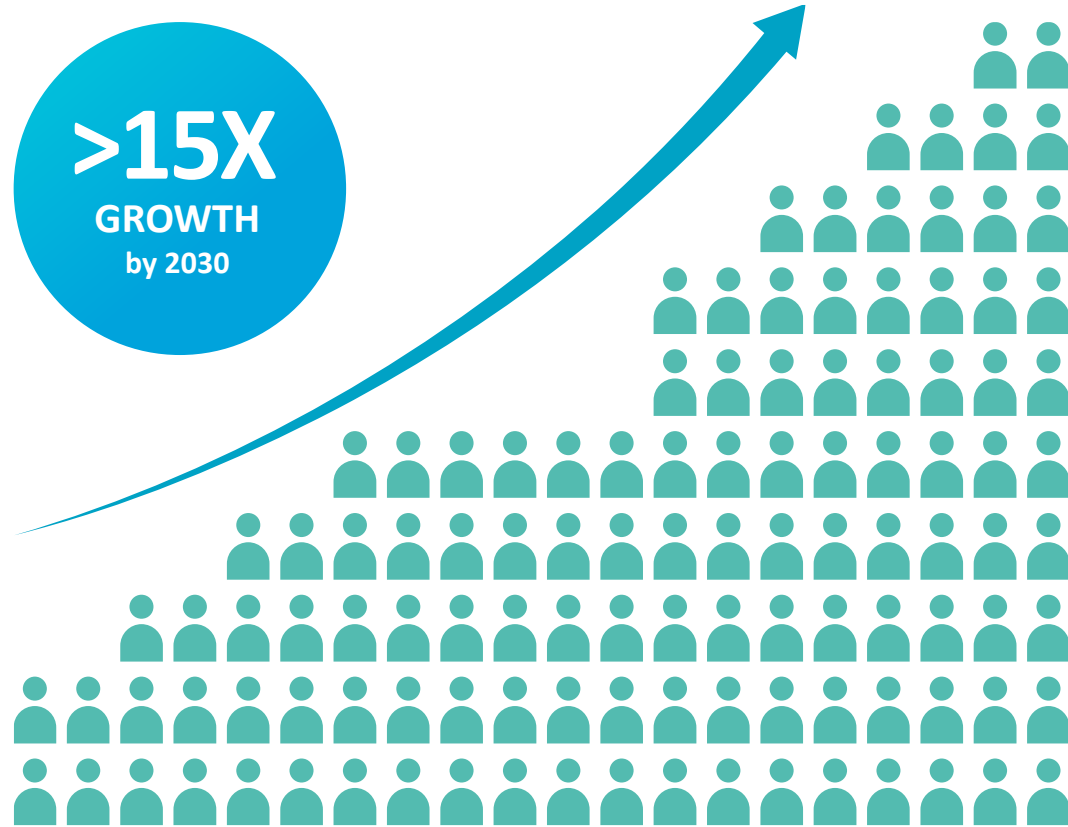
Strategic review – capturing the once in a lifetime opportunity



Rapid adoption of hybrid working is expected to drive **market growth with structural expansion** of flexible workspace to a 30% share of global office space by 2030. With the largest global network of flexible workspace and an industry leading technology platform, we are ready for this unique opportunity and plan to expand our leadership position through:

- ✓ **Rapid capital light growth** providing new locations for our customers and operating scale efficiencies
- ✓ Maximizing the **contribution from our company-owned** locations
- ✓ Leveraging **our intellectual and digital assets** to improve our business and create a digital asset spin-off
- ✓ Generating **increased free cash flow** creating value for our shareholders

Market growth dynamics



30% of global office space **WILL BE FLEXIBLE BY 2030**, compared to **<2% TODAY**^[4]

90% of **EMPLOYEES WANT FLEXIBILITY** in where and when they work^[1]

89% of companies report **BETTER RETENTION** rates because of their **FLEXIBLE WORK OPTIONS**^[2]

88% of companies are planning a **FULL SHIFT** to **FLEXIBLE WORKING**^[3]

- 1. HR Report, 90% Of Office Workers Say They Want More Flexibility
- 2. CC, 45 Flexible Working Statistics: 2020/2021 Data, Trends & Predictions
- 3. Microsoft, New Future of Work Report
- 4. JLL, The Impact of Covid19 on Flexible Space

Why people and companies are moving to IWG

Making each day a great day at work *... in every town, city and suburb around the world*



