

5 March 2024

## PRELIMINARY RESULTS ANNOUNCEMENT

IWG plc, the world's largest hybrid workspace platform with operations of 895,000 rooms across 3,514 locations in 120 countries through brands such as Regus and Spaces, and in addition the digital services business Worka, issues its preliminary results for the twelve months ended 31 December 2023.

## IWG DELIVERS: GROWTH, REVENUE, CASH, DIVIDEND

### Group performance: record revenue, increasing EBITDA and cash generation

- Delivering the highest-ever revenue in IWG's 35-year history with 10% constant currency growth in system-wide<sup>1</sup> revenue to £3.3bn, 8% growth at actual currency
- EBITDA<sup>2</sup> increase of 34%<sup>3</sup> to £403m (2022: £311m) driven by combination of higher revenue and cost focus
- Higher cash generation of £297m cash flow from business activities<sup>4</sup> (2022: £151m) and £104m lower net financial debt vs 2022
- Expanding footprint globally across diverse locations with a doubling in the open rate during 2023 from 2022, almost all with no capex
- Continued cost discipline with revenue growth higher than cost<sup>5</sup> growth despite continued global inflationary pressure
- As previously announced, resumption of dividend payments with a progressive policy and the Board is recommending a final dividend of 1.0p per share

### Managed & Franchised: contract signing growth continues, rooms opening, increasing RevPAR

- Fee income from Managed & Franchised business up 49%<sup>3</sup> to £50m (2022: £34m)
- Record 117k rooms signed during 2023, up 129% vs 2022 with an estimated RevPAR of £200 at maturity
  - Signings now evolving into openings at pace, with 37k rooms opened in 2023 (15k rooms opened in 2022)
  - At end of 2023, a total of 115k rooms had been signed and not yet opened
- Revenue Per Available Room ("RevPAR") of £381 per month in 2023 with an estimated RevPAR of c£250 once all rooms including the signed pipeline have opened and matured
- Increased investment in supporting this ongoing programme

### Company-Owned & Leased: margin expansion on track

- Gross Profit<sup>5</sup> increased by 41%<sup>3</sup> to £528m (2022: £388m) and margin up from 15.9% in 2022 to 20.4% in 2023
- RevPAR increase of 6%<sup>3</sup> to £280, delivering revenue growth of 7%<sup>3</sup> to £2.59bn
- Costs<sup>5</sup>, including centre maintenance capex of £41m, held below inflation driven by improving efficiencies, despite the high inflationary backdrop
- New centre investment of £55m during 2023, which is a fraction of previous expenditure and expected to decline further in 2024

### Worka: investment continuing in the market-leading hybrid working platform

- Continued progress with multiple bolt-on acquisitions and platform expansion, in-line with strategy
- Revenue increased by 18% to £319m (2022: £271m) delivering gross profit growth of 16% to £160m (2022: £138m)
- Strong revenue improvements in new initiatives, but some headwinds as legacy contracts roll off forecast; expectation of flat revenues during 2024
- Gross Profit margin stable at 50.2% in 2023 (2022: 50.9%) with continued investment in the platform expected to be a catalyst for revenue growth and EBITDA generation in medium term
- Invested £24m through acquisitions and platform capex during 2023, continuing to build the platform

### Investing for the future: controlling central overhead with focus on platform investment and growth

- Central overhead costs down as a percentage of revenue by 50bps as the business becomes more efficient
- Investment, including M&A, to help drive revenue growth and further efficiencies in the future has risen to £82m for:
  - Investment into the platform and systems
  - Research and development into the platform, new products, systems and processes
- We expect this trend to continue during 2024

## Summary

£m	System Revenue	Revenue	Contri- bution <sup>5,6</sup>	Overhead <sup>5,7</sup>	Pre-IFRS Adjusted EBITDA <sup>2</sup>	Investment		
						Centre Maintenance Capex (net)	New Centre Capex (net)	Other Investments (incl. M&A)
Managed & Franchised	427	50	50	(70)	(20)			
Company-Owned & Leased	2,589	2,589	569	(272)	297	(41)	(55)	(58)
Worka	319	319	164	(38)	126			(24)
<b>Total in 2023</b>	<b>3,335</b>	<b>2,958</b>	<b>783</b>	<b>(380)</b>	<b>403</b>	<b>(41)</b>	<b>(55)</b>	<b>(82)</b>
Total in 2022	3,086	2,751	662	(351)	311	(58)	(104)	(376)

### Cashflow and balance sheet: delivering as expected, resumption of dividend

- Cashflow from business activities<sup>4</sup> of £297m (2022: £151m) primary driver of cashflow generation
- Net financial debt reduction towards 1.0x net financial debt / EBITDA continues, with net financial debt reducing by £104m over the last 12 months to £(608)m
- Resumption of dividend underpinned by confidence balance sheet

### Changes to presentation of financials in 2024

- Successful adoption of USD as reporting currency, effective 1 January 2024; future reporting will be under USD
- Board continues to review the adoption of US GAAP as the Group's accounting standard with a likely announcement regarding the company's intentions during H1 2024

## SUMMARY FINANCIALS

The Group reports results in accordance with IFRS. Some results are additionally presented before the application of IFRS 16 (in accordance with IAS 17 accounting standards) as it provides useful information to stakeholders on how the Group is managed and reporting for bank covenants and certain lease agreements. The primary difference between the two standards is the treatment of operating lease liabilities. There is no difference between underlying cash flow. A reconciliation between EBITDA before the application of IFRS 16 and the IFRS 16 EBITDA is provided in the CFO review.

Continuing operations (£m)	2023	2022	Constant currency	Actual currency
System-wide revenue <sup>1</sup>	3,335	3,086	+10%	+8%
RevPAR per month (£)	291	280	+6%	+4%
Group revenue	2,958	2,751	+9%	+8%
EBITDA <sup>2</sup>	403	311	+34%	+30%
Operating profit	145	147	+7%	-2%
Earnings per share (p)	(21.4)	(7.0)		n.m.
Cash flow from business activities <sup>4</sup>	297	151		+97%
Net financial (debt)	(608)	(712)		

1. System-wide revenue represents the total of all revenue made by both non-consolidated and consolidated locations globally

2. Adjusted EBITDA before the application of IFRS 16 as defined in the Alternative performance measures section

3. Constant currency

4. Cash flow before tax, interest, growth capex and acquisitions (see p. 14)

5. Pre rationalisation cost

6. Gross Profit excluding depreciation before the application of IFRS 16 as defined in the Alternative performance measures section

7. SG&A excluding depreciation before the application of IFRS 16 as defined in the Alternative performance measures section

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

“We enter 2024 continuing our momentum from 2023 as we continue to grow our customer base, our global partnerships and our best-in-class network.

While 2023 was a record year for both revenue and network size, we continue to see significant growth potential. With 1.2 billion white-collar workers globally and a potential audience valued at more than \$2 trillion, there is substantial room for growth and as a company, we have a laser-like focus on capturing more of this market over the coming months and years.”

**Outlook and guidance**

The demand for hybrid working solutions continues to grow as businesses globally seek to reduce costs and respond to the needs of their employees. The Group remains cautious in its outlook and continues to focus on driving efficiencies and cost control. As a result, we are confident that 2024 EBITDA will be in-line with management’s expectations.

Whilst underlying cash generation continues to be strong, management are expecting some catch-up during Q1 2024 due to a changeover in accounting systems, which will result in net quarterly cash generation being flat as a one-off impact. Capital allocation will continue as guided during our investor day in December last year with net debt continuing to be paid down during the year, towards our target of 1x Net Debt / EBITDA.

**Financial calendar**

19 March 2024	2023 Annual Report & Accounts publication
3 May 2024	Final 2023 dividend record date
7 May 2024	First quarter 2024 trading update
31 May 2024	Final 2023 dividend payment date
6 August 2024	Interim 2024 results
5 November 2024	Third quarter 2024 trading update

**Details of results presentation**

Mark Dixon, Chief Executive Officer, and Charlie Steel, Chief Financial Officer, will be hosting a presentation of the results today for analysts and investors at 9.00am UK time (SPACES, New Broad Street House, 35 New Broad St, London, EC2M 1NH).

The presentation will be available via live webcast. This will be available to view at the following link:<https://broadcaster-audience.mediaplatform.com/event/65cb83d170f7b50d10104111/presentation>

**Further information**

<b>IWG plc</b> Mark Dixon, Chief Executive Officer Charlie Steel, Chief Financial Officer Richard Manning, Head of Investor Relations	<b>Brunswick Tel: + 44 (0) 20 7404 5959</b> Nick Cosgrove Peter Hesse
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## Chairman's Statement

The rapid uptake of the hybrid model is making it the preferred way of working for millions everywhere. This trend continues to gain momentum as ongoing societal and behavioural change, supported by ever-advancing technology, enables more and more people to work wherever and however they are happiest and most productive. During the year we witnessed companies across the world reducing their concentration on large city-centre sites, choosing instead for state-of-the-art accommodation in the suburbs, towns and smaller communities close to where their people live and want to work, combined with smaller, flexible city-based workspaces.

We are proud that our conveniently located flexible workspace delivers multiple benefits to so many different audiences, both in and out of city centres. Clearly, to workers, who get to work where they wish, slashing the commute which saves money and gains quality time for themselves. To businesses, enabling them to attract and retain key talent while reducing both their costs and environmental footprint. To communities, empowering them to attract new business opportunities and increase their economic activity. To property-owning partners and franchisees, providing all the services necessary to successfully convert buildings into the flexible workspace offerings desired by hybrid workers. And, of course, to our shareholders, through improved financial returns.

