

9 August 2022

## IWG plc – INTERIM RESULTS ANNOUNCEMENT – SIX MONTHS ENDED 30 JUNE 2022

IWG plc, the leading global operator of workspace brands, today announces its interim results for the six months ended 30 June 2022

### *Delivering on strategic objectives drives strong revenue and EBITDA improvement*

#### Strong financial and operational performance in H1<sup>(1)</sup>

- System-wide revenue growth of 22.3% year-on-year driven by strong demand for hybrid working
- Strong growth in adjusted EBITDA to £122.9m (H1 2021: £5.4m) with cost growth materially lower than revenue growth
- Centre-level margin<sup>(2)</sup> performance recovering steadily towards historic levels and on track to reach 30%
- Capital-light growth to deliver franchise and partnered deals of c50% of the estate by year end
- Strong centre cashflow generation and fast reducing capital investment
- On track to build the world's largest digital workspace platform following acquisition of The Instant Group ("Instant")

#### Leadership position in an exciting growth industry

- Unrivalled global and national network coverage benefiting from increased adoption of hybrid working
- Some impact seen from lockdowns in certain markets alongside ongoing inflationary pressures
- Cautiously optimistic on outlook for full year

#### Interim results (continuing operations)

£m	H1 2022	H1 2021	H1 2022	H1 2021	% change <sup>(1)</sup>	% change <sup>(1)</sup>
	(As reported)	(As reported) (Restated)	(Pre-IFRS 16)	(Pre-IFRS 16) (Restated)	constant currency	actual currency
System-wide revenue <sup>(3)</sup>	<b>1,447.9</b>	1,173.8	<b>1,470.4</b>	1,173.8	22.3%	25.3%
Revenue	<b>1,287.0</b>	1,044.4	<b>1,309.5</b>	1,044.4	22.9%	25.4%
Open centre revenue	<b>1,278.4</b>	998.1	<b>1,300.9</b>	998.1	27.8%	30.3%
Pre-2021 revenue	<b>1,188.2</b>	990.6	<b>1,188.2</b>	990.6	17.5%	19.9%
Adjusted operating loss	<b>(2.2)</b>	(31.8)	<b>(36.0)</b>	(147.8)		
Adjusted loss before tax	<b>(70.2)</b>	(163.3)	<b>(24.7)</b>	(183.8)		
(Loss)/profit after tax	<b>(81.3)</b>	(173.0)	<b>2.7</b>	(192.0)		
Adjusted EPS (p)	<b>(11.6)</b>	(11.7)	<b>0.1</b>	(15.0)		
Adjusted EBITDA	<b>565.6</b>	528.6	<b>122.9</b>	5.4		
Net debt	<b>7,195.7</b>	6,785.8	<b>741.0</b>	414.6		

(1) Results presented in accordance with pre-IFRS 16 accounting standards (as defined in Alternative performance measures section)

(2) Centre Contribution before interest, tax, depreciation, amortisation and adjusting items

(3) System-wide revenue – Total reported revenue generated, including revenue from franchise, managed centre and joint-venture partners, excluding fee income

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

"With hybrid working becoming the preferred operational model for a rapidly growing number of companies, we remain confident about the continuing structural growth drivers at play in our industry. Our strategy is focused on meeting this demand by increasing the growth and coverage of our network and we have excellent momentum in delivering capital light growth, enabled by an expanding base of franchise and property partners. We anticipate building our partnered network strongly in the second half of 2022 and beyond.

Whilst it is early days, the Instant management team is making very good progress, and tracking to plan, in creating the world's leading independent digital workspace platform. The integration of the former IWG digital assets is going well. Other leading brands, such as Davinci and Coworker, have been added to the digital platform and further consolidation opportunities are anticipated. Digitally connecting demand with supply in our fast-growing industry will help further unlock the significant market potential of flexible working and, we believe, create significant value.

We have delivered strong revenue performance with record visibility of the forward order book with occupancy and pricing improvements. We continue to build resilience and cost efficiency into our business, and we have repeatedly demonstrated our ability to address new challenges. These attributes will be important as we continue to navigate the headwinds created by increased geopolitical tensions in Europe, general inflationary pressures, and the ebb and flow of COVID-related restrictions in some markets.

Overall therefore, we look forward with cautious optimism to the remainder of 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. If not already registered, please contact Tam Kaur to obtain details for the webcast or conference call: [tkaur@brunswickgroup.com](mailto:tkaur@brunswickgroup.com).

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Nick Cosgrove  
Peter Hesse

## Chief Executive Officer's review

Our industry of flexible and hybrid working continues to enjoy strong structural tailwinds and to grow its share of the commercial real estate market. Albeit currently a small percentage of the overall market, it is estimated to grow to 30% of the commercial real estate market by 2030 (Source: JLL, The Impact of COVID-19 on Flexible Space). Therefore, more property owners are wanting to partner with us to participate in this growth opportunity. More segments of the property market are looking to offer hybrid working.

Our industry is experiencing many tailwinds. Hybrid working lowers costs significantly, in a time of growing economic and inflationary concerns. Crucially, hybrid working is now what employees want and it helps companies overcome resourcing issues in a very competitive market. Hybrid working also helps to reduce carbon footprint at a time when there is a growing focus on sustainability. As a result of these and other benefits, more companies are seeking flexible and distributed workplaces. With the unrivalled coverage across cities and suburbs, and the choice our network offers, IWG is uniquely placed to meet these growing needs. Demand from clients for both fixed office and membership subscription deals continues at unprecedented levels. We added over 2,400 enterprise accounts in the period.

During the first half we also had to contend with some headwinds, including increased geopolitical tensions in Europe, inflationary cost pressures and the emergence of more COVID variants and the reimposition of lockdowns in some geographies, particularly in Asia.

We remain confident that our strategy is the right one. We will continue to build on the scale and inherent resilience of our business and our determination to move to a partner model and build an independent industry-leading services platform. We made good progress in the six months to 30 June 2022 in achieving our strategic objectives.

The targeted improvement in our pre-21 locations is coming through to plan despite the headwinds noted above. The improvements we achieved underpins our confidence in steadily recovering towards our historic 30% contribution margin. The improvement has been driven by a very strong performance on price, new and embedded, which now exceeds Q1/2020, and sequential improvements in occupancy. The move to hybrid working continues to deliver stronger regional suburban performance. Service revenues also continue to recover strongly.

We have delivered a strong performance on cost control despite rising inflationary pressures. Costs were broadly held flat compared to Q4 2021. Without the inflationary pressures on employment costs and utilities and the accelerated investment we are making in our growth teams, costs would have been sequentially lower.

We are making great progress in our strategy of delivering capital-light growth. Of the 70 centres opened in the first half, 53 involved partnering either through management agreements, franchising and JVs or variable leases. As a result, the required net capital investment for the 70 centres opened in the period was £16.0m compared to £28.7m for 84 centres opened in the corresponding period last year. Interest in partnering with IWG from property owners continues to grow.

Momentum in partnering activities is strengthening significantly. We signed 38 partnership and franchise deals in the first half with a combined commitment to open 63 centres. We also signed 43 leases with variable rents.

Cash outflow before growth capital expenditure and share repurchases was £3.0m (H1 2021: £(230.0)m). On a pre-IFRS 16 basis, the Group generated good underlying cash flow before growth and non-recurring items. Our pre-2021 centres generated £261.3m of cash in the half year. After net maintenance capital expenditure of £32.3m (Group total £47.4m), £126.8m of overhead supporting these centres and a small inflow of £1.2m from centres sold, the net cash flow from the pre-2021 centres was £103.3m. With the capital investment in new growth and the earnings drag associated with the 2021 and 2022 centres openings moderating rapidly, we generated £61.8m of cash from our open centres.

Following the merger of IWG's digital assets with Instant on 9 March 2022, the Instant management team has made very good progress in developing its strategic objective of creating the largest independent marketplace for flexible workspace. The financial performance of the combined business is tracking in line with plan. Since the announced merger, the management team has merged Davinci Virtual Office Solutions into its online marketplace for flexible workspace, making the platform the leading aggregator globally for virtual offices. Following this, the team added the world's largest coworking aggregator, Coworker.com, to its platform to provide more choice for companies and individuals as part of their future workspace strategy.

## Financial performance

We have delivered good underlying revenue growth and benefitted from the initial contribution from Instant from March 2022. System-wide revenue increased 20.4% at constant currency to £1,447.9m (H1 2021: £1,173.8m). On a pre-IFRS 16 basis, system-wide revenue increased 22.3% to £1,470.4m (H1 2021: £1,173.8m). On a pre-IFRS 16 basis open centre revenue increased 27.8% at constant currency to £1,300.9m compared to £998.1m in the same period in 2021. There was good sequential quarter-on-quarter growth across the regions. Total Group revenue for the six months to 30 June 2022 increased by 22.9% at constant currency to £1,309.5m (H1 2021: £1,044.4m). Pre-2021 revenue increased 17.5% at constant currency to £1,188.2m (H1 2021: £990.6m), with improvements achieved in all regions.

Pre-2021 occupancy continued its quarterly sequential improvement which started in Q2 2021, increasing to 75.2% in the second quarter. Year-on-year occupancy in the half year increased 740 bps to 74.9% (H1 2021: 67.5%).

The stronger Group revenue performance resulted in an adjusted centre contribution of £175.8m (H1 2021: £97.4m). Under pre-IFRS 16 reporting, adjusted centre contribution improved significantly to £141.7m from a negative contribution of £16.1m for the corresponding period in 2021.

Adjusted operating loss was £2.2m compared to a loss of £31.8m in the same period 2021. Reported operating profit was £36.5m (H1 2021: £81.4m loss). Under pre-IFRS 16 reporting, the adjusted operating loss reduced materially to £36.0m from a loss of £147.8m in the corresponding period in 2021. Reported loss on a pre-IFRS 16 basis was £31.4m (H1 2021: £187.0m loss).

Our adjusted EBITDA of £565.6m compares to £528.6m in the corresponding period in 2021. On a pre-IFRS 16 reporting basis, adjusted EBITDA improved significantly to £122.9m compared to £5.4m in H1 2021, reflecting the lower operating loss noted above.

## Open centre revenue performance by region

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

£m	H1 2022	H1 2021	% Change	% Change
			constant currency	actual currency
Americas	525.2	407.4	21.9%	28.9%
EMEA	394.1	322.9	24.5%	22.1%
Asia Pacific	126.0	110.1	10.8%	14.4%
UK	185.1	155.0	19.3%	19.4%
Other	8.3	2.7	-	-
Group (ex-Instant)	1,238.7	998.1	21.6%	24.1%
Instant	62.2	-	-	-
<b>Total</b>	<b>1,300.9</b>	<b>998.1</b>	<b>27.8%</b>	<b>30.3%</b>

### Americas

The Americas, our largest region, strongly recovered year-on-year with total revenue increasing 19.2% at constant rate, mainly driven by Brazil, Canada, and the US.

£m	H1 2022	H1 2021	% Change	% Change
			constant currency	actual currency
Total revenue	528.8	419.6	19.2%	26.0%
Open centre revenue	525.2	407.4	21.9%	28.9%
Pre-2021 revenue	515.7	406.5	20.0%	26.9%
Pre-2021 occupancy – Square feet	75.4%	67.6%	-	780 bps
Number of centres	1,255	1,257	-	-

Major Central Business Districts (CBDs) continued to face some challenges but have shown progress. Regional districts achieved a higher level of occupancy and customer activity. The removal of promotions and a tightening of discounts has resulted in improved pricing in 2022.

Meeting Room and Day Office revenues in the Americas continued to improve strongly. Meeting Room revenue more than doubled and Day Office revenue improved by 56.1%, year-on-year in constant currency.

There were 11 new locations added in the region in the first half of 2022 and 13 locations were rationalised. After these movements, the total number of locations in the region was 1,255 offering 24.4m sq. ft. of gross space at 30 June 2022.

### EMEA

EMEA performed well with revenue improving 20.0% year-on-year at constant rate, with improved performance driven by both major markets like France, Italy, Spain and smaller markets like Denmark, Ireland, Israel, Portugal, and Luxembourg.

£m	H1 2022	H1 2021	% Change	% Change
			constant currency	actual currency
Total revenue	396.0	336.5	20.0%	17.7%
Open centre revenue	394.1	322.9	24.5%	22.1%
Pre-2021 revenue	359.8	317.3	15.6%	13.4%
Pre-2021 occupancy – Square feet	78.0%	67.9%	-	1,010 bps
Number of centres	1,149	1,123	-	-

Meeting Room and Day Office revenues in EMEA improved strongly. Meeting Room revenue more than doubled and Day Office revenue improved by 44.6%, year-on-year in constant currency.

A total of 39 new locations were added across this region in the first half of 2022. After these additions and the rationalisation of 18 locations, the total locations in the region were 1,149 at 30 June 2022, offering 23.3m sq. ft. of space.

### Asia Pacific

Our business in Asia Pacific continued to deliver a mixed performance with some markets improving nicely, such as India, Singapore and Bangladesh. Other markets were more challenged, such as Australia, China and Malaysia, still partly negatively impacted by COVID-related lockdowns.

£m	H1 2022	H1 2021	% Change	% Change
			constant currency	actual currency
Total revenue	<b>128.2</b>	118.9	4.4%	7.8%
Open centre revenue	<b>126.0</b>	110.1	10.8%	14.4%
Pre-2021 revenue	<b>121.3</b>	109.4	7.4%	10.9%
Pre-2021 occupancy – Square feet	<b>70.5%</b>	67.0%	-	350 bps
Number of centres	<b>647</b>	647	-	-

In Asia Pacific we experienced strong demand for our Meeting Room products. Meeting Room revenue increased by 27.5% year-on-year in constant currency.

A total of 14 new locations were added and 11 closed in the region in the first half of 2022. At 30 June 2022 we had a total of 647 centres in the region, offering 9.7m sq. ft. of space.