PEOPLE

A better work life balance



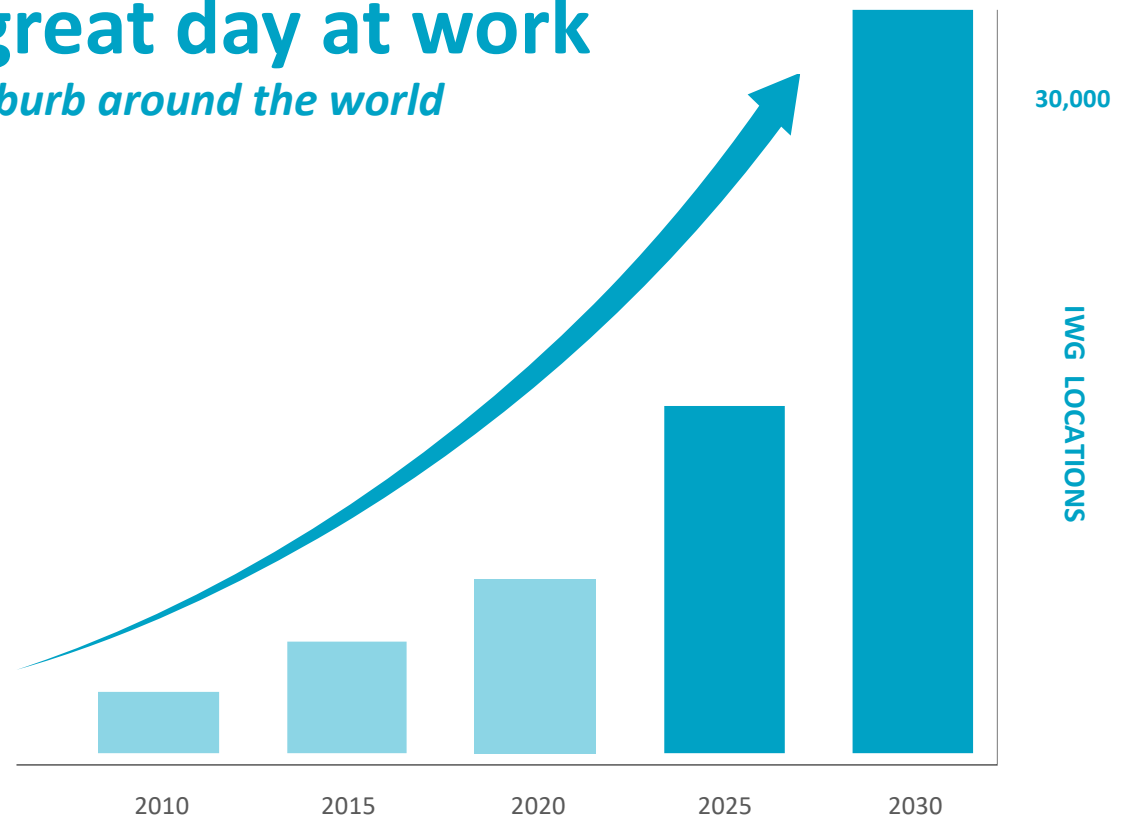
PLANET

Multiple sustainability benefits



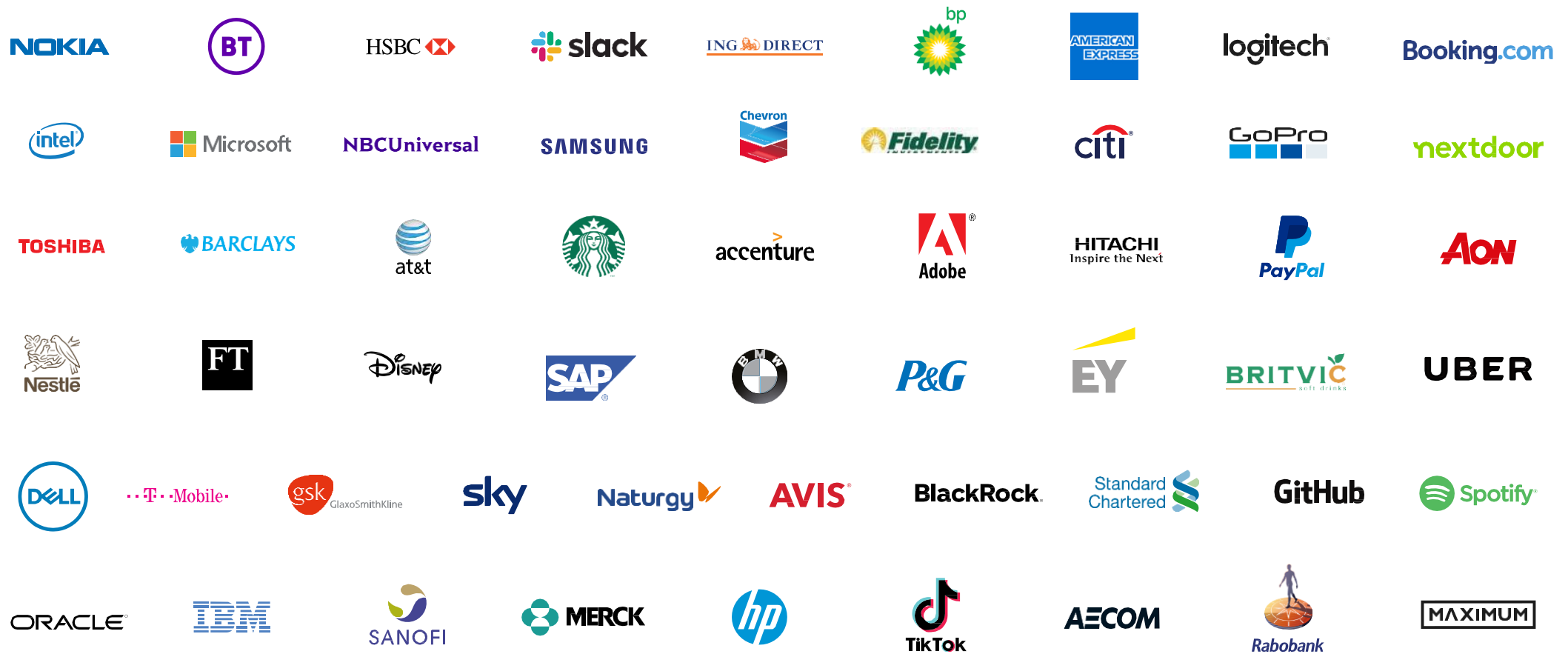
PROFIT

Significant cost savings for businesses



OVER 1 MILLION
customer enquiries in the last 12 months

Coverage and network is why 83% of Fortune 500 companies are our customers



Our brands make any building, any space work



Our brands make any location work



ESG embedded within our strategy

Better outcomes for customers, suppliers, colleagues and the environment

Environmental



A sustainable working model