During 2023, as we accelerated the expansion of our global network we maintained a disciplined approach to costs and capital-light growth that enabled us to simultaneously generate sufficient cash to reduce debt and return to a dividend payment.

In short, this was an exceptional year in the history of IWG as we continue to lead the way reinventing and expanding the world of flexible workspace.

### Our people

We achieved this multi-faceted success during a year that no one regarded as straightforward in light of the significant geopolitical, economic and other challenges faced by so many. Such accomplishments were therefore not easily delivered, and we thank our exceptional IWG people once more for the continued professionalism and sheer hard work that have made them possible.

It is particularly important that we reward their commitment by offering every opportunity to build great careers with IWG. We are committed to provide a diverse and inclusive environment, together with the excellent IWG training and development support, to enable them to realise their full potential.

### Our strategy

As a result of consistently applying a long-term strategic approach over the years we are today established as a leading pioneer of hybrid working. During 2023, we continued to refine and improve our offer by further strengthening our market lead by focusing on a few key areas including geographic coverage, technological excellence and people power.

The acceleration of the expansion of our global network through our capital-light approach using management agreements, partnering and franchising is naturally extending our market lead. This enables us to meet the needs of evermore hybrid workers while increasing awareness and understanding among new prospects of the benefits of the hybrid model.

We continue to develop our industry-leading platform, using the insight and experience we've gained from operating the world's largest network of flexible workspaces. This includes improvements to the offer and delivery of services to our customers and partners along with the further investment in our unique technology platform. As a result, we are able to increase both service levels and efficiency, while helping customers and partners become ever-more efficient and productive in achieving their own business aims and ambitions.

Another important area of focus is our continued development of the digital Worka integrated independent workspace platform to capture the value chain opportunities from the structural growth of the entire market of hybrid working.

### The Board

I would like to thank my Board colleagues for their continued commitment and valued advice they have brought to IWG over the past year during which the Group delivered improved operating results while securing the Group's position as the leading provider for both customers and building owners as hybrid working is creating unique opportunities in the flexible workspace market.

We have completed the induction processes for our three Board members who joined during 2022 and continue to implement the results of our ongoing internal board review process in our plans. We have full confidence in the Board members and processes as we focus on delivering against our strategic objectives and succession planning at the Board level in view of those objectives.

### Our environmental journey

Our environmental achievements during 2023 include becoming the world's largest supplier of carbon-neutral workspace. While we accelerated our achievement of carbon neutrality through the use of carbon removal projects, this has not reduced our commitment and actions to continually reduce our actual carbon footprint on our way to our target of net zero carbon emissions by 2040. Transitioning our centres to certified green electricity is one of our most important initiatives to reduce our carbon emissions, with the goal to achieve this by 2030. By focusing on where it was possible to achieve this conversion most rapidly, we converted 901 centres to certified green electricity during 2023, demonstrating significant progress on our environmental journey.

Our championing of the hybrid working model has a significant positive effect on reducing carbon emissions across the planet due to the major cuts in commuting that it enables. We also continue to progress with other related environmental initiatives, including the use of advanced building technology, consolidating our supply chain into regional hubs that reduces the emissions from our logistics operations and supporting our people in their ongoing efforts to reduce waste and promote recycling in our centres as an integral part of our corporate culture.

### **Looking ahead**

While we are pleased with our progress during 2023, we recognise the continued complexity and challenges associated with doing business in 2024 and beyond. As ever, we are determined to continue enabling our customers, people, and partners, to have a great day at work.

We believe that the strengths which enabled us to deliver a successful 2023 will continue to keep us at the forefront of an exciting and fast-evolving global market. This includes rapid network growth, continuous development of new technology, great partners, a growing customer base, an expanding brand portfolio, improving shareholder returns, and truly great people.

These are the foundations of our business today and will continue to support our profitable growth into the future as we help people everywhere improve their day-to-day lives by working how and where they choose. I and my colleagues therefore look forward to the years ahead as a period of continuing profitable growth that delivers great opportunities for us and all our stakeholders.

### **Douglas Sutherland**

Chairman

5 March 2024

## Chief Executive Officer's Review

As somebody who's been one of the biggest advocates of hybrid working for three decades now, I've been intrigued in recent times to see how academics, leading industry commentators and business leaders are now recognising the incredible benefits of this way of working.

The research of Professor Nicholas Bloom, a senior fellow at the Stanford Institute for Economic Policy Research and acknowledged as the world's leading authority on the hybrid model has shown that about 40% of white-collar employees now work in this model and will continue to do so in the future.

This long-term shift towards the hybrid model is one of the mega-trends of our time and represents a colossal financial opportunity for IWG. With 1.2 billion white-collar workers globally, our industry has a total addressable audience valued at more than \$2 trillion and platform working is set to become the norm for many of these employees.

The reasoning for the transition towards hybrid working is clear and compelling for companies of all sizes and their employees with positive impacts on, productivity, lower costs, increased flexibility and above all significantly enhanced worker happiness, while investors, landlords and building owners are increasingly seeing IWG as the ideal partner to capitalise on the long-term shift towards the model.

I am consistently struck by the growing role and positive impact, hybrid working is having on business performance, the environment, and individuals' happiness.

In IWG's recent CEO study, business leaders are unified in their support for the hybrid model. 9 in 10 CEOs that have adopted hybrid have seen significant cost savings, while more than 7 in 10 say employee happiness has increased. More than 6 in 10 cite improved productivity as one of the key business benefits.

The groundbreaking research of Professor Bloom further highlights the financial benefits that are helping multiple thousands of companies across the world to reduce their operating costs.

As Professor Bloom puts it, "Firms don't do things that lose them money. They do things that make them money. That's why every firm just about out there is doing hybrid, because it's such a no-brainer to increase profit..." Small wonder that he recently put it on record that he expects hybrid uptake to increase in the years ahead, due to ongoing demand and projected improvements in technology.

Beyond pure financial savings, hybrid gives business leaders greater flexibility with the ability to scale up or down quickly without being locked into lengthy and costly contracts, while also enabling them to attract and recruit from a talent pool in diverse locations.

### Driving Positive Change

The hybrid model is driving incredibly positive change for businesses and while commentators are starting to recognise the benefits, the reality about where and how people work is actually far more nuanced than much of the current conversation implies. It's not just a binary choice between working from a traditional city centre and from home.

There's a third option: working out of a local co-working space or office, near to home, with other like-minded people. In fact, most white-collar employees are working from a combination of all three of these locations.

### The Rise of Local Working

Today, the remarkable advances in cloud technology and video conferencing software – both vital to enabling effective hybrid working – mean workers no longer need to travel long distances on a daily basis. As a result, we are seeing a fundamental shift in the geography of work with the centre of gravity moving towards local communities. Tech changes will continue to advance in years to come and will radically underline and advance the flexibility of location.

That's why, during the course of 2023, around 80% of the new locations we signed were in the suburbs and smaller towns where people actually live. A smattering of some of our most recent additions to the network including Springfield, Virginia (USA), Chippenham, Wiltshire (UK), Serris (France) and Hagsatra (Sweden) bring this to life powerfully.

That is not to say that businesses are abandoning city centres: far from it. Increasingly, we are helping companies shake off the expense of the long-term city-centre lease and replace it with a flexible, cost-effective agreement on a smaller space in one of our city-based centres.

### Strategy

Our strategic focus is as clear as ever with the objective to provide modern, flexible workspace conveniently located where people want to work, on terms that bring significant benefits to our customers while providing attractive returns to our shareholders.

To accomplish this there is an unrelenting focus on growing our margin, driven by strong performance on new and embedded price, service revenue growth and an ongoing strict control of costs. This enables us to continue to make significant investments into our world class platform and pursue the rapid expansion of network coverage through capital-light growth while still delivering cash generation that supports reductions in net debt and increasing returns to shareholders.

We will continue to make significant investments into our world class platform as well as focusing on the rapid growth of network coverage in partnership with the property industry and investors using capital-light expansion methods such as management agreements, partnering deals and franchising.

## Capital-Light Growth

The shift towards hybrid and more localised working is propelling our business forward with the fastest growth that we have ever seen in our more than 35-year history. In 2023, we added a record 867 locations globally, with 95% in the partnership model and achieved our highest ever revenues at an improved margin.

During the course of the year, we accelerated our capital-light growth strategy allowing us to capitalise on the growing pipeline of property investors seeking to maximise their returns by partnering with IWG. In fact, we signed almost twice as many agreements in 2023 as we did in the previous year.

Focusing on growth through the capital-light business means that growth capex requirements will be dramatically lower in the future, generating more free cash flow for shareholders.

We are increasingly seeing partners sign multiple locations with IWG as they grasp the scale of the opportunity in front of them. My greatest thanks go to all our valued property owners and investors who have chosen to partner with us and as a business we are resolutely committed to the long-term success of these partnerships.

## Leading the Way in Innovation

As the market-leader in the structurally growing hybrid working industry, we are exceptionally well positioned for the long term. Not only do we lead the market on global reach, but also in a number of crucially important areas for future growth.

IWG has invested heavily in an outstanding Research and Development team to ensure we are at the forefront of innovation. An annual allocation of £50m has been set aside to provide substantial funds to create new products and services, and this investment will ultimately unlock further revenue opportunities for the business.

## Sustainable Growth

I am very pleased to say that the Group now supplies millions of customers worldwide with carbon neutral workplaces.