## UK

Revenue increased by 11.6% to £186.0m. Retention continued to grow and we improved new sales and renewal pricing. While we started to see some inflationary cost headwinds in H1 2022 we continued to improve our estate portfolio and restructured leases where necessary.

£m	H1 2022	H1 2021	% Change	
			constant currency	actual currency
Total revenue	<b>186.0</b>	166.7	11.6%	
Open centre revenue	<b>185.1</b>	155.0	19.4%	
Pre-2021 revenue	<b>183.1</b>	154.7	18.4%	
Pre-2021 occupancy – Square feet	<b>70.5%</b>	67.0%		350 bps
Number of centres	<b>284</b>	294		-

Meeting Room and Day Office revenues in the UK improved strongly, with Meeting Room revenue more than quadrupling and Day Office revenue more than doubling.

Six new locations were added and seven rationalised in the UK in the first half of 2022. At 30 June 2022 we had a total of 284 centres in the region, offering 7.2m sq. ft. of space.

## Instant

The plan to create the largest digital workspace platform is on track. Revenue from Instant since the acquisition date was £39.7m (£62.2m on a pre-IFRS 16 basis).

## Outlook

With hybrid working becoming the preferred operational model for a rapidly growing number of companies, we remain confident about the continuing structural growth drivers at play in our industry. Our strategy is focused on meeting this demand by increasing the growth and coverage of our network and we have excellent momentum in delivering capital light growth, enabled by an expanding base of franchise and property partners. We anticipate building our partnered network strongly in the second half of 2022 and beyond.

Whilst it is early days, the Instant management team is making very good progress, and tracking to plan, in creating the world's leading independent digital workspace platform. The integration of the former IWG digital assets is going well. Other leading brands, such as Davinci and Coworker, have been added to the digital platform and further consolidation opportunities are anticipated. Digitally connecting demand with supply in our fast-growing industry will help further unlock the significant market potential of flexible working and, we believe, create significant value.

We have delivered strong revenue performance with record visibility of the forward order book with occupancy and pricing continuing to improve. We continue to build resilience and cost efficiency into our business, and we have repeatedly demonstrated our ability to address new challenges. These attributes will be important as we continue to navigate the headwinds created by increased geopolitical tensions in Europe, general inflationary pressures, and the ebb and flow of COVID-related restrictions in some markets.

Overall therefore, we look forward with cautious optimism to the remainder of 2022.

## Mark Dixon

Chief Executive Officer

9 August 2022

## 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 2022 (As reported)	IFRS 16 Impact	H1 2022 (Pre-IFRS 16)	H1 2021 (Pre-IFRS 16) (Restated <sup>(3)</sup> )	IFRS 16 Impact	H1 2021 (As reported) (Restated <sup>(3)</sup> )
<b>Revenue</b>	<b>1,287.0</b>	(22.5)	<b>1,309.5</b>	1,044.4	-	1,044.4
Gross profit/(loss) (centre contribution)	<b>216.3</b>	68.2	<b>148.1</b>	(37.5)	103.1	65.6
Gross profit/(loss) adjusted <sup>(1)</sup>	<b>175.8</b>	34.1	<b>141.7</b>	(16.1)	113.5	97.4
Overheads <sup>(2)</sup>	<b>(179.1)</b>	(0.3)	<b>(178.8)</b>	(148.9)	2.5	(146.4)
Joint ventures	<b>(0.7)</b>	-	<b>(0.7)</b>	(0.6)	-	(0.6)
<b>Operating profit/(loss)</b>	<b>36.5</b>	67.9	<b>(31.4)</b>	(187.0)	105.6	(81.4)
Operating (loss) adjusted <sup>(1)</sup>	<b>(2.2)</b>	33.8	<b>(36.0)</b>	(147.8)	116.0	<b>(31.8)</b>
Net finance	<b>(106.7)</b>	(113.4)	<b>6.7</b>	3.2	(85.1)	<b>(81.9)</b>
<b>(Loss) before tax from continuing operations</b>	<b>(70.2)</b>	(45.5)	<b>(24.7)</b>	(183.8)	20.5	<b>(163.3)</b>
Taxation	<b>(11.1)</b>	(38.5)	<b>27.4</b>	(8.2)	(1.5)	<b>(9.7)</b>
<i>Effective tax rate</i>	<b>(15.8)%</b>	-	<b>110.9%</b>	<i>(4.5)%</i>		<b>(5.9)%</b>
<b>(Loss)/profit after tax from continuing operations</b>	<b>(81.3)</b>	(84.0)	<b>2.7</b>	(192.0)	19.0	<b>(173.0)</b>
<b>Profit/(loss) after tax from discontinuing operations</b>	<b>1.0</b>	0.1	<b>0.9</b>	-	0.6	<b>0.6</b>
<b>(Loss)/profit for the period</b>	<b>(80.3)</b>	(83.9)	<b>3.6</b>	(192.0)	19.6	<b>(172.4)</b>
Basic EPS (p)						
– From continuing operations adjusted <sup>(1)</sup>	<b>(11.6)</b>		<b>0.1</b>	(15.0)		<b>(11.7)</b>
– Attributable to shareholders	<b>(7.6)</b>		<b>0.6</b>	(18.9)		<b>(16.9)</b>
Depreciation & amortisation	<b>567.9</b>	409.2	<b>158.7</b>	152.8	405.8	<b>558.6</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>565.6</b>	442.7	<b>122.9</b>	5.4	523.2	<b>528.6</b>

(1) Adjusting items relate to income and costs arising from the impact of COVID-19 and geopolitical tensions

(2) Overheads for H1 2022 include adjusting items of £1.8m (H1 2021: £17.8m)

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

### Adjusting items

Continued uncertainty in some of our markets due to COVID-19 related factors and geopolitical tensions has led to further measures being taken to maintain the Group's capability to fully benefit from the long-term structural growth opportunity. These actions have resulted in further adjusting items totalling a net credit of £38.7m (H1 2021: £49.6m charge), £40.5m of which are non-cash items.

On a pre-IFRS 16 basis, these adjusting items totalled to a net credit of £4.6m (H1 2021: charge of £39.2m), of which £6.4m are non-cash items. These adjusting items primarily reflect network rationalisation and the impairment of business activities impacted by geopolitical tensions.

#### Network rationalisation

The 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 £20.0m (H1 2021: £66.3m) which was offset by a £69.7m reversal of impairment of property, plant, and equipment. Under pre-IFRS 16 reporting, COVID-19 related rationalisation of the network led to a charge of £17.1m, which was fully mitigated by utilising £42.3m of the previously established provision.

#### Impairment of business activities

With the ongoing geopolitical tensions in the Ukraine, we reviewed the impact on our businesses in Ukraine and in Russia. This has resulted in an impairment charge of £9.3m. On a pre-IFRS 16 basis the impairment charge was £18.8m.

#### Other adjusting items

A charge of £1.5m is included within adjusting items relating to restructuring costs (H1 2021: £17.4m). In addition there is a small charge of £0.3m for transaction costs (H1 2021: £0.4m).

### Revenue

System-wide revenue increased 20.4% at constant currency to £1,447.9m (H1 2021: £1,173.8m). Reported Group revenue increased 20.8% to £1,287.0m (H1 2021: £1,044.4m) and open centre revenue increased 25.4% to £1,278.4m (H1 2021: £988.1m). Revenue numbers for the six months to 30 June 2022 are lower than those on a pre-IFRS 16 basis as rental income in the Instant business is accounted for differently.

This half year our revenue has benefited from the initial contribution from Instant from 9 March.

On a pre-IFRS 16 basis system-wide revenue increased 22.3% to £1,470.4m (H1 2021: £1173.8m). Excluding Instant, system-wide revenue increased 17.0% at constant currency.

Total Group revenue increased 22.9% at constant currency from £1,044.4m to £1,309.5m. Excluding Instant, revenue increased 17.0%. All four regions reported good year-on-year revenue growth, particularly in the Americas and EMEA. Encouraging is the 4.9% constant currency improvement in Q2 revenue compared to Q1 revenue for the Group (ex-Instant), again with all regions contributing to this performance.

Open centre revenue increased 27.8% to £1,300.9m (H1 2021: £998.1m). Excluding Instant, open centre revenue increased 21.6% with good double-digit growth recorded in all regions. On the same basis, revenue in Q2 was 5.6% higher at constant currency than the revenue in Q1.

Pre-2021 revenue, a like-for-like barometer of our business, increased 17.5% at constant currency for the six months to 30 June 2022 to £1,188.2m (H1 2021: £990.6m). Second quarter revenues were 4.7% higher than those in the first quarter. Overall, pre-2021 occupancy was 74.9% (H1 2021: 67.5%). Second quarter occupancy improved 60bps over the first quarter, with all four regions recording improved occupancy.

## Gross profit / (loss)

The adjusted gross profit reported for the period was £175.8m, which compares to £97.4m in the first half of 2021.

Under pre-IFRS 16 reporting, the adjusted gross profit for the period was £141.7m compared to a loss of £16.1m in the corresponding period in 2021. This loss reflects the reduction in the contribution from the pre-2021 centres and a greater drag from the new centres.

H1 2022 (adjusted), £m	Pre-2021 centres	New Centres	Closed Centres	Group (ex-Instant)	Instant	Total
Revenue	1,188.2	50.5	8.6	1,247.3	39.7	1,287.0
Cost of sales	(986.0)	(74.6)	(25.5)	(1,086.2)	(25.0)	(1,111.2)
Gross profit/(loss) (centre contribution)	202.2	(24.1)	(16.9)	161.1	14.7	175.8
Gross margin	17.0%			12.9%		13.7%
Revenue <sup>(1)</sup>	1,188.2	50.5	8.6	1,247.3	62.2	1,309.5
Cost of sales <sup>(1)</sup>	(1,023.9)	(79.3)	(21.6)	(1,124.8)	(43.0)	(1,167.8)
Gross profit/(loss) (centre contribution) <sup>(1)</sup>	164.3	(28.8)	(13.0)	122.5	19.2	141.7
Gross margin <sup>(1)</sup>	13.8%			9.8%		10.8%
H1 2021 (adjusted), £m	Pre-2021 centres	New Centres	Closed Centres	Group (ex-Instant)	Instant	Total Centres
Revenue	990.6	7.5	46.3	1,044.4	-	1,044.4
Cost of sales	(874.9)	(21.1)	(50.9)	(947.0)	-	(947.0)
Gross profit/(loss) (centre contribution)	115.7	(13.6)	(4.7)	97.4	-	97.4
Gross margin	11.7%			9.3%		9.3%
Revenue <sup>(1)</sup>	990.6	7.5	46.3	1,044.4	-	1,044.4
Cost of sales <sup>(1)</sup>	(967.2)	(5.8)	(87.5)	(1,060.5)	-	(1,060.5)
Gross profit/(loss) (centre contribution) <sup>(1)</sup>	29.8	(4.8)	(41.1)	(16.1)	-	(16.1)
Gross margin <sup>(1)</sup>	3.0%			(1.5)%		(1.5)%

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

## EBITDA

Adjusted EBITDA increased from £528.6m to £565.6m for the six months to 30 June 2022. EBITDA including the adjusting items was £604.2m (H1 2021: £479.0m).

Under pre-IFRS 16 reporting there has been a significant recovery in adjusted EBITDA to £122.9m (H1 2021: £5.4m), reflecting the strong improvement in revenue in the period. Adjusted EBITDA includes the drag from investment in growth of £18.0m (H1 2021: £0.3m), and a further drag of £11.6m (H1 2021: £38.7m) from centres closed in the period. Pre-2021 adjusted EBITDA, which eliminates both of these negative factors and therefore provides a better indication of underlying performance, was £152.3m (H1 2021: £41.7m).

Pre-IFRS 16 EBITDA including adjusting items was a profit of £127.5m (H1 2021: loss of £33.8m).

## Overhead investment

A strong focus was maintained on controlling overheads in the first half at broadly the same level we exited Q4 2021, notwithstanding the planned but accelerated investment in the growth personnel. As a percentage of revenue, overheads in Q2 2022 were 70 bps lower than in Q4 2021.

Reported Group overheads, excluding adjusting items of £1.8m, increased 35.7% at constant currency to £177.3m (H1 2021: £128.6m). Under pre-IFRS 16 reporting, overheads before the £1.8m of adjusting items, increased by 32.9% at constant currency to £177.0m (H1 2021: £131.1m). Personnel costs relating to the growth team have been a significant contributor to this overhead increase. As a percentage of revenue, overheads are 13.5%, which is 90 bps higher than in the corresponding period for 2021.

## Operating loss – continuing operations

The adjusted operating loss reported was £2.2m (H1 2021: loss of £31.8m). Including the adjusting items, there is an operating profit of £36.5m compared to a loss of £81.4m in the first half of 2021.

Under pre-IFRS-16 reporting, the adjusted operating loss for the six months to 30 June 2022 was £36.0m (H1 2021: £147.8m loss). The interim operating loss continues to reflect the drag from new centres of £30.8m (H1 2021: £9.8m) as well as losses of £14.1m (H1 2021: £45.6m) from centres closed in the six months to 30 June 2022. Including the adjusting items of £4.6m, the operating loss was £31.4m (H1 2021: £187.0m).

## Net finance income

The Group has reported a net finance cost under IFRS 16 for the six months to 30 June 2022 of £106.7m (H1 2021: £81.9m).

Under pre-IFRS 16 reporting, the Group has reported a net finance income for the six months to 30 June 2021 of £6.7m (H1 2021: income of £3.2m). The primary reason for this is the mark-to-market of the option element of the convertible bond. Due to the lower share price during the period this has resulted in a gain of £26.9m.

Excluding the mark-to-market of the convertible bond and a small foreign exchange gain, the total net financial expense was £20.2m (H1 2021: £11.1m), on a pre-IFRS 16 basis.