- ✓ Global programmes for recycling and plastic reduction
- ✓ Carbon reduction strategy in place
- ✓ **Ambition for carbon neutral operations during 2023**

Social



Creating opportunity

- ✓ Focus on wellbeing, health and talent
- ✓ Programmes for diversity and inclusion
- ✓ **Corporate Social Responsibility at the heart of our operations**

Governance



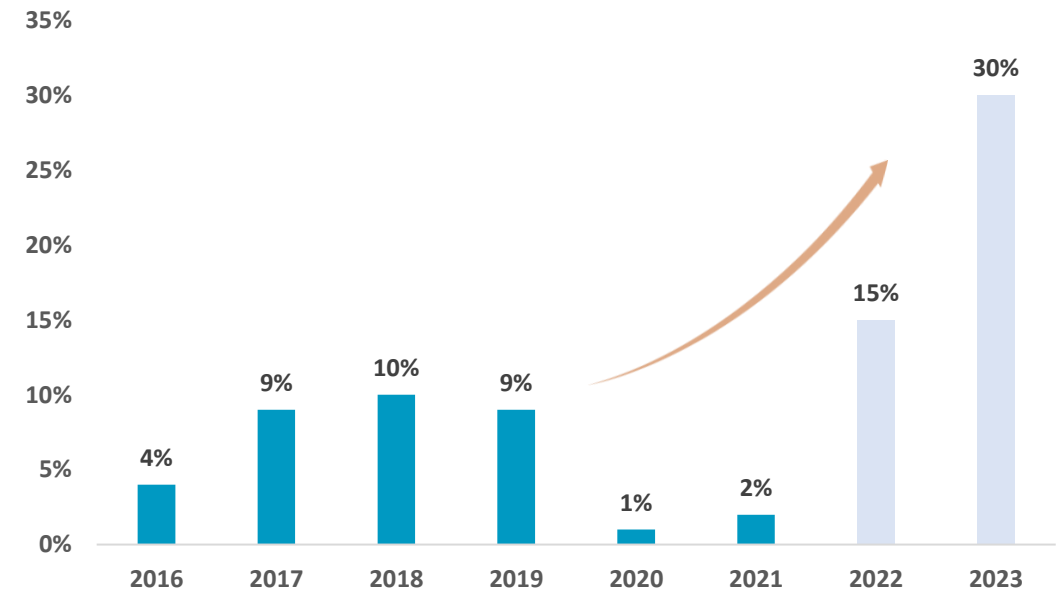
A sustainable working model

- ✓ Sustainability embedded into business operations
- ✓ Risk and compliance framework supports decision making
- ✓ **Continual refinement of governance model**