At IWG, we take our collective role and responsibility in tackling the climate crisis seriously and as part of our climate action plan, we have reduced and are reducing further the carbon emissions from our buildings and supply chain, while also investing in a range of carbon removal projects to achieve carbon neutrality. Our ultimate goal is to achieve Net Zero carbon emissions by 2040.

Our purpose of helping everyone have a great day at work, whilst protecting people and planet is at the heart of what we do and as a global employer, our purpose and values have never been more important. We are in receipt of a strong AA rating by the MSCI and are making substantial progress towards our goal to source 100% certified green electricity by 2030.

Not only are we doing our part to tackle global warming, but our services have an extraordinary opportunity to radically reduce humanity's negative environmental impact by encouraging the adoption of hybrid working in the more than 120 countries in which we operate.

In 2023, IWG published a landmark study with Arup, a global leader in sustainable development, that shows that hybrid working can facilitate major carbon savings and has the potential for significant impact on the climate crisis. The study measured the environmental impact of hybrid working on six cities across the US and UK: LA, New York City, Atlanta, London, Manchester and Glasgow.

The study's key finding is simply allowing people to work close to home, enabling them to split their time between a local workplace and home, has the potential to reduce an employee's work-related carbon emissions by between 49% and 90%. These figures are staggering and can make a genuine and tangible difference in tackling the climate crisis.

## The Hybrid Boost to Local Communities

Hybrid is boosting local economies too – a fact that I know firsthand as I witness flexible workspaces spring up in communities that used to be stripped of their talent during the working day as people travelled every day into city centres. In recent times, we've opened new workspaces in multiple places that formerly would simply not have had enough people working locally.

A recent report by IWG and Arup reveals that hybrid working is set to have a major beneficial effect on US and UK commuter towns, boosting local businesses and creating new jobs. It's a major economic shift that will bring greater prosperity and greater opportunities to formerly sleepy satellite towns. No longer places to escape from, these are communities on the up, transformed by the greatest shift in working practices to have taken place in more than a century.

Thousands are changing their working habits, shifting from daily trips to crowded, distant city centres to working primarily in the commuter towns they call home, with only occasional visits to city centre offices. The report predicts that the presence of white-collar workers will increase by up to 175% by 2043, with a 44% increase in those choosing to work from local flexible workspaces.

## **Our Financial Performance in 2023**

With such strong momentum globally behind the shift to hybrid working, confirmed by our financial results for 2023, record system revenue and cash flows from operations, we are very pleased to announce off the back of our momentum, a restart to our progressive dividend policy.

Following our Investor Day in December 2023, and in response to investor feedback, we are reporting in three divisions: Company-Owned & leased, Manged & franchised, and Worka. We have also added further KPIs to our reporting by measuring the number of rooms in our network, and the revenue from these rooms. These KPIs are well-understood in many industries, including hotels, as it incorporates all expenditure.

I would like to take this opportunity to thank our incredible team members that were the driving force behind the rapid growth of our global network and an excellent set of financial results.

## **Looking ahead**

We enter the new year with good momentum. The future for IWG and all our stakeholders remains bright as we continue to grow our customer base, our global network and our best-in-class portfolio of locations and brands.

While 2023 was a record year for both revenue and network expansion, it is clear that we're only scratching at the surface of our growth potential. With the aforementioned 1.2 billion white-collar workers globally and a potential audience valued at more than \$2 trillion, there is substantial room for growth and as a company, we have a laser-like focus on capturing more of this market over the coming months and years.

## **Mark Dixon**

Founder and CEO

5 March 2024

## Chief Financial Officer's Review

2023 has been a good year for the Group, delivering both its highest-ever system-wide revenue of £3.3bn in IWG's 35-year history whilst simultaneously growing adjusted EBITDA and cash generation, all of which were significantly higher than in 2022. Combining the Group's unique brand strategy and unrivalled global network with an innovative new route to market has enabled us to grow with far less capital intensity, leaving the business well positioned for 2024. We have delivered growth, cashflow, lower capex, debt paydown, and we are delighted to reinstate the dividend, as a demonstration of our financial strength and confidence in future delivery.

In short, we have delivered growth, cash and a dividend. We also continue to make the financials clearer to stakeholders.

### Financial Performance

The Group reports results in accordance with IFRS. 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.

Group income statement (£m)	2023	2022	Constant currency	Actual Currency
System-wide revenue	3,335	3,086	+10%	+8%
<b>Group revenue</b>	<b>2,958</b>	<b>2,751</b>	<b>+9%</b>	<b>+8%</b>
<b>Gross profit before impact of rationalisations<sup>1</sup></b>	<b>738</b>	<b>559</b>	<b>35%</b>	<b>32%</b>
Margin	24.9%	20.3%	n/a	+4.6ppt
Rationalisation items <sup>1</sup>	(149)	16		
<b>Gross Profit</b>	<b>589</b>	<b>575</b>	<b>+5%</b>	<b>+2%</b>
Overheads & Joint ventures	(444)	(428)	+5%	+4%
<b>Operating Profit before impact of rationalisations<sup>1</sup></b>	<b>290</b>	<b>159</b>	<b>+91%</b>	<b>+81%</b>
<b>Operating Profit</b>	<b>145</b>	<b>147</b>	<b>+7%</b>	<b>-2%</b>
Net finance cost	(334)	(252)		+32%
<b>Loss before tax from continuing operations</b>	<b>(189)</b>	<b>(105)</b>		
Taxation	(27)	32		
Effective tax rate	-14%	31%		
<b>Loss after tax from continuing operations</b>	<b>(216)</b>	<b>(73)</b>		
Profit after tax from discontinued operations	-	1		
<b>Loss for the period</b>	<b>(216)</b>	<b>(72)</b>		
Basic EPS (p)				
From continuing operations	(21.4)	(7.0)		
Attributable to shareholders	(21.4)	(6.9)		

1. Rationalisations include charges related to closures, one-off impairments and other one-off items (see p. 10)

### Additions to segmental reporting

At our Investor Day in December 2023 we outlined our strategy to grow our business both quickly and capital-light, especially through our Managed & Franchised segment. The Group excluding Worka, the IWG Network, is managed through a matrix organisation, i.e. by geographical regions and by ownership structure. Hence, in addition to the three geographical regions (Americas, Asia, and EMEA) we are additionally reporting results of IWG Network by ownership structure (Company-Owned & Leased and Managed & Franchised). This matrix reporting reflects how we practically manage the IWG Network on a day-to-day basis. The management and reporting of the Worka segment remains unchanged.

## Revenue

System-wide revenue increased by 8% or 10% on a constant currency basis, to £3,335m. Group revenue also increased by 8% or 9% at constant currency to £2,958m. All three divisions reported excellent year-on-year revenue growth. Our Managed & Franchised business saw fee income increase by 49% at constant currency to £50m mainly driven by 232 centre openings. Our biggest division, Company-Owned & Leased, reported growth of 7% at constant currency to £2,589m and Worka reported revenue progression of 18% to £319m.

Revenue (£m)	System revenue				Group Revenue			
	2023	2022	Actual currency	Constant currency	2023	2022	Actual currency	Constant currency
Managed & Franchised system-wide	427	369	+16%	+20%	50	34	+47%	+49%
Company-Owned & Leased	2,589	2,446	+6%	+7%	2,589	2,446	+6%	+7%
Worka	319	271	+18%	+18%	319	271	+18%	+18%
<b>Group</b>	<b>3,335</b>	<b>3,086</b>	<b>+8%</b>	<b>+10%</b>	<b>2,958</b>	<b>2,751</b>	<b>+8%</b>	<b>+9%</b>

## Revenue KPIs – RevPAR

At our Investor Day in December 2023, we announced that we will report “RevPAR” as a new revenue performance metric. RevPAR is a monthly average KPI, defined as the system revenue of the IWG Network (excluding Worka and excluding centres opened and closed during the year), divided by the number of available rooms. RevPAR is a well-understood measure used across many industries and is particularly relevant to IWG as it incorporates all revenues received across IWG’s expansive product portfolio.

RevPAR grew by 6% on a constant currency basis to £291. Company-Owned & Leased RevPAR grew by 6% to £280 year-over-year driven primarily by higher pricing and ancillary revenue, with broad-based regional growth. Managed & Franchised saw a 1% constant currency growth in RevPAR to £381.

System RevPAR (£, monthly average)	2023	2022	Actual currency	Constant currency
Managed & Franchised	381	392	-3%	+1%
Company-Owned & Leased	280	269	+4%	+6%
Worka	n.a.	n.a.	-	-
<b>IWG Network</b>	<b>291</b>	<b>280</b>	<b>+4%</b>	<b>+6%</b>

## Rationalisation impact

In 2022, the Group specifically identified adjusting items in response to the direct impacts of the COVID-19 pandemic on its financial results. However, in 2023 the measurement of the impact of COVID-19 on financial results was no longer distinguishable. The Group consequently, has updated its classification criteria to disclose all transactions not indicative of the underlying performance of the Group as adjusting items. To maintain consistency and comparability, the Group have also retrospectively restated the comparative information to align with this refined classification.

The Group identified net adjusting items on operating profit relating to rationalisations in the network of £(145)m compared to £(12)m in 2022, of which £(103)m are non-cash items (2022: reversal of £12m).