## Taxation

The reported effective interim tax rate for the six months to 30 June 2022 is (15.8)% (H1 2021: (5.9)% on continuing operations). The effective tax rate on continuing operations under pre-IFRS 16 reporting is 110.9% (H1 2021: (4.5)%).

## Earnings per share

Reported basic earnings per share for the first half was a loss of 7.6p (H1 2021: (16.9)p). The adjusted loss per share from continuing operations was 11.6p (H1 2021: (11.7)p).

Under pre-IFRS 16 reporting, earnings per share improved to 0.6p (H1 2021: (18.9)p loss). Adjusted earnings per share from continuing operations improved to 0.1p (H1 2021: (15.0)p loss).

Diluted earnings per share under pre-IFRS 16 reporting for the first half was 0.6p (H1 2021: (18.9)p loss). Adjusted diluted earnings per share on a continuing basis for H1 2022 was 0.1p (H1 2021: (15.0)p loss).

The weighted average number of shares in issue for the first six months of the year was 1,007,572,244 (H1 2021: 1,007,043,055). The weighted average number of shares for diluted earnings per share was 1,097,148,667 (H1 2021: 1,104,176,078). 2,092,752 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 1,308,120 shares from treasury to satisfy such exercises during the first half. At 30 June 2022 50,699,339 shares were held as treasury shares.

## Cash flow and funding

In the first six months to 30 June 2022, the Group experienced a small cash outflow of £3.0m before net investment in growth capital expenditure compared to a cash outflow of £230.0m for the same period in 2021.

Overall, the Group cash outflow for the period was £677.5m including the net growth capital expenditure and the acquisition of Instant, of £358.5m (H1 2021: £61.9m). Net debt at 30 June 2022 increased to £7,195.7m from £6,518.2m at 31 December 2021.

On a pre-IFRS reporting basis, in the six months to 30 June 2021 the Group experienced a significantly reduced cash outflow of £34.7m before net investment in growth capital expenditure compared to a cash outflow of £303.0m for the corresponding period in 2021 for the reasons noted above.

On a pre-IFRS reporting basis, the overall Group cash outflow for the period was £344.0m which primarily reflects the acquisition of Instant. Net debt at 30 June 2022 on a pre-IFRS 16 basis therefore increased to £741.0m from £397.0m at 31 December 2021.

## Cash flow

The table below reflects the Group's cash flow:

£m	H1 2022 (As reported)	IFRS 16 Impact	H1 2022 (Pre-IFRS 16)	H1 2021 (Pre-IFRS 16)	IFRS 16 Impact	H1 2021 (As reported)
Adjusted EBITDA	565.6	442.7	122.9	5.4	523.2	528.6
Working capital <sup>(1)</sup>	46.6	93.8	(47.2)	(237.9)	20.2	(217.7)
Growth-related partner contributions	-	18.7	(18.7)	(29.3)	29.3	-
Maintenance capital expenditure	(52.5)	-	(52.5)	(52.1)	-	(52.1)
Maintenance-related partner contributions	5.1	-	5.1	6.3	-	6.3
Taxation	(11.1)	-	(11.1)	(9.2)	-	(9.2)
Finance costs	(120.6)	(108.9)	(11.7)	(4.9)	(87.9)	(92.8)
Finance lease liability arising on new leases	(474.7)	(474.7)	-	-	(391.6)	(391.6)
Proceeds from partner contributions (lease incentives)	17.4	17.4	-	-	7.1	7.1
Other items	21.2	42.7	(21.5)	18.7	(27.3)	(8.6)
<b>Cash flow before growth capital expenditure, share repurchases and dividends</b>	<b>(3.0)</b>	31.7	<b>(34.7)</b>	(303.0)	73.0	(230.0)
Gross growth capital expenditure <sup>(2)</sup>	(377.2)	2.4	(379.6)	(76.2)	(15.0)	(91.2)
Growth-related partner contributions	18.7	-	18.7	29.3	-	29.3
<b>Net growth capital expenditure</b>	<b>(358.5)</b>	2.4	<b>(360.9)</b>	(46.9)	(15.0)	(61.9)
<b>Total net cash flow from operations</b>	<b>(361.5)</b>	34.1	<b>(395.6)</b>	(349.9)	58.0	(291.9)
Purchase of shares	(5.5)	-	(5.5)	-	-	-
Dividend paid	-	-	-	-	-	-
Corporate financing activities	0.1	-	0.1	0.8	(0.7)	0.1
Investment related loan receivable acquired	-	-	-	283.7	-	283.7
Proceeds from Non-Controlling interests	52.6	-	52.6	-	-	-
Proceeds from franchise arrangements	1.6	-	1.6	-	-	-
Opening net debt	(6,518.2)	(6,121.2)	(397.0)	(351.1)	(6,558.5)	(6,909.6)
Exchange movement	(364.8)	(367.6)	2.8	1.9	130.0	131.9
<b>Closing net debt</b>	<b>(7,195.7)</b>	(6,454.7)	<b>(741.0)</b>	(414.6)	(6,371.2)	(6,785.8)

(1) Consists of proceeds from partner contributions of £6.4m (2020:£4.1m), an increase in trade and other receivables of £93.1m (2020: decrease of £15.6m) and an increase in trade and other payables of £133.3m (2020: decrease of £237.4m).

(2) 2022 gross growth capital expenditure includes £295.7m related to The Instant Group acquisition.

## Capital-light development of the network

We made significant progress in furthering our capital-light growth strategy in the first half. Excluding the Instant acquisition, net growth capital expenditure was £57.3m. Under pre-IFRS 16, net growth capital expenditure excluding the Instant acquisition was £59.7m (H1 2021: £46.9m) which includes £41.3m relating to prior year openings and upfront furniture investment. We opened 70 locations, adding 1.5m sq. ft. of gross space, for a net capital investment of £16.0m. Of the 70 openings, 35 were franchise, management agreements or JVs. Of the 35 fully owned openings, 18 involved some element of partnership arrangement.

In the six months to 30 June 2022, we rationalised 49 centres, representing approximately 0.9m sq. ft. of gross space.

At 30 June 2022, the Group's physical network comprised 3,335 locations and 64.6m sq. ft. of gross space. With the addition of 18 new towns and cities, the Group's unrivalled network coverage stood at 1,150 towns and cities.

The investment in net maintenance capital expenditure was maintained at a similar level to the investment in the corresponding period in 2021. Gross maintenance capital expenditure in the first half was £52.5m (H1 2021: £52.1m). After partner contributions received, net maintenance capital expenditure was £47.4m (H1 2021: £45.8m).

## Strong financial position

Net debt at 30 June 2022 was £7,195.7m (H1 2021: £6,785.8m). On a pre-IFRS basis, the Group had net debt at 30 June 2022 of £741.0m (31 December 2021: £397.0m). The 30 June 2022 net debt position reflects the previously highlighted acquisition of Instant in March 2022.

During the first half the Group agreed a reduction in its revolving credit facility from £950m to £750m and agreed a £330m bridge facility for the Instant acquisition.

## Foreign exchange

The Group's results are exposed to translation risk from the movement in currencies. During the first half of 2022 key exchange rates moved, as shown in the table below.

On pre-IFRS 16 reporting, the overall impact of these exchange rate movements over the course of the first six months of the year increased revenue by £25.3m. Gross profit and operating profit decreased by £7.6m and £10.2m respectively due to regional mix.

### Foreign exchange rates

Per £ sterling	At 30 June			Half year average		
	2022	2021	%	2022	2021	%
US dollar	<b>1.22</b>	1.38	(11.6)%	<b>1.29</b>	1.39	(7.2)%
Euro	<b>1.17</b>	1.17	-	<b>1.19</b>	1.15	3.5%

## 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 66 to 75 of the 2021 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 2022. Details of related party transactions that have taken place in the period can be found in note 14.

## Dividends and share repurchase

Given continuing macroeconomic uncertainties and geopolitical tensions the Group has continued to focus on maintaining sufficient funding. As a result, dividend payments currently remain on hold with a clear intention to return to our progressive dividend policy at the earliest possible opportunity. During the first half the Group made a number of small scale share repurchases, in total acquiring 2.1m shares to be held in treasury at a cost of £5.5m.

## Going Concern

Inflationary pressures and geopolitical tensions continue to create a climate of considerable uncertainty. The ultimate impact of these factors 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. The directors are currently in the process of reviewing a number of options to replace the existing bridge financing facility and are comfortable that this process will be concluded in advance of the expiration of this facility in September 2023.

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 2022.

**Glyn Hughes**

**Chief Financial Officer**

9 August 2022

# Condensed Consolidated Financial Information

## Interim consolidated income statement (unaudited)

£m	Notes	Six months ended 30 June 2022	Six months ended 30 June 2021 (Restated) <sup>(1)</sup>
<b>Revenue</b>		<b>1,287.0</b>	1,044.4
<b>Total costs of sales</b>		<b>(1,080.9)</b>	(959.6)
Cost of sales		<b>(1,067.2)</b>	(940.4)
Adjusting items to cost of sales <sup>(2)</sup>	5	<b>(29.3)</b>	(53.2)
Net reversal on impairment of property, plant and equipment <sup>(2)</sup>	5	<b>15.6</b>	34.0
Expected credit reversal/(losses) on trade receivables <sup>(2)</sup>		<b>10.2</b>	(19.2)
<b>Gross profit (centre contribution)</b>		<b>216.3</b>	65.6
<b>Total selling, general and administration expenses</b>		<b>(179.1)</b>	(146.4)
Selling, general and administration expenses		<b>(177.3)</b>	(128.6)
Adjusting items to selling, general and administration expenses	5	<b>(1.8)</b>	(17.8)
Share of loss of equity-accounted investees, net of tax		<b>(0.7)</b>	(0.6)
<b>Operating profit/(loss)</b>		<b>36.5</b>	(81.4)
Finance expense	3	<b>(136.9)</b>	(99.6)
Finance income	3	<b>30.2</b>	17.7
<b>Net finance expense</b>		<b>(106.7)</b>	(81.9)
<b>Loss before tax for the period from continuing operations</b>		<b>(70.2)</b>	(163.3)
Income tax charge		<b>(11.1)</b>	(9.7)
<b>Loss for the period from continuing operations</b>		<b>(81.3)</b>	(173.0)
Profit after tax for the period from discontinued operations	4	<b>1.0</b>	0.6
<b>Loss for the period</b>		<b>(80.3)</b>	(172.4)
Attributable to equity shareholders of the Group		<b>(77.0)</b>	(170.3)
Attributable to non-controlling interests		<b>(3.3)</b>	(2.1)
<b>Loss per ordinary share (EPS):</b>		<b>Six months ended 30 June 2022</b>	Six months ended 30 June 2021 (Restated) <sup>(1)</sup>
<b>Attributable to ordinary shareholders</b>			
Basic (p)		<b>(7.6)</b>	(16.9)
Diluted (p)		<b>(7.6)</b>	(16.9)
<b>From continuing operations</b>			
Basic (p)		<b>(7.7)</b>	(17.0)
Diluted (p)		<b>(7.7)</b>	(17.0)

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

(2) The net reversal of adjusting items of £40.4m (2021: charge of £31.8m) comprises the following items included in the balances referenced (note 5):

A reversal of the impairment of property, plant and equipment and right-of-use assets of £69.7m (2021: £34.0), the adjusting items to costs of sales of £29.3m (2021: £53.2m) and £nil (2021: £12.6m) of the expected credit losses on trade receivables balances reported.

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 2022	Six months ended 30 June 2021
Loss for the period	(80.3)	(172.4)
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	0.1	–
Foreign currency translation differences for foreign operations	21.7	(21.7)
<b>Items that are or may be reclassified to profit or loss in subsequent periods</b>	<b>21.8</b>	<b>(21.5)</b>
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	–	–
<b>Items that will never be reclassified to profit or loss in subsequent periods</b>	<b>–</b>	<b>–</b>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>21.8</b>	<b>(21.5)</b>
<b>Total comprehensive loss for the period, net of tax</b>	<b>(58.5)</b>	<b>(193.9)</b>
Attributable to shareholders of the Group	(56.8)	(191.8)
Attributable to non-controlling interests	(1.7)	(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 <sup>(1)</sup>	Retained earnings	Total Equity attributable to equity shareholders	Non-controlling interests	Total Equity
<b>Balance at 1 January 2021</b>	<b>10.5</b>	<b>312.6</b>	<b>(154.1)</b>	<b>36.2</b>	<b>(0.2)</b>	<b>25.8</b>	<b>283.0</b>	<b>513.8</b>	<b>–</b>	<b>513.8</b>
Loss for the period	–	–	–	–	–	–	(170.3)	(170.3)	(2.1)	(172.4)
<b>Other comprehensive income:</b>										
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)
<b>Other comprehensive (loss)/income, net of tax</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(21.7)</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>(21.5)</b>	<b>–</b>	<b>(21.5)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(21.7)</b>	<b>0.2</b>	<b>–</b>	<b>(170.3)</b>	<b>(191.8)</b>	<b>(2.1)</b>	<b>(193.9)</b>
<b>Transaction with owners of the Company</b>										
Share-based payments	–	–	–	–	–	–	2.1	2.1	–	2.1
Purchase of shares	–	–	–	–	–	–	–	–	–	–
Shares issued from the exercise of share awards	–	–	2.6	–	–	–	(1.8)	0.8	–	0.8
<b>Total contributions and distributions</b>	<b>–</b>	<b>–</b>	<b>2.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.3</b>	<b>2.9</b>	<b>–</b>	<b>2.9</b>
Non-controlling Interest arising on transactions	–	–	–	–	–	–	–	–	13.5	13.5
<b>Total transactions with owners of the Company</b>	<b>–</b>	<b>–</b>	<b>2.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.3</b>	<b>2.9</b>	<b>13.5</b>	<b>16.4</b>
<b>Balance at 30 June 2021</b>	<b>10.5</b>	<b>312.6</b>	<b>(151.5)</b>	<b>14.5</b>	<b>–</b>	<b>25.8</b>	<b>113.0</b>	<b>324.9</b>	<b>11.4</b>	<b>336.3</b>
<b>Balance at 1 January 2022</b>	<b>10.5</b>	<b>312.6</b>	<b>(151.3)</b>	<b>15.3</b>	<b>–</b>	<b>25.8</b>	<b>82.0</b>	<b>294.9</b>	<b>9.6</b>	<b>304.5</b>
Loss for the period	–	–	–	–	–	–	(77.0)	(77.0)	(3.3)	(80.3)
<b>Other comprehensive income:</b>										
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	–	–	–	–	–	–
Foreign exchange recycled to profit or loss from discontinued operations	–	–	–	0.1	–	–	–	0.1	–	0.1
Foreign currency translation differences for foreign operations	–	–	–	20.1	–	–	–	20.1	1.6	21.7
<b>Other comprehensive income/(loss), net of tax</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20.2</b>	<b>1.6</b>	<b>21.8</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20.2</b>	<b>–</b>	<b>–</b>	<b>(77.0)</b>	<b>(56.8)</b>	<b>(1.7)</b>	<b>(58.5)</b>
<b>Transaction with owners of the Company</b>										
Share-based payments	–	–	–	–	–	–	1.0	1.0	–	1.0
Purchase of shares	–	–	(5.5)	–	–	–	–	(5.5)	–	(5.5)
Shares issued from the exercise of share awards	–	–	3.8	–	–	–	(3.7)	0.1	–	0.1
<b>Total contributions and distributions</b>	<b>–</b>	<b>–</b>	<b>(1.7)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2.7)</b>	<b>(4.4)</b>	<b>–</b>	<b>(4.4)</b>
Non-controlling Interest arising on transactions	–	–	–	–	–	–	–	–	52.6	52.6
<b>Total transactions with owners of the Company</b>	<b>–</b>	<b>–</b>	<b>(1.7)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2.7)</b>	<b>(4.4)</b>	<b>52.6</b>	<b>52.6</b>
<b>Balance at 30 June 2022</b>	<b>10.5</b>	<b>312.6</b>	<b>(153.0)</b>	<b>35.5</b>	<b>–</b>	<b>25.8</b>	<b>2.3</b>	<b>233.7</b>	<b>60.5</b>	<b>294.2</b>