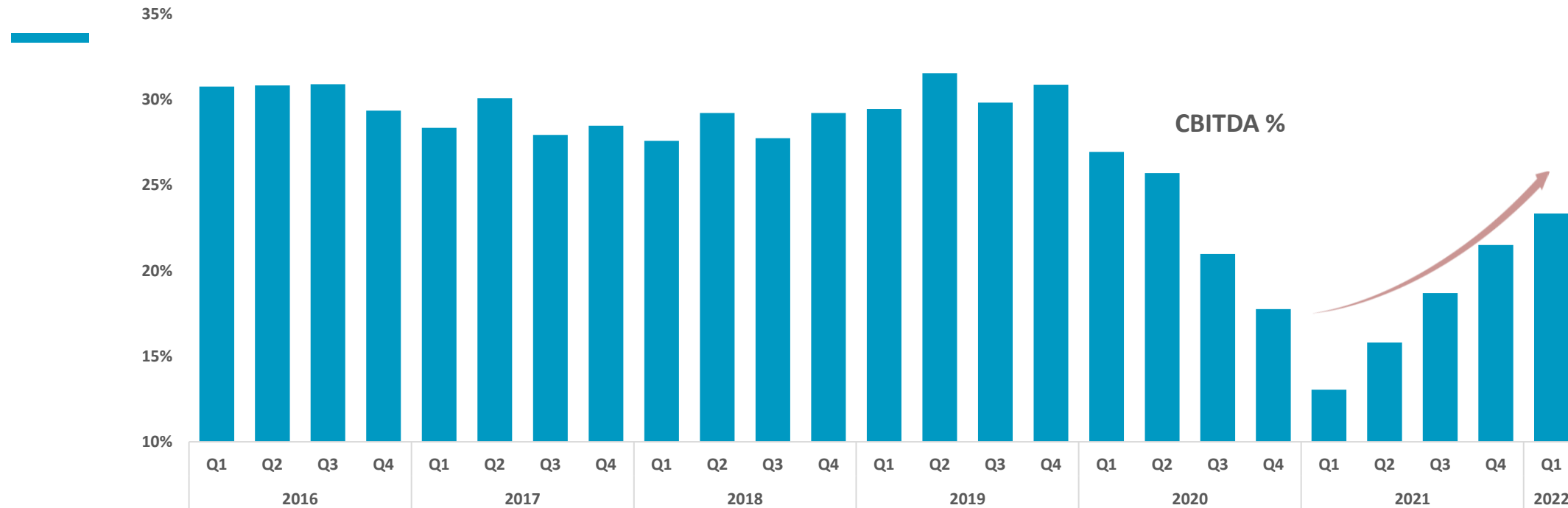
Strategic objectives – capital light growth

- ✓ Strategically **scale is key**
- ✓ **Franchise proposition** successful and growing
- ✓ **Management agreements** growing
- ✓ Reduced percentage of company-owned growth with relatively less capital deployed
- ✓ Company-owned MFA sales restarted
- ✓ Establish investment partnerships
- ✓ Add scale with potential to produce additional **£200m+ contribution by 2024, if achieved**

Net growth (sq.ft.)



Strategic objectives – maximise company-owned performance



- ✓ **Scale and reduced marginal costs** underpins successive margin advancement
- ✓ Continue to **optimise portfolio**
- ✓ Ongoing **revenue and cost initiatives**
- ✓ Existing momentum rebuilding margin with **target to return to 30%+ contribution**
- ✓ Today's company-owned group, at an **implied margin of 30%, would deliver £3-3.1bn of revenue**

Strategic objectives – leverage intellectual and digital assets

- ✓ **Continue to invest** c. £50m each year in our core technology platform
- ✓ **Continued investment** in R&D and product development to support revenue growth
- ✓ **Reduce like-for-like unit overhead** through improved efficiency each year (digital, supply-chain, innovation)
- ✓ **Improve customer experience** through enhanced use of technology
- ✓ **Grow user base** from 8million to 100million from increased digital penetration as we grow physical space to 30,000 units