These items refer to the impairment of PPE (provisions for closures which have not yet taken place) of £(57)m (2022: reversal of £82m), closure costs (the actual costs of closing centres, including non-cash write-downs) of £(58)m (2022: £(59)m), asset impairment related to Russia & Ukraine of £(4)m (2022: £(9)m) and other one-off items including legal, acquisition and transaction cost as well as obsolete desktop phone write-offs of £(26)m (2022: £(26)m).

The PP&E reversal in 2022 was as a result of reversing some of the provision for closures that was made in 2020, forecasting closures as a result of Covid-19.

Rationalisation impact (£m)	2023	2022
Closure costs	(58)	(59)
PP&E (impairment)/reversal	(57)	82
Obsolete desktop phone write-offs & others	(34)	(7)
<b>Rationalisation impact on Gross Profit</b>	<b>(149)</b>	<b>16</b>
Rationalisation impact on SG&A	4	(28)
<b>Rationalisation impact on Operating Profit</b>	<b>(145)</b>	<b>(12)</b>

## Gross Profit

Gross Profit, excluding rationalisations, increased 35% at constant currency from £559m in 2022 to £738m in 2023, resulting in 24.9% gross margin, a 4.6ppt improvement on 2022. Overall Gross Profit increased 5% at constant currency and by 2% at actual currency to £589m (2022: £575m).

Managed & Franchised delivered a 49% constant currency improvement as more centres opened and also reflects the high margin of this segment.

Gross Profit excluding rationalisations in Company-Owned & Leased increased by 41% at constant currency mainly as a result of increased RevPAR and further cost control. The rationalisation impact of £(149)m relates to the Company-Owned & Leased segment relating to network rationalisation and a one-off impairment charges relating to the fixed telephony system, as technology moves away from fixed landlines.

Worka Gross Profit improved by 16%, commensurate with revenue growth.

Gross Profit (£m)	2023	2022	Actual currency	Constant currency
Managed & Franchised	50	34	+47%	+49%
Company-Owned & Leased	528	387	+36%	+41%
Worka	160	138	+16%	+16%
<b>Gross Profit before impact of rationalisations</b>	<b>738</b>	<b>559</b>	<b>+32%</b>	<b>+35%</b>
Closure costs	(58)	(59)		
PP&E (impairment)/reversal	(57)	82		
Obsolete desktop phone write-offs & others	(34)	(7)		
<b>Total rationalisation impact</b>	<b>(149)</b>	<b>16</b>		
<b>Gross Profit</b>	<b>589</b>	<b>575</b>	<b>+2%</b>	<b>+5%</b>

## Overheads and Joint-Ventures

The investment in our in-country sales teams and marketing to support our pivot to capital-light growth is translating through to earnings and we are pleased with the returns this investment is yielding. We signed 867 new deals in 2023 vs 462 in 2022. The Group's Overhead cost including joint-ventures increased by 5% at constant currency to £(444)m compared to £(428)m in the prior year. Whilst our partnership sales team is an ongoing cost, we are not expecting it to increase linearly with signings; as a result overheads as a percentage of revenue is expected to fall.

## Operating Profit

Operating Profit before rationalisations increased strongly by 91% at constant currency from £159m in 2022 to £290m in 2023, reflecting higher revenue and cost control across all segments. Reported Operating Profit improved by 7% at constant currency and was at £145m (2022: £147m). As previously mentioned, £(145)m in 2023 (2022: £(12)m) relates predominantly to network rationalisation and desktop telephony impairment charges.

## Adjusted EBITDA

The Group's Adjusted EBITDA increased by 9% to £1,472m (2022: £1,348m) and Pre-IFRS Adjusted EBITDA increased 30% to £403m (2022: £311m). On a constant currency basis, Pre-IFRS Adjusted EBITDA increased 34% and would have been £415m had FX rates remained constant throughout the year.

The Group reports results in accordance with IFRS. 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. Results are additionally presented before the application of IFRS 16 (in accordance with IAS 17 accounting standards) as it provides useful information to stakeholders on how the Group is managed, as well as reporting for bank covenants and certain lease agreements. The primary difference between the two standards is the treatment of operating lease liabilities. There is no difference between underlying cash flow.

To bridge the Group's Adjusted EBITDA of £1,472m under the IFRS 16 standard to £403m Adjusted Pre-IFRS EBITDA under IAS 17, we need to recognise rental income in subleases which are recognised as lease receivables under IFRS 16, rental costs on our lease portfolio reflected as lease liabilities under IFRS 16 and centre closure and other costs which are reflected as impairments under IFRS 16.

IFRS EBITDA to pre-IFRS EBITDA bridge (£m)	2023	2022
<b>Adjusted EBITDA</b>	<b>1,472</b>	1,348
Rent income	60	50
Rent expense	(1,106)	(1,059)
Other costs	(8)	(10)
Net impact of network rationalisation charges	(14)	(38)
Net impact of PPE impairments vs. Closure cost provisions	8	10
Net impact of Russia & Ukraine asset impairments and other items	(9)	10
<b>Adjusted EBITDA before application of IFRS 16</b>	<b>403</b>	311

## Adjusted EBITDA by segment

Company Owned & Leased adjusted EBITDA increased strongly by 11% at constant currency to £1,364m from £1,251m in 2022 driven by improving revenue and good cost control.

Managed & Franchised in 2023 showed strong 49% revenue increase which was largely offset by our investments into this capital-light growth model which resulted in an EBITDA of £(20)m (2022: £(15)m). As stated previously, the investment in Managed & Franchised is now made and will not grow significantly anymore, so EBITDA here will naturally improve as fee revenue is generated.

Worka delivered good results with EBITDA growth of 14% at constant currency to £128m (2022: £112m).

Adjusted EBITDA by segment (£m)	2023	2022	Actual currency	Constant currency
Managed & Franchised	(20)	(15)	n.m.	n.m.
Company-Owned & Leased	1,364	1,251	+9%	+11%
Worka	128	112	+14%	+14%
<b>Group</b>	<b>1,472</b>	<b>1,348</b>	<b>+9%</b>	<b>+11%</b>

## Foreign exchange

Per £ sterling	At 31 Dec			Average		
	2023	2022	%	2023	2022	%
US dollar	1.27	1.21	-6%	1.25	1.23	-1%
Euro	1.15	1.13	-2%	1.15	1.17	+2%

## Network growth

The success of our continued strategy to expand through partnerships is materialising. Our network increased by 5% to 3,514 centres (2022: 3,345). We opened 328 new centres (2022: 152 centres) and rationalised (159) centres (2022: (121) centres).

Furthermore, 867 new centre deals were signed in 2023, 88% more than in 2022, which will lead to new centre openings going forward. Out of the 867 new deals signed 97% or 839 deals are capital light which underpins our success of growing the network through capital-light partnerships.

Key KPIs	2023	2022	YoY change	YoY change in %
<b>Number of centres open</b>	<b>3,514</b>	<b>3,345</b>	169	+5%
Centre openings	328	152	176	+116%
Of which capital light <sup>1</sup>	301	113	188	+166%
In %	92%	74%		
<b>Total new centre deals signed</b>	<b>867</b>	<b>462</b>	405	+88%
Of which capital light <sup>1</sup>	839	421	418	+99%
In %	97%	91%		

1. Includes locations signed/opened in Managed & Franchised and Variable rent areas

Of the 328 centres opened in 2023, 301 centres were capital light openings which comprised of managed partnership centres, variable rent centres, franchised centres and joint-venture centres. Only 27 centre openings were on a fully conventional basis.

Our estate of 3,514 centres as per the end of December 2023 is split into 19% or 682 centres in Managed & Franchised, which increased by 41% year-on-year, and 2,832 centres in Company-Owned & Leased (of which 780 are based on variable rents). Based on the strong growth of opening new managed partnership centres and successful renegotiations of existing centres we increased our estate in Managed partnerships by 174 centres or 215% to 255 centres. Strong growth in Managed partnerships will continue in 2024.

2023 System location movements by type	2022	Centre Openings	Centre Rationalisations	Changed	2023
Conventional	2,103	+27	(91)	+13	2,052
Variable rent (capital light)	757	+69	(42)	(4)	780
<b>Company-Owned &amp; Leased</b>	<b>2,860</b>	<b>+96</b>	<b>(133)</b>	<b>+9</b>	<b>2,832</b>
<b>Managed &amp; Franchised (capital light)</b>	<b>485</b>	<b>+232</b>	<b>(26)</b>	<b>(9)</b>	<b>682</b>
<b>Total</b>	<b>3,345</b>	<b>+328</b>	<b>(159)</b>	<b>-</b>	<b>3,514</b>

2023 System rooms movements by type ('000)	Dec-2022	Rooms Opened	Rooms Rationalised	Changed	Dec-2023
Conventional	566	+9	(21)	+4	558
Variable rent (capital light)	206	+20	(10)	(2)	214
<b>Company-Owned &amp; Leased</b>	<b>772</b>	<b>+29</b>	<b>(31)</b>	<b>+2</b>	<b>772</b>
<b>Managed &amp; Franchised (capital light)</b>	<b>92</b>	<b>+37</b>	<b>(4)</b>	<b>(2)</b>	<b>123</b>
<b>Total</b>	<b>864</b>	<b>+66</b>	<b>(35)</b>	<b>0</b>	<b>895</b>

## Finance costs and taxation

The Group reported a net finance expense for the year of £(334)m (2022: £(252)m).

The net finance expense of £(334)m in 2023 mainly includes cash interest of £(55)m related to borrowing facilities (2022: £(38)m) plus interest on the Group's lease liabilities of £(280)m (2022: £(230)m). The increase in the finance expense is mainly driven by increased interest rates.