(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 2022 (unaudited)	As at 31 December 2021 <sup>(1)</sup>
<b>Non-current assets</b>			
Goodwill	7	984.0	703.8
Other intangible assets	7	171.9	78.0
Property, plant and equipment	8	6,606.0	6,376.5
Right-of-use assets	8	5,388.7	5,254.1
Other property, plant and equipment	8	1,217.3	1,122.4
Non-current net investment in finance leases		113.4	–
Deferred tax assets		349.0	326.6
Other long-term receivables		57.2	49.7
Investments in joint ventures		46.4	44.9
Other investments		0.3	0.3
<b>Total non-current assets</b>		<b>8,328.2</b>	<b>7,579.8</b>
<b>Current assets</b>			
Inventory		1.4	1.2
Trade and other receivables		927.0	734.2
Current net investment in finance leases		53.7	–
Corporation tax receivable		19.4	18.5
Cash and cash equivalents	10	206.2	77.8
<b>Total current assets</b>		<b>1,207.7</b>	<b>831.7</b>
<b>Total assets</b>		<b>9,535.9</b>	<b>8,411.5</b>
<b>Current liabilities</b>			
Trade and other payables		730.6	542.1
Customer deposits		430.6	384.5
Deferred revenue		426.7	346.4
Corporation tax payable		55.8	35.9
Bank and other loans	10	13.6	21.5
Lease liabilities	10	1,021.6	932.5
Provisions		17.9	8.2
<b>Total current liabilities</b>		<b>2,696.8</b>	<b>2,271.1</b>
<b>Non-current liabilities</b>			
Other long-term payables		5.8	5.6
Deferred tax liabilities		140.8	140.6
Bank and other loans	10	933.6	453.3
Lease liabilities	10	5,433.1	5,188.7
Derivative financial liabilities	11	–	26.9
Provisions		21.7	12.4
Provision for deficit on joint ventures		8.0	6.5
Retirement benefit obligations		1.9	1.9
<b>Total non-current liabilities</b>		<b>6,544.9</b>	<b>5,835.9</b>
<b>Total liabilities</b>		<b>9,241.7</b>	<b>8,107.0</b>
<b>Total equity</b>			
Issued share capital		10.5	10.5
Issued share premium		312.6	312.6
Treasury shares		(153.0)	(151.3)
Foreign currency translation reserve		35.5	15.3
Hedging reserve		–	–
Other reserves		25.8	25.8
Retained earnings		2.3	82.0
<b>Total shareholders' equity</b>		<b>233.7</b>	<b>294.9</b>
<b>Non-controlling interests</b>		<b>60.5</b>	<b>9.6</b>
<b>Total equity</b>		<b>294.2</b>	<b>304.5</b>
<b>Total equity and liabilities</b>		<b>9,535.9</b>	<b>8,411.5</b>

(1) Based on the audited financial statements for the year ended 31 December 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 2022	Six months ended 30 June 2021 (Restated) <sup>(1)</sup>
<b>Operating activities</b>			
<b>Loss for the period from continuing operations</b>		<b>(81.3)</b>	(173.0)
Adjustments for:			
Profit from discontinued operations	4	–	1.6
Net finance expense <sup>(2)</sup>	3	<b>106.7</b>	81.9
Share of loss on equity-accounted investees, net of income tax		<b>0.7</b>	0.6
Depreciation charge - Other property, plant and equipment	8	<b>83.6</b>	101.4
Depreciation charge - Right-of-use assets	8	<b>475.7</b>	451.2
Loss on disposal of property, plant and equipment		<b>8.8</b>	55.2
Profit on disposal of right-of-use assets and related leases liabilities		<b>(11.4)</b>	(26.5)
Profit on sale of other current assets		–	(1.4)
(Reversal)/loss on impairment of property, plant and equipment	8	<b>(7.5)</b>	6.8
(Reversal)/loss on impairment of right-of-use assets	8	<b>(8.1)</b>	3.5
Amortisation of intangible assets		<b>8.6</b>	6.0
Income tax charge		<b>11.1</b>	9.7
Expected credit losses on trade receivables		<b>(10.2)</b>	19.2
Increase/(decrease) in provisions		<b>19.2</b>	(18.4)
Share-based payments	12	<b>1.0</b>	2.1
Other non-cash movements		<b>0.3</b>	6.7
<b>Operating cash flows before movements in working capital</b>		<b>597.2</b>	526.6
Proceeds from partner contributions (reimbursement of costs) <sup>(4)</sup>	8	<b>6.4</b>	4.1
(Increase)/decrease in trade and other receivables		<b>(93.1)</b>	15.6
Increase/(decrease) in trade and other payables		<b>133.3</b>	(237.4)
<b>Cash generated from operations</b>		<b>643.8</b>	308.9
Interest paid and similar charges on bank loans and corporate borrowings		<b>(12.2)</b>	(8.2)
Interest paid on lease liabilities		<b>(111.7)</b>	(87.9)
Tax paid		<b>(11.1)</b>	(9.2)
<b>Net cash inflows from operating activities</b>		<b>508.8</b>	203.6
<b>Investing activities</b>			
Purchase of property, plant and equipment	8	<b>(109.3)</b>	(107.6)
Payment of initial direct costs related to right-of-use assets		<b>(0.4)</b>	(0.6)
Interest received on net lease investment	3	<b>2.8</b>	–
Payment received from net lease investment		<b>13.7</b>	–
Purchase of subsidiary undertakings (net of cash acquired)	15	<b>(300.8)</b>	6.5
Proceeds received from non-controlling interests		<b>52.6</b>	–
Purchase of intangible assets		<b>(19.6)</b>	(12.9)
Purchase of joint ventures		–	(0.3)
Proceeds on the sale of discontinued operations, net of cash disposed of	4	<b>1.6</b>	–
Proceeds on sale of property, plant and equipment	8	<b>0.1</b>	0.1
Proceeds on sale of other current assets <sup>(3)</sup>		–	283.7
Interest received	3	<b>0.5</b>	3.3
<b>Net cash (outflows)/inflows from investing activities</b>		<b>(358.8)</b>	172.2
<b>Financing activities</b>			
Proceeds from issue of loans	10	<b>897.6</b>	561.0
Repayment of loans	10	<b>(431.7)</b>	(484.0)
Payment of lease liabilities	10	<b>(503.3)</b>	(440.8)
Proceeds from partners contributions (lease incentives) <sup>(4)</sup>		<b>17.4</b>	7.1
Purchase of treasury shares		<b>(5.5)</b>	–
Proceeds from exercise of share awards		<b>0.1</b>	0.8
<b>Net cash outflows from financing activities</b>		<b>(25.4)</b>	(355.9)
Net increase in cash and cash equivalents	10	<b>124.6</b>	19.9
Cash and cash equivalents at beginning of the period	10	<b>77.8</b>	71.0
Effect of exchange rate fluctuations on cash held	10	<b>3.8</b>	–
<b>Cash and cash equivalents at end of the period</b>	10	<b>206.2</b>	90.9

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

(2) The net finance expense includes mark-to-market adjustments of £26.9m (2021: £14.4m)

(3) 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.

(4) The total proceeds from partner contributions relating to the reimbursement of costs and lease incentives of £23.8m are allocated between maintenance partner contribution of £5.1m and growth partner contributions of £18.7m.

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 2022 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 2021;
- 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 2021 has been filed with the Jersey Companies Registry. Those accounts have been reported on by the Company's auditors and the report of the auditors was (i) unqualified, and (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report. These accounts are available from the Company's website - [www.iwgplc.com](http://www.iwgplc.com); and
- was approved by the Board of Directors on 9 August 2022.

The basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2021 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 2022, 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 2022:

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Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
Annual Improvements to IFRS Standards 2018-2020
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
Reference to the Conceptual Framework - Amendments to IFRS 3

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

The following new or amended standards and interpretations that are mandatory for 2023 annual periods (and future years) are not expected to have a material impact on the Company:

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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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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

#### *Group as a lessor*

The recognition of acquired sublessees as part of the Instant acquisition (note 15) had a material effect on the Group's financial statements and has been accounted for in accordance with IFRS 16 as follows.

The Group acts as an intermediate lessor where certain commercial office real estate properties, rented under a separate 'head' lease agreement, are sublet as part of a separate sublease agreement. Interest in the 'head' lease and sublease are accounted for separately, with the classification of the sublease assessed with reference to the right-of-use assets arising from the head lease (not with reference to the underlying asset).

If the sublease agreement contains lease and non-lease components, the Group applies IFRS 15 in determining the allocation of the agreement consideration.

Client contributions are contributions received from sublessees towards the initial costs of preparing the commercial property for their use, including the fit-out of the property. These contribution represent a reimbursement of costs incurred by the Group and are accounted for as agency arrangements, and form part of the sublessees' assets.

#### **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 2021.

## Principal risks

As part of the half year risk assessment, the Board has considered the impact of geopolitical factors on the principal risks of the Group. Following this risk assessment, the Board are satisfied that the principal risks impacting the group over the next 6 months are unchanged from those noted on pages 66 to 74 of the 2021 Annual Report.

## Going concern

The Group reported a loss after tax of £81.3m (2021: £173.0m) from continuing operations for the year, while net cash of £508.8m (2021: £202.2m) was generated from operations during the year. Although the Group's balance sheet at 30 June 2022 reports a net current liability position of £1,489.1m (31 December 2021: £1,439.4m) which could give rise to a potential liquidity risk, the Directors concluded after a comprehensive review that no liquidity risk exists as:

- (1) The Group had funding available under the Group's £750.0m revolving credit facility (2021: £950.0m). £161.6m (31 December 2021: £530.1m) was available and undrawn at 30 June 2022. This facility was committed until March 2025 with an option to extend until 2026;
- (2) The directors are currently in the process of reviewing a number of options to replace the existing bridge financing facility and are comfortable that this process will be concluded in advance of the expiration of this facility in September 2023; and
- (3) The Group maintained a 12-month rolling forecast and a three-year strategic outlook. It also monitored the covenants in its facilities to manage the risk of potential breach. The Group expects to remain within covenants throughout the forecast period. In reaching this conclusion, the Directors have assessed:
  - the potential cash generation of the Group against a range of illustrative scenarios (including a severe but plausible outcome); and
  - mitigating actions to reduce operating costs and optimise cash flows during any ongoing global restrictions.

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

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

## 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. These reportable segments are involved in the provision of global workplace solutions. The impact from the Instant acquisition (note 15) has been disclosed as a separate operating segment.

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 2021.