Prepare digital assets to be spun-off

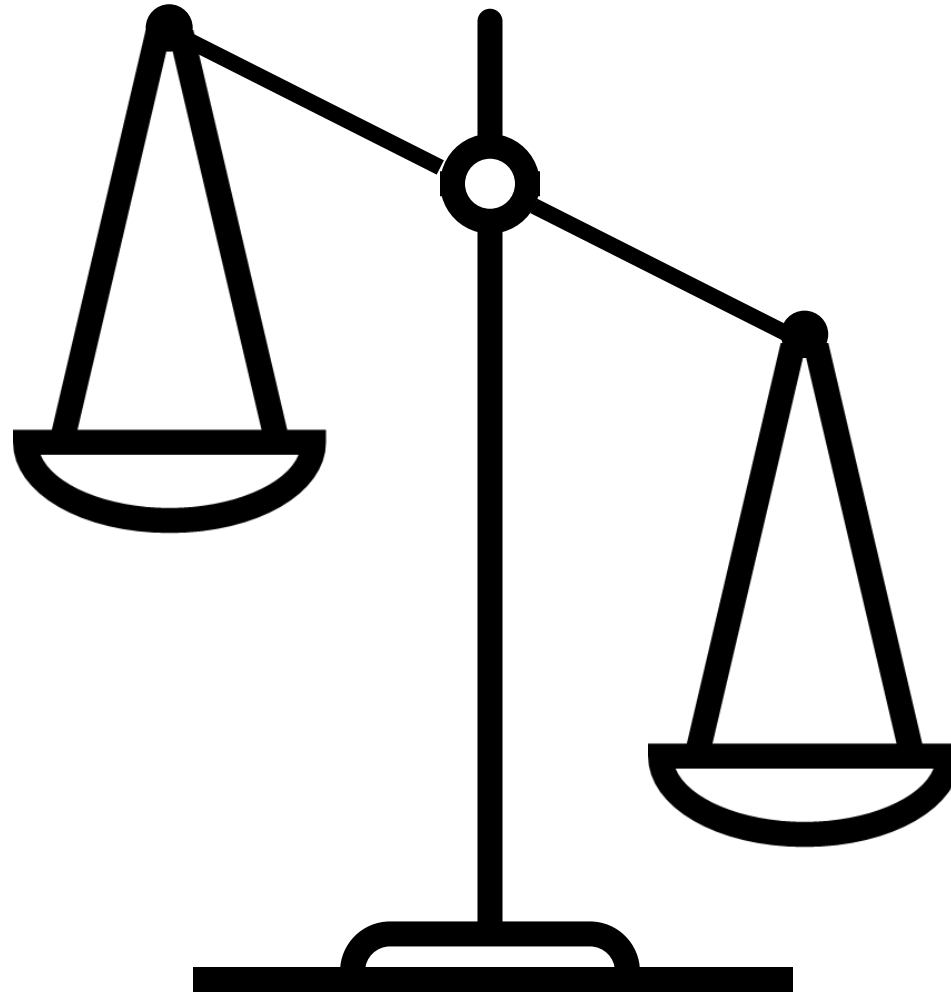
Creating the largest digital workspace platform with Instant Group

- ✓ Merger of IWG booking and property management assets with Instant Group, the world's **leading provider of digital workspace** services
- ✓ Merged business creates the **largest digital platform** for supply of digital workspace booking
- ✓ Network of **30,000 buildings in 175 countries**, operating 24/7 in 40 languages
- ✓ Strong **independent management team** with extensive experience of digital growth
- ✓ **Investment of £270m** used by Instant to acquire the shares of selling shareholders and to provide capital for growth.
- ✓ Intention to **list the merged business** on the US or UK markets within two years



Strategic objectives – free cash-flow generation

✓ Investment in company owned growth reduced



- ✓ Company generated cashflow
- ✓ MFA and unit sales
- ✓ Rapidly growing management income
- ✓ Scale and cost efficiency
- ✓ Separation of digital assets

Outlook



- ✓ **Clear strategic plan in place**, with resources to deliver
- ✓ Well positioned to **grow strongly during 2022 and beyond**
 - Grow EBITDA & cash flow in company-owned centres
 - Rapidly grow the network and free cash through partnering
- ✓ Strengthening **structural tailwinds**
- ✓ Established **leadership position**
- ✓ Record **visibility of forward revenues**
- ✓ Strong pipeline of **capital light network growth**
- ✓ **Differentiated** technology platform
- ✓ Strong **financial position**
- ✓ **Energy, agility and momentum** to capitalise on the opportunities ahead

Ready for the hybrid working revolution