The effective tax rate in 2023 is -14% (2022: 31%). The Group has adopted the amendment to IAS 12 from 1 January 2023, first reported during H1 2023, that also impacted the 2022 accounted deferred tax asset on leases. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. As a result, retained earnings as at 1 January 2023 was restated by £77m (1 January 2022: £29m), which required a £48m income tax credit restatement in 2022.

## Earnings per share

Earnings per share from continuing operations in 2023 was a loss of (21.4)p (2022: (7.0)p). Earnings per share attributable to ordinary shareholders in 2023 was a loss of (21.4)p (2022: (6.9)p).

The higher loss from continuing operations was driven primarily by non-cash costs, including one-off non-cash costs related to the write-off of legacy telephony systems and higher one-off network rationalisation charges, and higher lease interest costs. Many of these are not expected to recur during 2024.

The weighted average number of shares in issue during the year was 1,006,685,491 (2022: 1,006,884,755). When profitable, the weighted average number of shares for diluted earnings per share would be 1,089,381,136 (2022: 1,090,855,142). In 2023 519,022 shares were purchased in the open market and 525,674 treasury shares held by the Group were utilized to satisfy the exercise of share awards by employees. At 31 December 2023 the Group held 50,558,201 treasury shares (31 December 2022: 50,564,853).

## Cashflow

(£m)	2023	2022
<b>Operating profit</b>	<b>145</b>	147
Depreciation & amortization	1,182	1,189
Rationalisation impact	145	12
Rent income	60	50
Rent expense	(1,106)	(1,059)
Other costs	(8)	(10)
Pre-IFRS additional rationalisation impact differences	(15)	(18)
<b>Adjusted EBITDA before application of IFRS 16</b>	<b>403</b>	311
Working capital (excl. amortisation of partner contributions)	92	22
Working capital related to the amortisation of partner contributions	(95)	(104)
Maintenance capital expenditure (net)	(93)	(90)
Other items <sup>1</sup>	(10)	12
<b>Cash inflow from business activities<sup>2</sup></b>	<b>297</b>	151
Tax paid	(35)	(24)
Finance costs on bank & other facilities	(55)	(37)
<b>Cash inflow before growth capex and corporate activities</b>	<b>207</b>	90
Gross growth capital expenditure	(115)	(180)
Growth-related partner contributions	40	39
Net growth capital expenditure	(75)	(141)
Purchase of subsidiary undertakings (net of cash)	(10)	(307)
<b>Cash inflow/(outflow) before corporate activities</b>	<b>122</b>	(358)
Purchase of shares	(1)	(5)
Net proceeds on transactions	-	54
Net (repayments)/proceeds from loans	(164)	386
<b>Net cash (outflow)/inflow for the year</b>	<b>(43)</b>	77
Opening net cash	161	78
FX movements	(8)	6
<b>Closing cash</b>	<b>110</b>	161

1. Includes capitalised rent related to centre openings (gross growth capital expenditure) of £(2)m (2022: £(12)m)

2. Cash flow before growth capex, corporate activities, tax and finance cost on bank & other facilities

We continued to manage our costs tightly, restructure centres where necessary and improve revenue. This resulted in strong cash inflow from business activities in 2023 of £297m compared to £151m in 2022.

Working capital, excluding the amortisation of partner contributions, saw an inflow during the year. This was due to higher customer deposit inflows, as a result of higher revenue and growth in rooms, controlled supplier payments and other non-cash expenses recognised in operating profit.

Working capital relating the amortisation of partner contributions refers to historic cash contributions made by landlords for growth capex in the Company-Owned & Leased segment (shown as growth-related partner contributions further down the cash flow statement) and is amortised over the lifetime of the corresponding lease.

Cash tax paid was £(35)m in 2023 (2022: £(24)m), and primarily relates to corporate income tax paid in various countries and a £(10)m payment of 2022 US taxes based on the estimated US tax liability as reported at year end 2022. Finance costs on bank & other facilities was £(55)m in 2023 vs. £(37)m in 2022.

Cash inflow before growth capex and corporate activities was £207m (2022: £90m).

Total net investment, including acquisitions and all capex, was £(178)m (2022: £(538)m). This comprises £(93)m net maintenance capex (of which £(41)m vs. £(58)m in 2022 was spent on centres), £(75)m of net growth capex (of which £(55)m vs. £(104)m in 2022 was spent on centres). Included within the total net investment of £(178)m is £(10)m of M&A (2022: £(307)m) and £(72)m investments into the platform and systems, new products and processes (2022: £(69)m), which also sits within Worka.

It is worth noting that net growth capital expenditure was significantly lower in 2023 at £(75)m compared to £(141)m in 2022 and demonstrates the benefit of our capital-light growth strategy. Centre-related growth capex is expected to fall further in 2024.

Net cash before FX movements in 2023 decreased by £(43)m primarily due to the repayment of loans of £(164)m.

Net debt (£m)	2023	2022
Closing cash	110	161
Opening loans	(873)	(475)
Net proceeds from issue & repayment of loans	164	(386)
FX impact on loans	2	(1)
Amortisation of the Convertible Bond's derivative financial instrument (net)	(11)	(11)
<b>Net financial debt</b>	<b>(608)</b>	<b>(712)</b>
Opening lease liabilities (net)	(5,892)	(6,121)
Principal & interest payments on finance leases	1,215	1,227
Non-cash movements (net)	(738)	(524)
Principal & interest received on net lease investment	(61)	(48)
FX impact on lease liabilities & investments (net)	196	(426)
<b>Net debt</b>	<b>(5,888)</b>	<b>(6,604)</b>

## 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 risk can be found on pages 44–53 of the 2022 Annual Report and Accounts. With the exception of the exchange rate risk which was downgraded due to the change of the reporting currency to USD as of 1<sup>st</sup> January 2024, the other principal risks and uncertainties are unchanged.

## 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 year 2023. Details of related party transactions that have taken place in the period can be found in note 31.

## Dividends

As previously announced, IWG proposes resuming dividend payments. Accordingly, the Board is recommending a final dividend of 1.0p per share which, if approved, would be payable on 31 May 2024 to shareholders on the register at the close of business on 3 May 2024.

## Financing

In June 2023 the Group successfully repaid the non-recourse bridge facility, with a gross balance of £(270)m at 31 December 2022, by increasing its existing multicurrency, unsecured Revolving Credit Facility ("RCF") from £(750)m to £(875)m. Additionally, the final maturity date of the RCF is in November 2025, previously in March 2025, and no material terms, such as pricing, have changed.

The Group also has a convertible bond of £(329)m (face value £(350)m, 31 December 2022: £(318)m) at 31 December 2023 with an interest rate of 0.5%, due for repayment or conversion at £4.5807 per share in December 2027 with an option for the bondholders to put the instrument back to the Group in December 2025 at par.

Overall, net financial debt was £(608)m at 31 December 2023 (31 December 2022: £(712)m).

The Group's total debt facilities, including details of drawings, is summarized below:

Net financial debt (£m)	2023	2022
Convertible bond	(329)	(318)
Non-recourse bridge facility	-	(330)
Revolving credit facility (RCF)	(875)	(750)
<b>Total facilities</b>	<b>(1,204)</b>	<b>(1,398)</b>
Revolving credit facility (RCF)	(875)	(750)
RCF available (undrawn)	219	173
RCF guarantee utilisation	290	313
<b>RCF drawn</b>	<b>(366)</b>	<b>(264)</b>
Non-recourse bridge facility outstanding	-	(270)
Convertible bond	(329)	(318)
Other debt	(23)	(21)
Closing cash	110	161
<b>Net financial debt</b>	<b>(608)</b>	<b>(712)</b>

At December 2023 the Group complied with all facility covenants.

As a result of the Group moving to USD reporting in 2024, it has also transitioned the majority of its financial debt exposure to USD.

- In January 2024, the Group took out a forward swap on the £350m face value of the convertible bond from GBP into USD, which is payable in December 2025. The resulting face value of the convertible bond is fixed at \$445m.
- In February 2024, the Group reached an agreement with its banks to swap the £875m RCF facility into USD, resulting in the facility size being \$1,107m. Although the facility is multicurrency, the majority of the drawings are in USD.

The Group is seeking to refinance and increase the tenor of some of its debt facilities during 2024.

### Going concern

The Group reported a loss after tax of £(216)m (2022: £(73)m) from continuing operations in 2023. However, cashflow before growth capex and corporate activities but after interest and tax was £207m (2022: £90m). Furthermore, net cash of £1,197m (2022: £1,147m) was generated from operations during the same period. Although the Group's balance sheet at 31 December 2023 reports a net current liability position of £(1,685)m (31 December 2022: £(1,868)m), the Directors concluded after a comprehensive review that no liquidity risk exists as:

- (1) The Group had funding available under the Group's £(875)m revolving credit facility of £219m (31 December 2022: £173m) which was available and undrawn at 31 December 2023. The facility's current maturity date is November 2025;
- (2) A significant proportion of the net current liability position is due to lease liabilities which are held in non-recourse special purpose vehicles but also with a corresponding right-of-use asset. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred revenue of £433m (2022: £455m) which will be recognised in future periods through the income statement. The Group holds customer deposits of £459m (2022: £447m) 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 net current liabilities represents a liquidity risk; and
- (3) The Group maintained a 12-month rolling forecast and a three-year strategic outlook. It also monitored the covenants in its facility to manage the risk of potential breach. The Group expects to be able to refinance external debt and/or renew committed facilities as they become due, which is the assumption made in the viability scenario modelling, and 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 uncertainty.