Six months ended 30 June £m	Americas		EMEA		Asia Pacific		United Kingdom		Other		Excluding Instant		Instant		Total	
	2022	2021	2022	2021 Restated <sup>(1)</sup>	2022	2021 Restated <sup>(1)</sup>	2022	2021	2022	2021	2022	2021 Restated <sup>(1)</sup>	2022	2021	2022	2021 Restated <sup>(1)</sup>
<b>Revenues from external customers<sup>(2)</sup></b>	<b>528.8</b>	419.6	<b>396.0</b>	336.5	<b>128.2</b>	118.9	<b>186.0</b>	166.7	<b>8.3</b>	2.7	<b>1,247.3</b>	1,044.4	<b>62.2</b>	–	<b>1,309.5</b>	1,044.4
<i>Pre-2021 business<sup>(3)</sup></i>	<b>515.7</b>	406.5	<b>359.8</b>	317.3	<b>121.3</b>	109.4	<b>183.1</b>	154.7	<b>8.3</b>	2.7	<b>1,188.2</b>	990.6	–	–	<b>1,188.2</b>	990.6
<i>2021 Expansions<sup>(3)</sup></i>	<b>9.0</b>	0.9	<b>30.9</b>	5.6	<b>4.5</b>	0.7	<b>2.0</b>	0.3	–	–	<b>46.4</b>	7.5	–	–	<b>46.4</b>	7.5
<i>2022 Expansions<sup>(3)</sup></i>	<b>0.5</b>	–	<b>3.4</b>	–	<b>0.2</b>	–	–	–	–	–	<b>4.1</b>	–	<b>62.2</b>	–	<b>66.3</b>	–
<i>Closures<sup>(3)</sup></i>	<b>3.6</b>	12.2	<b>1.9</b>	13.6	<b>2.2</b>	8.8	<b>0.9</b>	11.7	–	–	<b>8.6</b>	46.3	–	–	<b>8.6</b>	46.3
<b>Gross (loss)/profit (centre contribution)</b>	<b>58.9</b>	(23.7)	<b>38.3</b>	0.3	<b>13.6</b>	7.5	<b>10.5</b>	(24.2)	<b>7.6</b>	2.6	<b>128.9</b>	(37.5)	<b>19.2</b>	–	<b>148.1</b>	(37.5)
Share of loss of equity-accounted investees	–	–	<b>(0.4)</b>	–	–	–	<b>(0.3)</b>	(0.6)	–	–	<b>(0.7)</b>	(0.6)	–	–	<b>(0.7)</b>	(0.6)
<b>Operating profit/(loss)</b>	<b>20.1</b>	(69.3)	<b>3.8</b>	(31.4)	<b>4.1</b>	(3.7)	<b>1.0</b>	(34.4)	<b>(68.9)</b>	(48.2)	<b>(39.9)</b>	(187.0)	<b>8.5</b>	–	<b>(31.4)</b>	(187.0)
Finance expense	–	–	–	–	–	–	–	–	–	–	<b>(16.7)</b>	(14.4)	<b>(4.0)</b>	–	<b>(20.7)</b>	(14.4)
Finance income	–	–	–	–	–	–	–	–	–	–	<b>27.4</b>	17.6	–	–	<b>27.4</b>	17.6
<b>Loss before tax for the period from continuing operations</b>	<b>–</b>	–	<b>–</b>	–	<b>–</b>	–	<b>–</b>	–	<b>–</b>	–	<b>(29.2)</b>	(183.8)	<b>4.5</b>	–	<b>(24.7)</b>	(183.8)
Depreciation and amortisation	<b>78.7</b>	72.4	<b>34.9</b>	33.5	<b>13.3</b>	13.6	<b>20.0</b>	22.7	<b>10.5</b>	8.1	<b>157.4</b>	150.3	<b>1.3</b>	–	<b>158.7</b>	150.3
Impairment of assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(1) Restated to reflect the impact of discontinued operations on a pre-IFRS 16 basis.

(2) Excludes revenue from discontinued operations.

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

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

Six months ended 30 June	Americas		EMEA		Asia Pacific		United Kingdom		Other		Excluding Instant		Instant		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
£m				Restated <sup>(1)</sup>		Restated <sup>(1)</sup>						Restated <sup>(1)</sup>				Restated <sup>(1)</sup>
Assets <sup>(2)</sup>	<b>3,743.7</b>	3,359.5	<b>2,642.3</b>	2,534.2	<b>577.5</b>	561.6	<b>1,380.2</b>	1,518.4	<b>596.0</b>	392.6	<b>8,939.7</b>	8,366.3	<b>596.2</b>	–	<b>9,535.9</b>	8,366.3
Liabilities <sup>(2)</sup>	<b>(3,566.8)</b>	(3,206.5)	<b>(2,516.7)</b>	(2,379.0)	<b>(574.8)</b>	(561.1)	<b>(1,229.7)</b>	(1,346.7)	<b>(1,081.8)</b>	(529.2)	<b>(8,969.8)</b>	(8,022.5)	<b>(271.9)</b>	–	<b>(9,241.7)</b>	(8,022.5)
Net assets / (liabilities)	<b>176.9</b>	153.0	<b>125.6</b>	155.2	<b>2.7</b>	0.5	<b>150.5</b>	171.7	<b>(485.8)</b>	(136.6)	<b>(30.1)</b>	343.8	<b>324.3</b>	–	<b>294.2</b>	343.8
Non-current asset additions <sup>(2)(3)</sup>	<b>64.9</b>	23.0	<b>127.6</b>	106.6	<b>25.4</b>	28.3	<b>16.8</b>	11.3	<b>20.4</b>	24.6	<b>255.0</b>	193.8	<b>11.8</b>	–	<b>266.8</b>	193.8

(1) Restated to reflect the impact of discontinued operations.

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

(3) Excluding deferred taxation.

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

Continuing operations	Americas		EMEA		Asia Pacific		United Kingdom		Other		Excluding Instant		Instant		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
£m	£m	£m	Restated <sup>(1)</sup>	£m	£m	Restated <sup>(1)</sup>	£m	£m	£m	£m	£m	Restated <sup>(1)</sup>	£m	£m	£m	Restated <sup>(1)</sup>
Revenues from external customers	<b>528.8</b>	419.6	<b>396.0</b>	336.5	<b>128.2</b>	118.9	<b>186.0</b>	166.7	<b>8.3</b>	2.7	<b>1,247.3</b>	1,044.4	<b>62.2</b>	–	<b>1,309.5</b>	1,044.4
Rent income	–	–	–	–	–	–	–	–	–	–	–	–	<b>(22.5)</b>	–	<b>(22.5)</b>	–
Revenues from external customers - Reported	<b>528.8</b>	419.6	<b>396.0</b>	336.5	<b>128.2</b>	118.9	<b>186.0</b>	166.7	<b>8.3</b>	2.7	<b>1,247.3</b>	1,044.4	<b>39.7</b>	–	<b>1,287.0</b>	1,044.4

(1) Restated to reflect the impact of discontinued operations on a pre-IFRS 16 basis.

Continuing operations	Americas		EMEA		Asia Pacific		United Kingdom		Other		Excluding Instant		Instant		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
£m	£m	£m	Restated <sup>(1)</sup>	£m	£m	Restated <sup>(1)</sup>	£m	£m	£m	£m	£m	Restated <sup>(1)</sup>	£m	£m	£m	Restated <sup>(1)</sup>
Gross (loss)/profit (centre contribution)	<b>58.9</b>	(23.7)	<b>38.3</b>	0.3	<b>13.6</b>	7.5	<b>10.5</b>	(24.2)	<b>7.6</b>	2.6	<b>128.9</b>	(37.5)	<b>19.2</b>	–	<b>148.1</b>	(37.5)
Rent income	–	–	–	–	–	–	–	–	–	–	–	–	<b>(22.5)</b>	–	<b>(22.5)</b>	–
Rent expense	<b>204.0</b>	212.6	<b>159.6</b>	157.4	<b>59.0</b>	58.0	<b>64.9</b>	77.0	<b>2.6</b>	1.6	<b>490.1</b>	506.6	<b>18.0</b>	–	<b>508.1</b>	506.6
Depreciation of right-of-use assets/property, plant and equipment	<b>(168.8)</b>	(153.4)	<b>(143.7)</b>	<b>(138.5)</b>	<b>(42.9)</b>	(45.9)	<b>(50.2)</b>	(56.7)	<b>(2.7)</b>	(1.7)	<b>(408.3)</b>	(396.2)	<b>(0.2)</b>	–	<b>(408.5)</b>	(396.2)
Other	<b>(8.8)</b>	(7.4)	<b>3.4</b>	2.4	<b>(5.5)</b>	(1.2)	<b>2.9</b>	(1.1)	<b>(1.1)</b>	–	<b>(9.1)</b>	(7.3)	<b>0.2</b>	–	<b>(8.9)</b>	(7.3)
Gross profit/(loss) (centre contribution) - Reported	<b>85.3</b>	28.1	<b>57.6</b>	21.6	<b>24.2</b>	18.4	<b>28.1</b>	(5.0)	<b>6.4</b>	2.5	<b>201.6</b>	65.6	<b>14.7</b>	–	<b>216.3</b>	65.6

(1) Restated to reflect the impact of discontinued operations on a pre-IFRS 16 basis.

Continuing operations	Americas		EMEA		Asia Pacific		United Kingdom		Other		Excluding Instant		Instant		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	Restated <sup>(1)</sup> £m	£m	Restated <sup>(1)</sup> £m	£m	£m	£m	£m	£m	Restated <sup>(1)</sup> £m	£m	£m	£m	Restated <sup>(1)</sup> £m
Operating profit/(loss)	20.1	(69.3)	3.8	(31.4)	4.1	(3.7)	1.0	(34.4)	(68.9)	(48.2)	(39.9)	(187.0)	8.5	–	(31.4)	(187.0)
Rent income	–	–	–	–	–	–	–	–	–	–	–	–	(22.5)	–	(22.5)	–
Rent expense	204.0	212.7	159.6	157.4	59.0	58.0	64.9	79.8	2.8	2.0	490.3	509.9	18.0	–	508.3	509.9
Depreciation of right-of-use assets/property, plant and equipment	(168.8)	(153.4)	(143.7)	(138.5)	(42.8)	(45.9)	(50.6)	(57.0)	(3.1)	(2.2)	(409.0)	(397.0)	(0.2)	–	(409.2)	(397.0)
Other	1.9	(7.6)	3.2	2.2	(5.6)	(1.3)	2.9	(0.9)	8.5	0.3	10.9	(7.3)	(19.6)	–	(8.7)	(7.3)
Operating profit/(loss) - Reported	57.2	(17.6)	22.9	(10.3)	14.7	7.1	18.2	(12.5)	(60.7)	(48.1)	52.3	(81.4)	(15.8)	–	36.5	(81.4)

(1) Restated to reflect the impact of discontinued operations on a pre-IFRS 16 basis.

Continuing operations	Americas		EMEA		Asia Pacific		United Kingdom		Other		Excluding Instant		Instant		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	Restated <sup>(1)</sup> £m	£m	Restated <sup>(1)</sup> £m	£m	£m	£m	£m	£m	Restated <sup>(1)</sup> £m	£m	£m	£m	Restated <sup>(1)</sup> £m
Depreciation and amortisation	78.7	72.4	34.9	33.5	13.3	13.6	20.0	22.7	10.5	8.1	157.4	150.3	1.3	–	158.7	150.3
Depreciation of right-of-use assets/property, plant and equipment	168.8	153.4	143.7	138.5	42.8	45.9	50.6	57.0	3.1	2.2	409.0	397.0	0.2	–	409.2	397.0
Depreciation and amortisation - Reported	247.5	225.8	178.6	172.0	56.1	59.5	70.6	79.7	13.6	10.3	566.4	547.3	1.5	–	567.9	547.3

(1) Restated to reflect the impact of discontinued operations on a pre-IFRS 16 basis.

Continuing operations	Americas		EMEA		Asia Pacific		United Kingdom		Other		Excluding Instant		Instant		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	Restated <sup>(1)</sup> £m	£m	Restated <sup>(1)</sup> £m	£m	£m	£m	£m	£m	Restated <sup>(1)</sup> £m	£m	£m	£m	Restated <sup>(1)</sup> £m
Impairment of assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Impairment of right-of-use assets/property, plant and equipment	(16.3)	(12.9)	4.9	10.6	–	0.3	(4.2)	12.3	–	–	(15.6)	10.3	–	–	(15.6)	10.3
Impairment of assets - Reported	(16.3)	(12.9)	4.9	10.6	–	0.3	(4.2)	12.3	–	–	(15.6)	10.3	–	–	(15.6)	10.3

(1) Restated to reflect the impact of discontinued operations on a pre-IFRS 16 basis.

### Note 3: Net finance expense

£m	Six months ended 30 June 2022	Six months ended 30 June 2021 (Restated) <sup>(1)</sup>
Interest payable and similar charges on bank loans and corporate borrowings	(42.2)	(23.4)
Interest payable on finance lease liabilities	(111.7)	(87.0)
<b>Total interest expense</b>	<b>(153.9)</b>	<b>(110.4)</b>
Other finance income (including foreign exchange)	17.0	10.8
Unwinding of discount rates	–	–
<b>Total finance expense</b>	<b>(136.9)</b>	<b>(99.6)</b>
Interest income	0.5	3.3
Interest received on net lease investment	2.8	–
Financial liabilities measured at FVTPL	26.9	14.4
<b>Total finance income</b>	<b>30.2</b>	<b>17.7</b>
<b>Net finance expense</b>	<b>(106.7)</b>	<b>(81.9)</b>

(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 individually immaterial operations for the consideration of £1.6m (2021: £0.7m). The results of these operations up to the date of disposals were as follows:

£m	Six months ended 30 June 2022	Six months ended 30 June 2021
<b>Revenue</b>	–	22.2
Expenses <sup>(1)</sup>	–	(21.5)
<b>(Loss)/profit before tax for the period</b>	–	0.7
Income tax expense/(credit)	–	(0.3)
<b>(Loss)/profit after tax for the period</b>	–	0.4
Gain/(loss) on sale of discontinued operations	1.0	0.2
<b>Profit for the period, net of tax</b>	<b>1.0</b>	<b>0.6</b>

(1) Includes £nil (2021: £11.4m) of depreciation and amortisation.

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

£m	30 June 2022	30 June 2021
Total assets	1.2	1.3
Total liabilities	(0.7)	(0.8)
<b>Net assets</b>	<b>0.5</b>	<b>0.5</b>
Interests directly associated with the disposal	–	–
Foreign exchange recycled to profit and loss	0.1	–
	<b>0.6</b>	<b>0.5</b>
Consideration on disposal (net of cash and debt) <sup>(1)</sup>	1.6	0.7
<b>Gain on sale of discontinued operations</b>	<b>1.0</b>	<b>0.2</b>

(1) 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 2022	Six months ended 30 June 2021
Operating	0.4	10.5
Investing	–	(1.4)
Financing	(0.5)	(9.1)
<b>Net cash inflow</b>	<b>(0.1)</b>	<b>–</b>

## Note 5: Adjusting items

The Group has recognised the following adjusting items during the period ending 30 June 2022:

£m	Six months ended	Six months ended
	30 June 2022	30 June 2021
COVID-19 related adjusting items	(47.9)	49.6
Impairment of Ukraine and Russia	9.3	–
<b>Total adjusting items</b>	<b>(38.6)</b>	<b>49.6</b>

### 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 was unable to operate at full capacity. Given the political and economic uncertainty resulting from COVID-19, the Group continued to see volatility and business disruption, impacting expected performance in 2022.