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 these Group consolidated financial statements and consider it appropriate to continue to adopt the going concern basis in preparing the financial statements of the Group.

### Charlie Steel

Chief Financial Officer

5 March 2024

## Consolidated income statement

£m	Notes	Year ended 31 Dec 2023 Unaudited	Year ended 31 Dec 2022 Restated <sup>(1)</sup>
<b>Revenue<sup>(2)</sup></b>	3	<b>2,958</b>	2,751
<b>Total cost of sales</b>		<b>(2,354)</b>	(2,182)
Cost of sales		(2,205)	(2,166)
Adjusting items to cost of sales <sup>(3)</sup>	10	(71)	(68)
Net (impairment)/reversal of property, plant, equipment and right-of-use assets <sup>(3)</sup>	3,5	(78)	52
Expected credit (losses)/reversal on trade receivables	5	(15)	6
<b>Gross profit (centre contribution)</b>	3	<b>589</b>	575
<b>Total selling, general and administration expenses</b>		<b>(443)</b>	(427)
Selling, general and administration expenses		(447)	(399)
Adjusting items to selling, general and administration expenses <sup>(3)</sup>	10	4	(28)
Share of loss of equity-accounted investees, net of tax	21	(1)	(1)
<b>Operating profit</b>	5	<b>145</b>	147
Finance expense	7	(348)	(287)
Finance income	7	14	35
<b>Net finance expense</b>		<b>(334)</b>	(252)
<b>Loss before tax for the year from continuing operations</b>		<b>(189)</b>	(105)
Income tax (expense)/credit	8	(27)	32
<b>Loss after tax for the year from continuing operations</b>		<b>(216)</b>	(73)
Profit after tax for the period from discontinued operations	9	-	1
<b>Loss for the year</b>		<b>(216)</b>	(72)
Attributable to equity shareholders of the Group		(215)	(69)
Attributable to non-controlling interests	23	(1)	(3)
<b>Loss per ordinary share (EPS):</b>			
<b>Attributable to ordinary shareholders</b>			
Basic (p)	11	(21.4)	(6.9)
Diluted (p)	11	(21.4)	(6.9)
<b>From continuing operations</b>			
Basic (p)	11	(21.4)	(7.0)
Diluted (p)	11	(21.4)	(7.0)

- The comparative information has been restated as the Group changed its accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2) and changed its classification of adjusting items.
- Includes a net settlement fee of £2m recognised (comprising the settlement fee of £18m, offset by a release of related accrued income of £16m), for TKP Corporation's sale of the Japanese master franchise agreement to Mitsubishi Estate Co.
- The net adjusting items charge on operating profit relating to rationalisations in the network of £145m (2022: £12m) comprises the following items included in the balances referenced (note 10):  
The net impairment of property, plant and equipment and right-of-use assets of £57m (2022: net reversal of £82m), closure costs of £58m (2022: £59m), the impairment of Ukraine and Russia of £4m (2022: £9m) and other one-off items including legal, acquisition and transaction cost as well as obsolete desktop phone write-offs of £26m (2022: £26m).

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

## Consolidated statement of comprehensive income

£m	Notes	Year ended 31 Dec 2023 Unaudited	Year ended 31 Dec 2022 Restated <sup>(1)</sup>
<b>Loss for the year</b>		<b>(216)</b>	<b>(72)</b>
Other comprehensive income/(loss) that is or may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation (loss)/gain for foreign operations		<b>(16)</b>	5
<b>Items that are or may be reclassified to profit or loss in subsequent periods</b>		<b>(16)</b>	5
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:			
<b>Items that will never be reclassified to profit or loss in subsequent periods</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive (loss)/profit for the period, net of tax</b>		<b>(16)</b>	5
<b>Total comprehensive loss for the year, net of tax</b>		<b>(232)</b>	<b>(67)</b>
Attributable to shareholders of the Group		<b>(231)</b>	<b>(64)</b>
Attributable to non-controlling interests	23	<b>(1)</b>	<b>(3)</b>

1. The comparative information has been restated as the Group changed its accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).

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

## Consolidated statement of changes in equity

£m	Notes	Issued share capital	Share premium	Treasury shares	Foreign currency translation reserve	Other reserves <sup>(1)</sup>	Retained earnings	Total equity attributable to equity shareholders	Non-controlling interests	Total equity
<b>Balance at 1 January 2022</b>		10	313	(151)	16	26	82	296	9	305
Change in accounting policy	2	–	–	–	–	–	29	29	–	29
<b>Restated balance at 1 January 2022</b>		10	313	(151)	16	26	111	325	9	334
<b>Total comprehensive income/(loss) for the year:</b>										
Restated loss for the year		–	–	–	–	–	(69)	(69)	(3)	(72)
<b>Other comprehensive income:</b>										
Foreign currency translation gain for foreign operations		–	–	–	5	–	–	5	–	5
<b>Other comprehensive income, net of tax</b>		–	–	–	5	–	–	5	–	5
<b>Total comprehensive income/(loss) for the year</b>		–	–	–	5	–	(69)	(64)	(3)	(67)
<b>Transactions with owners of the Company</b>										
Ordinary dividend paid	12	–	–	–	–	–	–	–	–	–
Share-based payments	6	–	–	–	–	–	4	4	–	4
Purchase of shares	22	–	–	(5)	–	–	–	(5)	–	(5)
Settlement from exercise of share awards	22	–	–	4	–	–	(4)	–	–	–
<b>Total transactions with owners of the Company</b>		–	–	(1)	–	–	–	(1)	–	(1)
Acquisition of subsidiary with non-controlling interests	23	–	–	–	–	–	–	–	53	53
Disposal of subsidiary with non-controlling interests	23	–	–	–	–	–	–	–	(7)	(7)
<b>Balance at 31 December 2022</b>		<b>10</b>	<b>313</b>	<b>(152)</b>	<b>21</b>	<b>26</b>	<b>42</b>	<b>260</b>	<b>52</b>	<b>312</b>
<b>Total comprehensive loss for the year:</b>										
Loss for the year		–	–	–	–	–	(215)	(215)	(1)	(216)
<b>Other comprehensive loss:</b>										
Foreign currency translation loss for foreign operations		–	–	–	(16)	–	–	(16)	–	(16)
<b>Other comprehensive loss, net of tax</b>		–	–	–	(16)	–	–	(16)	–	(16)
<b>Total comprehensive loss for the year</b>		–	–	–	(16)	–	(215)	(231)	(1)	(232)
<b>Transactions with owners of the Company</b>										
Ordinary dividend paid	12	–	–	–	–	–	–	–	–	–
Share-based payments	6	–	–	–	–	–	6	6	–	6
Purchase of shares	22	–	–	(1)	–	–	–	(1)	–	(1)
Settlement from exercise of share awards	22	–	–	1	–	–	(1)	–	–	–
<b>Total transactions with owners of the Company</b>		–	–	–	–	–	5	5	–	5
<b>Balance at 31 December 2023 (unaudited)</b>		<b>10</b>	<b>313</b>	<b>(152)</b>	<b>5</b>	<b>26</b>	<b>(168)</b>	<b>34</b>	<b>51</b>	<b>85</b>

1. Other reserves include £11m 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, £38m arising from the Scheme of Arrangement undertaken on 14 October 2008, £6m relating to merger reserves and £nil to the redemption of preference shares, partly offset by £29m arising from the Scheme of Arrangement undertaken in 2003.

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

## Consolidated balance sheet

£m	Notes	As at 31 Dec 2023 Unaudited	As at 31 Dec 2022 Restated <sup>(1)</sup>
<b>Non-current assets</b>			
Goodwill	13	919	934
Other intangible assets	14	209	214
Property, plant and equipment	15	5,399	6,234
Right-of-use assets	15	4,372	5,009
Other property, plant and equipment	15	1,027	1,225
Non-current net investment in finance leases	24	64	95
Deferred tax assets	8	451	457
Other long-term receivables	16	53	57
Investments in joint ventures	21	45	45
Other investments		-	-
<b>Total non-current assets</b>		<b>7,140</b>	<b>8,036</b>
<b>Current assets</b>			
Inventory		1	1
Trade and other receivables	17	891	919
Current net investment in finance leases	24	33	52
Corporation tax receivable	8	27	19
Cash and cash equivalents	24	110	161
<b>Total current assets</b>		<b>1,062</b>	<b>1,152</b>
<b>Total assets</b>		<b>8,202</b>	<b>9,188</b>
<b>Current liabilities</b>			
Trade and other payables (incl. customer deposits)	18	1,310	1,202
Deferred revenue		433	455
Corporation tax payable	8	43	45
Bank and other loans	19,24	13	285
Lease liabilities	24	924	1,002
Provisions	20	24	31
<b>Total current liabilities</b>		<b>2,747</b>	<b>3,020</b>
<b>Non-current liabilities</b>			
Other long-term payables		12	11
Deferred tax liability	8	173	175
Bank and other loans	19,24	705	588
Lease liabilities	24	4,453	5,037
Derivative financial liabilities	25	-	-
Provisions	20	18	37
Provision for deficit on joint ventures	21	6	6
Retirement benefit obligations	27	3	2
<b>Total non-current liabilities</b>		<b>5,370</b>	<b>5,856</b>
<b>Total liabilities</b>		<b>8,117</b>	<b>8,876</b>
<b>Total equity</b>			
Issued share capital	22	10	10
Issued share premium		313	313
Treasury shares	22	(152)	(152)
Foreign currency translation reserve		5	21
Other reserves		26	26
Retained earnings		(168)	42
<b>Total shareholders' equity</b>		<b>34</b>	<b>260</b>
<b>Non-controlling interests</b>	23	<b>51</b>	<b>52</b>
<b>Total equity</b>		<b>85</b>	<b>312</b>
<b>Total equity and liabilities</b>		<b>8,202</b>	<b>9,188</b>