The Group has recognised a reversal of £47.9m (2021: charge of £49.6m) 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 126 of the Annual Report and Accounts 2021.

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

£m	Six months ended	Six months ended
	30 June 2022	30 June 2021
Reversal of impairment of property, plant and equipment (including right-of-use assets) <sup>(1)</sup>	(69.7)	(34.0)
Provision for expected credit losses <sup>(1)</sup>	-	12.6
Network rationalisation <sup>(1)</sup>	20.0	66.3
Other one-off items <sup>(2)</sup>	1.8	4.7
<b>Total COVID-19 related adjusting items</b>	<b>(47.9)</b>	<b>49.6</b>

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

(2) Included as adjusting items in selling, general and administration except for £nil (2021: £0.6m) in respect of worldwide financial support schemes which is included in costs of sales.

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

The continuation of COVID-19, including new and extended preventative measures in some of the Group's markets, continues to prolong the impact on our business in 2022. 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 2022. Following this review, a reversal of £69.7m (2021: £34.0m) was recognised within net operating expenses. Of this reversal, £26.0m (2021: £12.4m) and £43.7m (2021: £21.6m) was recognised against property, plant and equipment and right-of-use assets respectively.

- **Provision for expected credit losses**

The Group continues to review the recoverability of its trade and other receivables portfolio, however no additional expected credit loss was deemed necessary (2021: £12.6m). The provision for expected credit losses reflecting the greater likelihood of credit default by the Group's debtors, directly attributable to the impact of COVID-19, is fully utilised as at 30 June 2022.

- **Network rationalisation**

£20.0m (2021: £66.3m) of charges were incurred relating to network rationalisations that occurred in the year, which includes the write off of the book value of assets and direct closure costs related to these centres. A separate rationalisation charge of £1.0m (2021: £nil) has also been recorded which is not included as adjusting items.

- **Other one-off items**

During the period, the Group incurred £0.3m of transaction costs in respect of master franchise agreements that did not complete due to the impact of COVID-19 (2021: £0.4m).

Other charges of £1.5m (2021: £17.4m) 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 £nil (2021: £12.5m). In addition, during the period, the Group received a total of £nil (2021: £0.6m) 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.

### Impairment of Ukraine and Russia

As a result of geopolitical circumstances in the Ukraine and related sanctions against Russia, the Board has taken the decision to recognise a total provision of £9.3m against the gross assets of both its Russian and Ukrainian operations. These operations are not material to the group, representing less than 1% of both total revenue and net assets of the Group. Accordingly, the Group's significant accounting judgements, estimates and assumptions have not changed.

## Note 6: Dividends

Due to the prolonged uncertainty caused by COVID-19, we believe it is prudent to protect our liquidity and as a result, no dividend was declared in 2022 (2021: £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 2022, the carrying value of the Group's goodwill and indefinite life intangible assets was £984.0m and £11.2m respectively (31 December 2021: £703.8m and £11.2m respectively). Additional goodwill of £241.1m was recognised, on a provisional basis, as a result of the Instant acquisition (note 15).

In accordance with IAS 36, given the 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 for 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 (2021: £nil).

## Note 8: Property, plant and equipment

	Right-of-use assets <sup>(1)</sup> £m	Land and buildings £m	Leasehold improvements £m	Furniture and equipment £m	Computer hardware £m	Total £m
<b>Cost</b>						
At 1 January 2022	9,288.3	160.5	1,484.7	810.9	128.3	11,872.7
Additions	179.3	–	63.7	36.4	2.8	282.2
Modifications <sup>(2)</sup>	160.2	–	–	–	–	160.2
Acquisition of subsidiaries (Note 16)	1.9	–	15.2	–	–	17.1
Disposals <sup>(4) (5)</sup>	(270.1)	–	(59.5)	(11.9)	(1.7)	(343.2)
Exchange rate movements	563.3	–	113.3	64.3	8.8	749.7
<b>At 30 June 2022</b>	<b>9,922.9</b>	<b>160.5</b>	<b>1,617.4</b>	<b>899.7</b>	<b>138.2</b>	<b>12,738.7</b>
<b>Accumulated depreciation</b>						
At 1 January 2022	4,034.2	11.1	897.0	451.2	102.7	5,496.2
Charge for the period <sup>(3) (6)</sup>	475.7	1.3	51.2	27.4	3.7	559.3
Disposals <sup>(4) (5)</sup>	(219.0)	–	(52.9)	(9.6)	(1.6)	(283.1)
Net reversal of impairment <sup>(7)</sup>	(8.1)	–	(7.5)	–	–	(15.6)
Exchange rate movements	251.4	–	77.2	40.1	7.2	375.9
<b>At 30 June 2022</b>	<b>4,534.2</b>	<b>12.4</b>	<b>965.0</b>	<b>509.1</b>	<b>112.0</b>	<b>6,132.7</b>
<b>Net book value</b>						
At 1 January 2022	5,254.1	149.4	587.7	359.7	25.6	6,376.5
<b>At 30 June 2022</b>	<b>5,388.7</b>	<b>148.1</b>	<b>652.4</b>	<b>390.6</b>	<b>26.2</b>	<b>6,606.0</b>

(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 (2021: £9.4m) and other property, plant and equipment of £nil (2021: £1.9m).

(4) Includes disposals related to discontinued operations for right-of-use assets of £nil (2021: £0.1m) and other property, plant and equipment of £0.1m (2021: £0.6m).

(5) Disposals is net of £3.0m (2021: £18.2m) in respect of COVID related adjusting items previously provided for (Note 5).

(6) Depreciation is net of £16.9m (2021: £25.3m) in respect of COVID related adjusting items previously provided for (Note 5).

(7) The reversal of impairment of £15.6m includes an additional COVID related impairment of £25.1m (2021: £67.7m), offset by the reversal of £74.9m (2021: £58.2m) 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 2021 Annual Report and Accounts.

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £68.2m (30 June 2021: £80.3m).

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 and equipment are based on the higher of fair value less costs to sell and value in use. The Group considered both fair value less costs to dispose and value in use in the impairment testing on a centre by centre level. Impairment charges are recognised within cost of sales in the consolidated income statement. In 2022, the Group recorded a net reversal of impairment charges of £8.1m (2021: charge of £3.5m) in respect of right-of-use assets and a net reversal of £7.5m (2021: charge of £6.8m) in respect of leasehold improvements.

## Note 9: Deferred tax assets

The Group's net deferred tax assets arising on IFRS 16 have increased to £208.2m (31 December 2021: £186.0m).

The Directors have assessed the recoverability of all deferred tax balances in response to the continuing 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 on order to recover these balances. The period over which these balances are expected to be recovered is not significantly different at 30 June 2022 than it was at 31 December 2021.

## Note 10: Net debt analysis

	Cash and cash equivalents £m	Gross cash £m	Debt due within one year £m	Debt due after one year <sup>(2)(3)</sup> £m	Lease due within one year <sup>(1)</sup> £m	Lease due after one year <sup>(1)</sup> £m	Gross Debt £m	Net Debt £m	Derivative liability £m	Total £m
At 1 January 2021	71.0	<b>71.0</b>	(21.9)	(400.2)	(1,019.6)	(5,538.9)	<b>(6,980.6)</b>	<b>(6,909.6)</b>	(49.6)	<b>(6,959.2)</b>
Cash flow	19.9	<b>19.9</b>	1.9	(78.9)	85.5	443.8	<b>452.3</b>	<b>472.2</b>	0.2	<b>472.4</b>
Non-cash movements <sup>(4)</sup>	–	–	(0.8)	(7.5)	(13.2)	(458.8)	<b>(480.3)</b>	<b>(480.3)</b>	14.3	<b>(466.0)</b>
Exchange rate movements	–	–	0.3	1.6	21.0	109.0	<b>131.9</b>	<b>131.9</b>	–	<b>131.9</b>
<b>At 30 June 2021</b>	<b>90.9</b>	<b>90.9</b>	<b>(20.5)</b>	<b>(485.0)</b>	<b>(926.3)</b>	<b>(5,444.9)</b>	<b>(6,876.7)</b>	<b>(6,785.8)</b>	<b>(35.1)</b>	<b>(6,820.9)</b>
At 1 January 2022	77.8	<b>77.8</b>	(21.5)	(453.3)	(932.5)	(5,188.7)	<b>(6,596.0)</b>	<b>(6,518.2)</b>	(26.9)	<b>(6,545.1)</b>
Cash flow	124.6	<b>124.6</b>	8.5	(474.4)	144.8	470.2	<b>149.1</b>	<b>273.7</b>	–	<b>273.7</b>
Non-cash movements <sup>(4)</sup>	–	–	–	(5.5)	(176.3)	(404.6)	<b>(586.4)</b>	<b>(586.4)</b>	26.9	<b>(559.5)</b>
Exchange rate movements	3.8	<b>3.8</b>	(0.6)	(0.4)	(57.6)	(310.0)	<b>(368.6)</b>	<b>(364.8)</b>	–	<b>(364.8)</b>
<b>At 30 June 2022</b>	<b>206.2</b>	<b>206.2</b>	<b>(13.6)</b>	<b>(933.6)</b>	<b>(1,021.6)</b>	<b>(5,433.1)</b>	<b>(7,401.9)</b>	<b>(7,195.7)</b>	<b>–</b>	<b>(7,195.7)</b>

(1) There are no significant lease commitments for leases not commenced at 30 June 2022.

(2) Includes £313.3m (2021: £303.5m) convertible bond liability.

(3) Excludes the convertible bond derivative liability element at 30 June 2022 of £nil (2021: £35.1m) and a cash flow hedging liability at 30 June 2022 of £nil (2021: £nil).

(4) Includes early termination of lease liabilities of £63.0m (2021: £231.7m) of which £0.5m (2021: £52.3m) is related to discontinued operations.

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use ("Blocked Cash") amounted to £12.0m at 30 June 2022 (31 December 2021: £7.4m). Of this balance, £2.7m (31 December 2021: £2.6m) is pledged as security against outstanding bank guarantees and a further £9.3m (31 December 2021: £4.8m) is pledged against various other commitments of the Group.

Cash flows on lease liabilities consist of principal payments of £503.3m (2021: £440.8m) and interest payments of £111.7m (2021: £87.9m). Total cash outflows of £646.2m (2021: £562.4m) for leases, including variable payments of £31.2m (2021: £33.7m), were incurred in the period.

Non-cash movements of £580.9m (2021: £472.0m) represent the movements on lease liabilities in relation to new 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 £nil (2021: £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 2022	30 June 2021
Depreciation charge for right-of-use assets	<b>475.7</b>	451.2
Principal lease liability repayments	<b>503.3</b>	440.8
Interest expense on lease liabilities	<b>111.7</b>	87.9
Expense relating to short-term leases	–	–
Expense relating to leases of low-value assets that are not shown above as short-term leases	<b>2.0</b>	–
Expenses relating to variable lease payments not included in lease liabilities	<b>31.2</b>	33.7
Total cash outflow for leases comprising interest and capital payments	<b>(615.0)</b>	(528.7)
Additions to right-of-use assets	<b>181.2</b>	77.5
Gains/(losses) arising from sale and leaseback transactions	–	–
Interest income on net lease investment	<b>2.8</b>	–
Principal payments received from net lease investment	<b>13.7</b>	–

## 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 2022		At 31 December 2021	
	Amortised cost	Fair value	Amortised cost	Fair value
Cash and cash equivalents	206.2	–	77.8	–
Trade and other receivables	719.5	–	600.5	–
Other long-term receivables	57.2	–	49.7	–
Derivative financial liabilities	–	–	–	(26.9)
Convertible bond	(313.3)	–	(308.3)	–
Bank loans and corporate borrowings	(612.2)	–	(136.5)	–
Other loans	(21.7)	–	(30.0)	–
Contingent consideration on acquisitions	–	(3.8)	–	(6.8)
Trade and other payables	(1,165.3)	–	(919.8)	–
Other long-term payables	(5.8)	–	(5.6)	–
	(1,135.4)	(3.8)	(672.2)	(33.7)

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 2021.

While the Group continues to monitor liquidity risk on a basis consistent to the approach set out on page 145 of the 2021 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. The Group also assessed the recoverability of trade receivables, with a decrease in expected credit losses of £10.2 million recorded during the period (as at 30 June 2021: an increase of £19.2 million).

Although the Group has net current liabilities of £1,489.1m (31 December 2021: £1,439.4m), 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 revenue which will be recognised in future periods through the income statement. The Group holds customer deposits of £430.6m (December 2021: £384.5m) 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.

The Group maintains a revolving credit facility provided by a group of international banks. The amount of the facility is £750.0m (2021: £950.0m) with a final maturity in March 2025 and an option to extend until 2026. As at 30 June, £161.6m was available and undrawn under this facility (as at 30 June 2021: £544.4m).

The £750.0m revolving credit facility is subject to financial covenants which include EBITDA, minimum liquidity, interest cover and net debt to EBITDA ratio. The Group continued to operate in compliance with the covenants agreed with the lenders.

A £330.0m bridge facility for the Instant acquisition has been agreed and utilised. The bridge facility has a maturity in September 2023. This facility is secured and is subject to interest cover and net debt to EBITDA covenants.

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 2022, the debt was valued at its amortised cost, £313.3m (31 December 2021: £308.3m) and the derivative liability at its fair value is £nil (31 December 2021: £26.9m). A mark-to-market gain of £26.9m (2021: £14.4m), on the derivative liability, was recognised through finance income.