1. Based on the audited financial statements for the year ended 31 December 2022. The comparative information has been restated as the Group changed its accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

## Consolidated statement of cash flows

£m	Notes	Year ended 31 Dec 2023 Unaudited	Year ended 31 Dec 2022 Restated <sup>(1)</sup>
<b>Operating activities</b>			
<b>Loss for the year from continuing operations</b>		<b>(216)</b>	<b>(73)</b>
Adjustments for:			
Profit from discontinued operations	9	-	-
Net finance expense <sup>(2)</sup>	7	<b>334</b>	252
Share of loss on equity-accounted investees, net of tax	21	<b>1</b>	1
Depreciation charge	15	<b>1,117</b>	1,145
Right-of-use assets	15	<b>919</b>	955
Other property, plant and equipment	15	<b>198</b>	190
Impairment of goodwill	5,13	-	3
Impairment of other intangible assets	5,14	<b>1</b>	-
Loss on disposal of property, plant and equipment	5	<b>61</b>	34
Profit on disposal of right-of-use assets and related lease liabilities	5,15,24	<b>(37)</b>	(31)
Net of impairment/(reversal) of property, plant and equipment	5,15	<b>36</b>	(13)
Net of impairment/(reversal) of right-of-use assets	5,15	<b>42</b>	(39)
Amortisation of intangible assets	5,14	<b>65</b>	44
Tax expense/(credit)	8	<b>27</b>	(32)
Expected credit losses/(reversal) on trade receivables	5	<b>15</b>	(6)
(Decrease)/increase in provisions	20	<b>(26)</b>	40
Share-based payments	6	<b>6</b>	4
Other non-cash movements		<b>(6)</b>	(3)
<b>Operating cash flows before movements in working capital</b>		<b>1,420</b>	<b>1,326</b>
Proceeds from partner contributions (reimbursement of costs) <sup>(3)</sup>	15	<b>22</b>	19
Increase in trade and other receivables		<b>(19)</b>	(97)
Increase in trade and other payables		<b>144</b>	191
<b>Cash generated from operations</b>		<b>1,567</b>	<b>1,439</b>
Interest paid and similar charges on bank loans and corporate borrowings		<b>(55)</b>	(38)
Interest paid on lease liabilities	24	<b>(280)</b>	(230)
Tax paid		<b>(35)</b>	(24)
<b>Net cash inflows from operating activities</b>		<b>1,197</b>	<b>1,147</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	15	<b>(153)</b>	(242)
Payment of initial direct costs related to right-of-use assets		<b>(2)</b>	(1)
Interest received on net lease investment	7	<b>6</b>	7
Payment received from net lease investment	24	<b>55</b>	41
Purchase of subsidiary undertakings, net of cash acquired	28	<b>(10)</b>	(307)
Purchase of intangible assets	14	<b>(60)</b>	(39)
Proceeds on the sale of discontinued operations, net of cash disposed of	9	-	1
Proceeds on sale of property, plant and equipment		-	1
Interest received	7	<b>1</b>	1
<b>Net cash outflows from investing activities</b>		<b>(163)</b>	<b>(538)</b>
<b>Financing activities</b>			
Proceeds from issue of loans	24	<b>985</b>	1,340
Repayment of loans	24	<b>(1,149)</b>	(954)
Payment of lease liabilities	24	<b>(935)</b>	(997)
Proceeds from partner contributions (lease incentives) <sup>(3)</sup>	15	<b>23</b>	31
Proceeds from Non-controlling interests	23	-	53
Purchase of treasury shares	22	<b>(1)</b>	(5)
Settlement from exercise of share awards		-	-
Payment of ordinary dividend	12	-	-
<b>Net cash outflows from financing activities</b>		<b>(1,077)</b>	<b>(532)</b>
Net (decrease)/increase in cash and cash equivalents		<b>(43)</b>	77
Cash and cash equivalents at beginning of the year		<b>161</b>	78
Effect of exchange rate fluctuations on cash held		<b>(8)</b>	6
<b>Cash and cash equivalents at end of the year</b>	24	<b>110</b>	<b>161</b>

1. Based on the audited financial statements for the year ended 31 December 2022. The comparative information has been restated as the Group changed its accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).

2. The net finance expense includes mark-to-market adjustments of £nil (2022: £27m).

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the accounts

### 1. Authorisation of financial statements

The financial information presented in this preliminary release does not constitute full statutory financial statements. The Annual Report and Financial Statements will be approved by the Board of Directors and reported on by the Auditor in due course. Accordingly, the financial information is unaudited. The Group financial statements for the year ended 31 December 2022 have been published. The audit report on those financial statements was unqualified.

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, and is a franchise operator of, a network of business centres which are utilised by a variety of business customers. Information on the Group's structure is provided in note 32, and information on other related party relationships of the Group is provided in note 31.

The Group financial statements have been prepared and approved by the Directors in accordance with Companies (Jersey) Law 1991 and International Financial Reporting Standards as adopted by the European Union ('Adopted IFRSs').

### 2. Accounting policies

#### Basis of preparation

The Group financial statements consolidate those of the parent company and its subsidiaries (together referred to as the 'Group') and equity account for the Group's interest in joint ventures. The extract from the parent company annual accounts presents information about the Company as a separate entity and not about its Group.

The material accounting policies set out below have been applied consistently to all periods presented in these Group financial statements. Amendments to adopted IFRSs issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) with an effective date from 1 January 2023 did not have a material effect on the Group financial statements, unless otherwise indicated.

The following standards, interpretations and amendments to standards were adopted by the Group for periods commencing on or after 1 January 2023, with no material impact on the Group:

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IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

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These Group consolidated financial statements are presented in pounds sterling (£), which was IWG plc's functional currency in 2023, and all values are in million pounds, except where indicated otherwise.

The consolidated financial statements are prepared on a historical cost basis, with the exception of certain financial assets and liabilities that are measured at fair value.

The attributable results of those companies acquired or disposed of during the year are included for the periods of ownership.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 33.

#### Change in accounting policy – Global Minimum Top-up Tax (Amendments to IAS 12)

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure (see note 8).

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

#### Change in accounting policy – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The Group has adopted the amendment to IAS 12 with retrospective effect from 1 January 2023. The amendments narrow the scope of the initial recognition exemption on leases, to exclude transactions that give rise to equal and offsetting temporary differences. Following this reassessment, the deferred tax asset and liabilities recognised relating to the Group's leases has resulted in a £77m impact on the opening retained earnings as at 1 January 2023 (1 January 2022: £29m). The retained earnings for the year ended 31 December 2022, required a £48m income tax credit restatement of the losses for the period, being the increase in the deferred tax asset during the period.

The Group has not presented a restated third balance sheet on the basis that only the following line items in the table below have changed as a result of the amendment to IAS 12. The adjustment to retained earnings relates to leases which were originally dealt with using the initial recognition exemption.

The following table summarises the opening balance impact, on transition to the IAS 12 amendment:

£m	Deferred tax asset	Deferred tax liability	Retained Earnings
Balance reported at 1 January 2022	327	141	82
Adjustment	59	30	29
Restated balance at 1 January 2022	386	171	111
Balance reported at 1 January 2023	350	145	(35)
Adjustment	107	30	77
<b>Restated balance at 1 January 2023</b>	<b>457</b>	<b>175</b>	<b>42</b>

### IFRS not yet effective

The following new or amended standards and interpretations that are mandatory for 2024 annual periods (and future years) are not expected to have a material impact on the Company:

Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
Classification of Liabilities as Current or Non-Current – Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability – Amendments to IAS 21	1 January 2024

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.

### Climate change

The potential climate change-related risks and opportunities to which the Group is exposed, have been assessed by management, who assessed the potential financial impacts relating to the identified risks, primarily considering the useful lives of, and retirement obligations for, property, plant and equipment, the possibility of impairment of goodwill and other long-lived assets and the recoverability of the Group's deferred tax assets. Management has exercised judgement in concluding that there are no further material financial impacts of the Group's climate-related risks and opportunities on the consolidated financial statements. These judgements will be kept under review by management as the future impacts of climate change depend on environmental, regulatory and other factors outside of the Group's control which are not all currently known.

### Going concern

The Group reported a loss after tax of £216m (2022: £73m) from continuing operations in 2023. However, cashflow before growth capex and corporate activities but after interest and tax was £207m (2022: £90m). Furthermore, net cash of £1,197m (2022: £1,147m) was generated from operations during the same period. Although the Group's balance sheet at 31 December 2023 reports a net current liability position of £1,685m (2022: £1,868m), the Directors concluded after a comprehensive review that no liquidity risk exists as:

1. The Group had funding available under the Group's £875m revolving credit facility (2022: £750m). £219m (2022: £173m) which was available and undrawn at 31 December 2023. The facility's current maturity date is November 2025 (note 19);
2. A significant proportion of the net current liability position is due to lease liabilities which are held in non-recourse special purpose vehicles but also with a corresponding right-of-use asset. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred revenue of £433m (2022: £455m) which will be recognised in future periods through the income statement. The Group holds customer deposits of £459m (2022: £447m) 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 net current liabilities represents a liquidity risk; and
3. The Group maintained a 12-month rolling forecast and a three-year strategic outlook. It also monitored the covenants in its facility to manage the risk of potential breach. The Group expects to be able to refinance external debt and/or renew committed facilities as they become due, which is the assumption made in the viability scenario modelling, and 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 uncertainty.