## Note 12: Share-based payment

During the period, the Group awarded 1,687,450 options (2021: 734,820) under the Share Option Plan, 1,289,217 share awards (2021: 959,015) under the Performance Share Plan and 171,415 share awards (2021: nil) under the Deferred Share Bonus Plan. During the period, a charge of £1.0m was recognized (2021: £2.1m).

### Note 13: 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 £332.8m (31 December 2021: £309.4m). There are no material lawsuits pending against the Group.

### Note 14: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group for the year ended 31 December 2021 has not changed.

	30 June 2022	31 December 2021
Management fees received from related parties	2.9	3.5

  

	30 June 2022	31 December 2021
Amounts owed by related party	24.0	19.7
Amounts owed to related party	(25.4)	(20.0)

As at 30 June 2022, no amounts due to the Group have been provided for (31 December 2021: £nil).

During the period the Group acquired goods and services from a company indirectly controlled by a director of the Group amounting to £14,045 (31 December 2021: £27,319).

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 2022.

### Note 15: Acquisitions of subsidiaries and non-controlling interest

#### Current period acquisitions

During the six months ended 30 June 2022, the Group completed the acquisition of The Instant Group for a total consideration of £320.7m.

#### The Instant Group

£m	Book value	Provisional fair value
<b>Net assets acquired</b>		
Right-of-use assets	1.9	1.9
Intangible assets	2.0	82.1
Other property, plant and equipment	15.2	15.2
Net investment in finance leases	177.2	177.2
Cash	25.0	25.0
Other current and non-current assets	63.6	63.6
Lease liabilities	(170.6)	(170.6)
Current liabilities	(114.9)	(114.9)
Non-current liabilities	–	–
<b>Net liabilities acquired</b>	<b>(0.6)</b>	<b>79.5</b>
Goodwill arising on acquisition		241.1
<b>Total consideration</b>		<b>320.7</b>
Less deferred consideration		–
<b>Cash flow on acquisition</b>		
Cash paid		320.7
Less: cash acquired		(25.0)
<b>Net cash outflow</b>		<b>295.7</b>

The provisional goodwill arising on the 2022 acquisition reflects the future benefits anticipated by the IWG Group.

If the above acquisition had occurred on 1 January 2022, the revenue and net retained loss arising from this acquisition would have been £57.2m and £5.5m respectively. In the period, the equity acquisition contributed revenue of £39.7m and a net retained loss of £4.0m.

The acquisition costs associated with this transaction were £11.0m, recorded within administration expenses in the consolidated income statement.

There was no contingent consideration arising on the acquisition. Contingent consideration of £5.1m was paid during the current period with respect to milestones achieved on previous period acquisitions. There are deferred considerations of £3.8m and contingent considerations of £2.6m held on the Group's balance sheet as at 30 June 2022.

### Prior period acquisitions

During the six months ended 30 June 2021, the Group made three individually immaterial acquisitions for a total consideration of £27.9m.

£m	Book value	Provisional fair value recognised on acquisition	Final fair value recognised on acquisition
<b>Net assets acquired</b>			
Right-of-use assets	68.3	68.3	71.5
Intangible assets	–	–	1.4
Other property, plant and equipment	19.9	19.9	24.6
Cash	27.8	27.8	32.1
Other current and non-current assets	22.5	22.5	11.2
Lease liabilities	(77.0)	(77.0)	(74.0)
Current liabilities	(24.9)	(24.9)	(25.4)
Non-current liabilities	(2.3)	(2.3)	(10.8)
<b>Net assets acquired</b>	<b>34.3</b>	<b>34.3</b>	<b>30.6</b>
NCI based on their proportionate interest in the recognised amounts of the assets and liabilities of 'The Wing'		(13.5)	(15.2)
Goodwill arising on acquisition		6.5	14.2
Negative goodwill on acquisition		–	(1.7)
<b>Total consideration</b>		<b>27.3</b>	<b>27.9</b>
Less: contingent consideration		–	(4.7)
Less deferred consideration		(6.0)	(1.7)
<b>Cash flow on acquisition</b>			
Cash paid		21.3	21.5
Less: cash acquired		(27.8)	(32.1)
<b>Net cash inflow<sup>(1)</sup></b>		<b>(6.5)</b>	<b>(10.6)</b>

(1) At 30 June 2021, the Group provisionally recognised cash consideration paid on acquisitions of £21.3m and cash acquired on those same acquisitions of £27.8m. This provisionally indicated a net cash inflow on acquisitions for the interim period to 30 June 2021 of £6.5m. Upon further clarification and conclusion of the acquisitions completed in the six months to June 2021, cash consideration paid was uplifted to £21.5m and cash balances acquired were determined to equal £32.1m.

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, £14.2m 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.

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.

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.

The prior year comparative information has not been restated due to the immaterial nature of the final fair value adjustments recognised in 2021.

### Non-controlling interests

Concurrently with acquisition, The Instant Group Management invested £52.6m into the wider digital and technology platform of the Group.

### Note 16: Events after the balance sheet date

There were no significant events occurring after 30 June 2022 affecting the condensed interim financial statements of the Group.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the half year ended 30 June 2022

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 2022 ("the interim financial information") which comprises which comprises the Interim Consolidated Income Statement, the Interim Consolidated Statement of Comprehensive Income, the Interim Consolidated Balance Sheet, the Interim Consolidated Statement of Changes in Equity, the Interim 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

Chief Executive Officer

Glyn Hughes

Chief Financial Officer

9 August 2022

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 ('the Entity')**

### **Conclusion**

We have been engaged by the Entity to review the Entity's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the Interim Consolidated Income Statement, the Interim Consolidated Statement of Comprehensive Income, the Interim Consolidated Balance Sheet, the Interim Consolidated Statement of Changes in Equity, the Interim Consolidated Statement of Cash Flows and the related explanatory notes ('the condensed consolidated interim financial information').

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 2022 is not prepared, in all material respects in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as contained in the UK adopted International Accounting Standards and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.

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

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

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

### **Directors' responsibilities**

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

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

The annual financial statements of the Entity for the year ended 31 December 2021 are prepared in accordance with UK-adopted international accounting standards.



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

#### **Our responsibility**

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

#### **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.

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

9 August 2022

## 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 173 of the IWG plc 2021 Annual Report and Accounts for further details.

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

### Adjusted centre contribution

Centre contribution excluding adjusting items.

### Adjusted EBITDA

EBITDA excluding adjusting items.

### Adjusted EPS

EPS excluding adjusting items.

### Adjusted operating profit/(loss)

Operating profit/(loss) 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.

### EBIT

Earnings before interest and tax.

### EBITDA

Earnings before interest, tax, depreciation and amortisation.

### EPS

Earnings per share.

### Expansions

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

### Franchisee

The owners of business centres operating under a formal franchise arrangement.

### Growth capital expenditure

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

### Growth estate

Comprises centres which opened during the current or prior financial year.

### Growth-related partner contributions

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

### Like-for-like

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

### Maintenance capital expenditure

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

### Maintenance-related partner contributions

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

### Net debt

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

### Net growth capital investment

Growth capital expenditure net of growth-related partner contributions.

### Network rationalisation

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

### Occupancy

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

### Open centres

All centres excluding closures.

### Open centre revenue

Revenue for all centres excluding closures.

### Operating profit/(loss) before growth

Reported operating profit/(loss) adjusted for the gross profit impact arising from centres opening in the preceding and current years, and centres to be opened in the subsequent year.

### Partners

Owners or landlords of business centres, operating under a management lease arrangement.

### Pre-2021 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-2021 gross margin

Gross margin attributable to the Pre-2021 business.

### Pre-IFRS 16 basis

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

### Revenue development

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

### ROI

Return on investment.

### TSR

Total shareholder return.

### REVPOS

Revenue per occupied square feet.

### System wide revenue

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

## Pre-IFRS 16 PRO FORMA Statements

### Interim consolidated income statement

The purpose of these unaudited pages is to provide a reconciliation from the 2022 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.

	Period ended 30 June 2022 As reported £m	Rent income & expense and finance income & costs £m	Depreciation £m	Other adjustments £m	Taxation £m	Period ended 30 June 2022 pre-IFRS 16 £m
<b>Continuing operations</b>						
Revenue	1,287.0	22.5	–	–	–	1,309.5
<b>Total cost of sales</b>	<b>(1,080.9)</b>	<b>(508.1)</b>	<b>408.5</b>	<b>8.9</b>	<b>–</b>	<b>(1,171.6)</b>
Cost of sales	(1,067.2)	(508.1)	408.5	(11.2)	–	(1,178.0)
Adjusting items to cost of sales <sup>(1)</sup>	(29.3)	–	–	35.7	–	6.4
Net reversal on impairment of property, plant, equipment <sup>(1)</sup>	15.6	–	–	(15.6)	–	–
Expected credit reversal on trade receivables <sup>(1)</sup>	10.2	–	–	–	–	10.2
<b>Gross profit/(loss) (centre contribution)</b>	<b>216.3</b>	<b>(485.6)</b>	<b>408.5</b>	<b>8.9</b>	<b>–</b>	<b>148.1</b>
<b>Total selling, general and administration expenses</b>	<b>(179.1)</b>	<b>(0.2)</b>	<b>0.7</b>	<b>(0.2)</b>	<b>–</b>	<b>(178.8)</b>
Selling, general and administration expenses	(177.3)	(0.2)	0.7	(0.2)	–	(177.0)
Adjusting items to selling, general and administration expenses	(1.8)	–	–	–	–	(1.8)
Share of loss of equity-accounted investees, net of tax	(0.7)	–	–	–	–	(0.7)
<b>Operating profit/(loss)</b>	<b>36.5</b>	<b>(485.8)</b>	<b>409.2</b>	<b>8.7</b>	<b>–</b>	<b>(31.4)</b>
Finance expense	(136.9)	111.7	–	4.5	–	(20.7)
Finance income	30.2	(2.8)	–	–	–	27.4
<b>Net finance expense</b>	<b>(106.7)</b>	<b>108.9</b>	<b>–</b>	<b>4.5</b>	<b>–</b>	<b>6.7</b>
<b>Loss before tax for the period from continuing operations</b>	<b>(70.2)</b>	<b>(376.9)</b>	<b>409.2</b>	<b>13.2</b>	<b>–</b>	<b>(24.7)</b>
Income tax (charge)/credit	(11.1)	–	–	–	38.5	27.4
<b>(Loss)/profit for the period from continuing operations</b>	<b>(81.3)</b>	<b>(376.9)</b>	<b>409.2</b>	<b>13.2</b>	<b>38.5</b>	<b>2.7</b>
Profit after tax for the period from discontinuing operations	1.0	–	–	(0.1)	–	0.9
<b>(Loss)/profit for the period</b>	<b>(80.3)</b>	<b>(376.9)</b>	<b>409.2</b>	<b>13.1</b>	<b>38.5</b>	<b>3.6</b>
Attributable to equity shareholders of the Company	(77.0)	(376.9)	409.2	12.4	38.5	6.2
Attributable to non-controlling interests	(3.3)	–	–	0.7	–	(2.6)

### (Loss)/earnings per ordinary share (EPS):

#### Attributable to ordinary shareholders

Basic (p)	(7.6)	0.6
Diluted (p)	(7.6)	0.6

#### From continuing operations

Basic (p)	(7.7)	0.5
Diluted (p)	(7.7)	0.5

(1) The net reversal of adjusting items of £40.4m (2021: charge of £31.8m) comprises the following items included in the balances referenced (note 5):

A reversal of the impairment of property, plant and equipment and right-of-use assets of £69.7m (2021: £34.0), the adjusting items to costs of sales of £29.3m (2021: £53.2m) and £nil (2021: £12.6m) of the expected credit losses on trade receivables balances reported.

## **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, 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. Net investment in finance leases**

Where the Group acts as an intermediate lessor in a separate sublease agreement, the initial net investment in finance leases are equal to the present value of the lease receipts during the lease term that have not yet been paid. The right-of-use asset arising from the head lease is offset by the initial measurement of the net investment in the finance lease, plus any additional direct costs associated with setting up the lease.

### **3. Rent expense and finance costs**

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

### **4. Rent income and finance income**

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

### **5. Depreciation, lease payments and lease receipts**

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

### **6. Taxation**

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

### **7. 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 2022 As reported £m	Right-of-use asset & related lease liability £m	Rent income & expense and finance income & costs £m	Depreciation & lease payments £m	Other adjustments £m	Taxation £m	Period ended 30 June 2022 pre-IFRS 16 £m
<b>Non-current assets</b>							
Goodwill	984.0	-	-	-	-	-	984.0
Other intangible assets	171.9	-	-	-	-	-	171.9
Property, plant and equipment	6,606.0	(5,518.1)	509.4	409.4	0.2	-	2,006.9
Right-of-use assets	5,388.7	(5,852.3)	-	455.8	7.8	-	-
Other property, plant and equipment	1,217.3	334.2	509.4	(46.4)	(7.6)	-	2,006.9
Non-current net investment in finance leases	113.4	(122.8)	-	9.4	-	-	-
Deferred tax assets	349.0	-	-	-	-	(132.5)	216.5
Other long-term receivables	57.2	-	-	-	0.2	-	57.4
Investments in joint ventures	46.4	-	-	-	-	-	46.4
Other investments	0.3	-	-	-	-	-	0.3
<b>Total non-current assets</b>	<b>8,328.2</b>	<b>(5,640.9)</b>	<b>509.4</b>	<b>418.8</b>	<b>0.4</b>	<b>(132.5)</b>	<b>3,483.4</b>
<b>Current assets</b>							
Inventory	1.4	-	-	-	-	-	1.4
Trade and other receivables	927.0	-	204.4	-	(2.6)	-	1,128.8
Current net investment in finance leases	53.7	(59.5)	2.8	3.0	-	-	-
Corporation tax receivable	19.4	-	-	-	-	31.6	51.0
Cash and cash equivalents	206.2	-	-	-	-	-	206.2
<b>Total current assets</b>	<b>1,207.7</b>	<b>(59.5)</b>	<b>207.2</b>	<b>3.0</b>	<b>(2.6)</b>	<b>31.6</b>	<b>1,387.4</b>
<b>Total assets</b>	<b>9,535.9</b>	<b>(5,700.4)</b>	<b>716.6</b>	<b>421.8</b>	<b>(2.2)</b>	<b>(100.9)</b>	<b>4,870.8</b>
<b>Current liabilities</b>							
Trade and other payables	730.6	-	455.1	-	-	-	1,185.7
Customer deposits	430.6	-	-	-	-	-	430.6
Deferred revenue	426.7	-	17.2	-	-	-	443.9
Corporation tax payable	55.8	-	-	-	-	(27.6)	28.2
Bank and other loans	13.6	-	-	-	-	-	13.6
Lease liabilities	1,021.6	(1,054.7)	(111.6)	144.7	-	-	-
Provisions	17.9	-	-	-	79.7	-	97.6
<b>Total current liabilities</b>	<b>2,696.8</b>	<b>(1,054.7)</b>	<b>360.7</b>	<b>144.7</b>	<b>79.7</b>	<b>(27.6)</b>	<b>2,199.6</b>
<b>Non-current liabilities</b>							
Other long-term payables	5.8	-	939.7	-	0.2	-	945.7
Deferred tax liabilities	140.8	-	-	-	-	(5.8)	135.0
Bank and other loans	933.6	-	-	-	-	-	933.6
Lease liabilities	5,433.1	(5,903.3)	-	470.2	-	-	-
Provisions	21.7	-	-	-	16.0	-	37.7
Provision for deficit in joint ventures	8.0	-	-	-	-	-	8.0
Retirement benefit obligations	1.9	-	-	-	-	-	1.9
<b>Total non-current liabilities</b>	<b>6,544.9</b>	<b>(5,903.3)</b>	<b>939.7</b>	<b>470.2</b>	<b>16.2</b>	<b>(5.8)</b>	<b>2,061.9</b>
<b>Total liabilities</b>	<b>9,241.7</b>	<b>(6,958.0)</b>	<b>1,300.4</b>	<b>614.9</b>	<b>95.9</b>	<b>(33.4)</b>	<b>4,261.5</b>
<b>Total equity</b>							
Issued share capital	10.5	-	-	-	-	-	10.5
Issued share premium	312.6	-	-	-	-	-	312.6
Treasury shares	(153.0)	-	-	-	-	-	(153.0)
Foreign currency translation reserve	35.5	(28.1)	-	-	-	-	7.4
Hedging reserve	-	-	-	-	-	-	-
Other reserves	25.8	-	-	-	-	-	25.8
Retained earnings	2.3	1,285.7	(583.8)	(193.1)	(97.3)	(67.5)	346.3
<b>Total shareholders' equity</b>	<b>233.7</b>	<b>1,257.6</b>	<b>(583.8)</b>	<b>(193.1)</b>	<b>(97.3)</b>	<b>(67.5)</b>	<b>549.6</b>
<b>Non-controlling interests</b>	<b>60.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.8)</b>	<b>-</b>	<b>59.7</b>
<b>Total equity</b>	<b>294.2</b>	<b>1,257.6</b>	<b>(583.8)</b>	<b>(193.1)</b>	<b>(98.1)</b>	<b>(67.5)</b>	<b>609.3</b>
<b>Total equity and liabilities</b>	<b>9,535.9</b>	<b>(5,700.4)</b>	<b>716.6</b>	<b>421.8</b>	<b>(2.2)</b>	<b>(100.9)</b>	<b>4,870.8</b>

**Interim consolidated statement of cash flows**

	Period ended 30 June 2022 As reported £m	Rent income & expense and finance income & costs £m	Depreciation & lease payments £m	Other adjustments £m	Period ended 30 June 2022 pre-IFRS 16 £m
<b>Operating activities</b>					
<b>(Loss)/Profit for the period from continuing operations</b>	<b>(81.3)</b>	<b>(376.9)</b>	<b>409.2</b>	<b>51.7</b>	<b>2.7</b>
Adjustments for:					
Profit from discontinued operations	–	–	–	–	–
Net finance expense	106.7	(111.7)	–	(4.5)	(9.5)
Share of loss on equity-accounted investees, net of income tax	0.7	–	–	–	0.7
Depreciation charge	559.3	–	(409.2)	–	150.1
Depreciation charge - Other property, plant and equipment	83.6	–	66.5	–	150.1
Depreciation charge - Right-of-use assets	475.7	–	(475.7)	–	–
Loss on disposal of property, plant and equipment	8.8	–	–	8.7	17.5
Profit on disposal of right-of-use assets and related lease liabilities	(11.4)	–	–	11.4	–
Reversal on impairment of property, plant and equipment	(7.5)	–	–	7.5	–
Reversal on impairment of right-of-use assets	(8.1)	–	–	8.1	–
Amortisation of intangible assets	8.6	–	–	–	8.6
Income tax charge/(credit)	11.1	–	–	(38.5)	(27.4)
Expected credit losses on trade receivables	(10.2)	–	–	–	(10.2)
Increase/(decrease) in provisions	19.2	–	–	(42.0)	(22.8)
Share-based payments	1.0	–	–	–	1.0
Other non-cash movements	0.3	–	–	0.9	1.2
<b>Operating cash flows before movements in working capital</b>	<b>597.2</b>	<b>(488.6)</b>	<b>–</b>	<b>3.3</b>	<b>111.9</b>
Proceeds from partner contributions (reimbursement of costs)	6.4	–	(6.4)	–	–
Increase in trade and other receivables	(93.1)	(76.3)	–	–	(169.4)
Increase in trade and other payables	133.3	458.0	(465.8)	(3.3)	122.2
<b>Cash generated from operations</b>	<b>643.8</b>	<b>(106.9)</b>	<b>(472.2)</b>	<b>0.0</b>	<b>64.7</b>
Interest paid and similar charges on bank loans and corporate borrowings	(12.2)	–	–	–	(12.2)
Interest paid on lease liabilities	(111.7)	111.7	–	–	–
Tax paid	(11.1)	–	–	–	(11.1)
<b>Net cash inflows from operating activities</b>	<b>508.8</b>	<b>4.8</b>	<b>(472.2)</b>	<b>0.0</b>	<b>41.4</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	(109.3)	(2.4)	–	–	(111.7)
Payment of initial direct costs related to right-of-use asset	(0.4)	0.4	–	–	–
Interest received on net lease investment	2.8	(2.8)	–	–	–
Payment received from net lease investment	13.7	–	(13.7)	–	–
Purchase of subsidiary undertakings (net of cash acquired)	(300.8)	–	–	–	(300.8)
Proceeds received from non-controlling interests	52.6	–	–	–	52.6
Purchase of intangible assets	(19.6)	–	–	–	(19.6)
Proceeds on the sale of discontinued operations, net of cash disposed of	1.6	–	–	–	1.6
Proceeds on sale of property, plant and equipment	0.1	–	–	–	0.1
Interest received	0.5	–	–	–	0.5
<b>Net cash outflows from investing activities</b>	<b>(358.8)</b>	<b>(4.8)</b>	<b>(13.7)</b>	<b>–</b>	<b>(377.3)</b>
<b>Financing activities</b>					
Proceeds from issue of loans	897.6	–	–	–	897.6
Repayment of loans	(431.7)	–	–	–	(431.7)
Payment of lease liabilities	(503.3)	–	503.3	–	–
Proceeds from partner contributions (lease incentives)	17.4	–	(17.4)	–	–
Purchase of treasury shares	(5.5)	–	–	–	(5.5)
Proceeds from exercise of share awards	0.1	–	–	–	0.1
<b>Net cash (outflows)/inflows from financing activities</b>	<b>(25.4)</b>	<b>–</b>	<b>485.9</b>	<b>–</b>	<b>460.5</b>
Net increase in cash and cash equivalents	124.6	–	–	–	124.6
Cash and cash equivalents at beginning of the period	77.8	–	–	–	77.8
Effect of exchange rate fluctuations on cash held	3.8	–	–	–	3.8
<b>Cash and cash equivalents at end of the period</b>	<b>206.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>206.2</b>

**Segmental analysis – management basis (unaudited)**

Six months ended 30 June 2022	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)	Excluding Instant (pre-IFRS 16 basis)	Instant (pre-IFRS 16 basis)	Total (pre-IFRS 16 basis)
<b>Pre-2021<sup>(1)</sup></b>								
Square Feet (000's) <sup>(4)</sup>	12,008	9,052	2,998	4,601	–	28,659	–	28,659
Occupancy %	75.4%	78.0%	70.5%	70.5%	–	74.9%	–	74.9%
Revenue (£m)	515.7	359.8	121.3	183.1	8.3	1,188.2	–	1,188.2
Contribution (£m)	73.0	42.3	15.6	16.6	7.6	155.1	–	155.1
REVPOS (£)	57	51	57	56	–	55	–	55
<b>2021 Expansions<sup>(2)</sup></b>								
Square Feet (000's) <sup>(4)</sup>	243	1,004	191	59	–	1,497	–	1,497
Occupancy %	53.9%	56.1%	41.8%	52.6%	–	53.8%	–	53.8%
Revenue (£m)	9.0	30.9	4.5	2.0	–	46.4	–	46.4
Contribution (£m)	(3.1)	(5.9)	(1.2)	(1.0)	–	(11.2)	–	(11.2)
<b>2022 Expansions<sup>(2)(5)</sup></b>								
Square Feet (000's) <sup>(4)</sup>	36	114	56	1	–	207	–	207
Occupancy (%)	16.2%	43.0%	11.0%	19.0%	–	29.5%	–	29.5%
Revenue (£m)	0.5	3.4	0.2	–	–	4.1	62.2	66.3
Contribution (£m)	(0.7)	0.3	(0.1)	0.1	–	(0.4)	19.2	18.8
<b>Network rationalisations<sup>(3)</sup></b>								
Square Feet (000's) <sup>(4)</sup>	114	50	72	57	–	293	–	293
Occupancy (%)	56.4%	67.4%	60.4%	35.5%	–	55.2%	–	55.2%
Revenue (£m)	3.6	1.9	2.2	0.9	–	8.6	–	8.6
Contribution (£m)	(10.3)	1.6	(0.7)	(5.2)	–	(14.6)	–	(14.6)
<b>Total</b>								
<b>Square Feet (000's)<sup>(4)</sup></b>	12,401	10,220	3,317	4,718	–	30,656	–	30,656
<b>Occupancy (%)</b>	74.6%	75.4%	67.6%	69.9%	–	73.4%	–	73.4%
<b>Revenue (£m)</b>	528.8	396.0	128.2	186.0	8.3	1,247.3	62.2	1,309.5
<b>Contribution (£m)</b>	58.9	38.3	13.6	10.5	7.6	128.9	19.2	148.1
<b>Period end square feet (000's)<sup>(7)</sup></b>								
<b>Pre-2020</b>	12,074	10,199	4,252	4,801	–	31,326	–	31,326
<b>2020 Expansions</b>	279	1,176	314	91	–	1,860	–	1,860
<b>2021 Expansions</b>	96	395	178	55	–	724	–	724
<b>Total</b>	12,449	11,770	4,744	4,947	–	33,910	–	33,910

Segmental analysis – management basis (continued)

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)	Excluding Instant (pre-IFRS 16 basis)	Instant (pre-IFRS 16 basis)	Total (pre-IFRS 16 basis)
<b>Pre-2021</b> <sup>(1)</sup>								
Square Feet (000's) <sup>(4)</sup>	11,938	9,094	3,018	4,579	–	28,629	–	28,629
Occupancy %	67.6%	67.9%	67.0%	67.0%	–	67.5%	–	67.5%
Revenue (£m)	406.5	317.3	109.4	154.7	2.7	990.6	–	990.6
Contribution (£m)	3.6	11.0	10.9	(14.0)	2.6	14.1	–	14.1
REVPOS (£)	50	51	54	50	–	51	–	51
<b>2021 Expansions</b> <sup>(2)</sup>								
Square Feet (000's) <sup>(4)</sup>	89	399	72	29	–	589	–	589
Occupancy (%)	20.0%	24.0%	17.4%	33.3%	–	23.1%	–	23.1%
Revenue (£m)	0.9	5.6	0.7	0.3	–	7.5	–	7.5
Contribution (£m)	(4.4)	(4.4)	(0.8)	(0.5)	–	(10.1)	–	(10.1)
<b>Network rationalisations</b> <sup>(6)</sup>								
Square Feet (000's) <sup>(4)</sup>	393	425	260	344	–	1,422	–	1,422
Occupancy (%)	52.2%	53.9%	59.9%	54.2%	–	54.6%	–	54.6%
Revenue (£m)	12.2	13.6	8.8	11.7	–	46.3	–	46.3
Contribution (£m)	(22.9)	(6.3)	(2.6)	(9.7)	–	(41.5)	–	(41.5)
<b>Total</b>								
<b>Square Feet (000's) <sup>(4)</sup></b>	12,420	9,918	3,350	4,952	–	30,640	–	30,640
<b>Occupancy (%)</b>	66.8%	65.5%	65.4%	65.9%	–	66.1%	–	66.1%
<b>Revenue (£m)</b>	419.6	336.5	118.9	166.7	2.7	1,044.4	–	1,044.4
<b>Contribution (£m)</b>	(23.7)	0.3	7.5	(24.2)	2.6	(37.5)	–	(37.5)

(1) The Pre-2021 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 2022 data is defined as a centre closed during the period from 1 January 2022 to 30 June 2022

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

(5) 2022 expansions include any costs incurred in 2022 for centres which will open in 2023

(6) Network rationalisation for the 2021 comparative data is defined as a centre closed during the period from 1 January 2021 to 30 June 2022

(7) Office square feet available at period end