Details of the principal risks, outcomes of modelled and stress-tested scenarios are set out in the Viability statement.

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 these Group consolidated financial statements and consider it appropriate to continue to adopt the going concern basis in preparing the financial statements of the Group.

## Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group controls an entity, when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences. The results are consolidated until the date control ceases or the subsidiary qualifies as a disposal group, at which point the assets and liabilities are carried at the lower of fair value less costs to sell and carrying value.

Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity-accounted basis, from the date that joint control commences until the date that joint control ceases or the joint venture qualifies as a disposal group, at which point the investment is carried at the lower of fair value less costs to sell and carrying value. When the Group's share of losses exceeds its interest in a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture.

## Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

## Goodwill

All business combinations are accounted for using the purchase method. Goodwill is initially measured at fair value, being the excess of the aggregate of the fair value of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred (negative goodwill), then the gain is recognised in profit or loss.

Positive goodwill is stated at cost less any provision for impairment in value. An impairment test is carried out annually and, in addition, whenever indicators exist that the carrying amount may not be recoverable. Negative goodwill is recognised directly in profit or loss.

## Intangible assets

Intangible assets acquired separately from the business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if their fair value can be identified and measured reliably on initial recognition.

Intangible assets are amortised on a straight-line basis over the estimated useful life of the assets as follows:

Brand – Regus brand	Indefinite life
Brand – Other acquired brands	20 years
Computer software	Up to 5 years
Customer lists – service agreements	2 years
Customer lists – sublease agreements	Up to 5 years

Amortisation of intangible assets is expensed through administration expenses in the income statement.

## Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Asset lives and recoverable amounts are reviewed on an annual basis. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Right-of-use assets <sup>(1)</sup>	Over the lease term
Buildings	50 years
Leasehold improvements <sup>(1)</sup>	10 years
Furniture and equipment	5 – 10 years
Computer hardware	3 – 5 years

1. 10 years represents the average useful economic life across the lease portfolio.

## **Leases**

The nature of the Group's leases relates primarily to the rental of commercial office real estate premises globally.

### **1. Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognised and initial direct costs incurred. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are assessed for indicators of impairment on an annual basis.

### **2. Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as a rent expense in the period in which they are incurred.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the fixed lease payments.

### **3. Lease modifications**

The carrying amount of lease liabilities is re-measured where there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The impact of the modification is recognised against the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

### **4. Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to short-term leases (i.e. those leases that have a lease term of 12 months or less from commencement). It also applies the lease of low-value assets recognition exemption under IFRS 16 to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as a rent expense on a straight-line basis over the lease term.

### **5. Partner contributions**

Partner contributions are contributions from our business partners (property owners and landlords) towards the initial costs of opening a business centre, including the fit-out of the property. Partner contributions representing a reimbursement to the lessee (IWG) are accounted for as agency arrangements, and form part of the lessor's (landlord's) assets.

Partner contributions for lease incentives are received at or before the lease commencement date for commercial reasons and, where the Group retains ownership of the fit-out assets, are accounted for as a lease incentive and recognised by reducing the right-of-use asset. Any other partner contributions for lease incentives received subsequent to the commencement of the lease are accounted for as part of the associated lease modification.

### **6. Lease term**

The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applies judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised.

### **7. Lease break penalties**

Lease break penalties, where the lease term has been determined as the period from inception up to a break clause and when there are break payments or penalties, have been appropriately included in the measurement of the lease liability.

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

The Group acts as an intermediate lessor where certain commercial office real estate properties, rented under separate 'head' lease agreements, are sublet as part of a separate sublease agreements. 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).

The initial net investment in finance leases is 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.

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 sub-lessees towards the initial costs of preparing the commercial property for their use, including the fit-out of the property.

## **Impairment of non-financial assets**

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount was estimated at 30 September 2023. At each reporting date, the Group reviews the carrying amount of these assets to determine whether there is an indicator of impairment. If any indicator is identified, then the assets' recoverable amount is re-evaluated.

The carrying amount of the Group's other non-financial assets (other than deferred tax assets and inventory), including right-of-use assets, is reviewed at the reporting date to determine whether there is an indicator of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in the income statement.

At each reporting date, the Group assesses whether there is an indication that a previously recognised impairment loss has reversed because of a change in the estimates used to determine the impairment loss. If there is such an indication, and the recoverable amount of the impaired asset or CGU subsequently increases, then the impairment loss is generally reversed, with the exception of goodwill.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group has identified individual business centres as the CGU.

The potential impairment of immovable property, plant and equipment and right-of-use assets at the centre (CGU) level are evaluated where there are indicators of impairment.

Centres (CGUs) are grouped by country of operation for the purposes of carrying out impairment reviews of goodwill as this is the lowest level at which it can be assessed.

Individual fittings and equipment in centres or elsewhere in the business that become obsolete or are damaged are assessed and impaired where appropriate.

The recoverable amount of relevant assets is the greater of their fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## **Financial assets**

Financial assets are classified and subsequently measured at amortised cost, fair value through the profit or loss, or fair value through other comprehensive income (OCI). The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

Financial assets (including trade and other receivables) are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to the gross carrying amount of the financial assets.

Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

IFRS 9 requires the Group to record expected credit losses on all of its financial assets held at amortised cost, on either a 12-month or a lifetime basis. The Group applies the simplified approach to trade receivables and recognises expected credit losses based on the lifetime expected losses. Provisions for receivables are established based on both expected credit losses and information available that the Group will not be able to collect all amounts due according to the original terms of the receivables.

## **Inventory**

Inventories relate to consumable items which are measured at the lower of cost or net realisable value. The cost of inventories is based on the first-in, first-out principle.

## **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of change in value.

### **Interest-bearing borrowings and other financial liabilities**

Financial liabilities, including interest-bearing borrowings, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate method.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

Financial liabilities are classified as financial liabilities at fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. Financial liabilities at fair value through profit or loss are stated at fair value with any resultant gain or loss recognised in the income statement.

Compound financial instruments issued by the Group comprise convertible bonds denominated in pounds sterling that can be converted to ordinary shares at the option of the holder.

The debt component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The conversion option represents a derivative financial liability and is initially recognised as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the debt host.

Subsequent to initial recognition, the debt component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The derivative component of a compound financial instrument is re-measured at fair value through profit or loss. Interest related to the debt is recognised as a finance expense in profit or loss.

### **Derivative financial instruments**

The Group's policy on the use of derivative financial instruments can be found in note 25. Derivative financial instruments are measured initially at fair value and changes in the fair value are recognised through profit or loss unless the derivative financial instrument has been designated as a cash flow hedge whereby the effective portion of changes in the fair value are deferred in equity.

### **Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restructuring provisions are made for direct expenditures of a business reorganisation where the plans are sufficiently detailed and well-advanced and where the appropriate communication to those affected has been undertaken at the reporting date.

Provision is made for closure costs to the extent that the unavoidable costs of meeting the obligations exceed the economic benefits expected to be delivered.

### **Dilapidations**

A provision is recognised for those potential dilapidation payments when it is probable that an outflow will occur and can be reliably estimated.

### **Deferred revenue**

Invoices issued in advance of services provided, in accordance with contractual arrangements with customers, are held on the balance sheet as a current liability until the services have been rendered.

### **Equity**

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of direct issue costs.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

### **Non-controlling interests**

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisitions.

## Share-based payments

The share awards programme entitles certain directors and employees to acquire shares of the ultimate parent company (IWG plc); these awards are granted by the ultimate parent company (IWG plc) and are equity-settled.

The fair value of options and awards granted under the Group's share-based payment plans outlined in note 26 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes valuation model or the Monte Carlo method, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest in respect of non-market conditions except where forfeiture is due to the expiry of the option.

## Revenue

The Group's primary activity is the provision of fully integrated, end-to-end global workspace solutions.

### 1. Workstations

The Group recognises workstation revenue when it transfers services to a customer. It is measured based on the consideration specified in a contract with a customer. Services transfer to the customer equally over the contract period based on the time elapsed. Where discounted periods are granted to customers, service income is spread on a straight-line basis over the duration of the customer contract. Invoices are generally issued in advance, on a monthly basis with normal credit terms of 15 days, and initially recognised as deferred revenue.

Workstation revenue is recognised over time as the services are provided. Amounts invoiced in advance are accounted for as deferred revenue (contract liability) and recognised as revenue upon provision of the service.

### 2. Management and franchise fees

Fees received for the provision of initial and subsequent services are recognised over time as the services are rendered. Fees charged for the use of continuing rights granted by the agreement are measured based on the contractually agreed percentage of revenue, generated by the operation, except where a different basis is determined in the contractual arrangements. Fees charged for other services provided, during the period of the agreement, are recognised as revenue as the services provided or the rights used. Invoices are generally issued on a monthly basis with normal credit terms of 30 days.

### 3. Customer service income

Service income (including the provision of workspace bookings, meeting rooms and inventory management) is recognised over time as the services are delivered or at a point in time depending on contractual obligations. Invoices are generally issued when the service is provided and subject to immediate settlement. In circumstances where the Group acts as an agent for the sale and purchase of goods to customers, only the commission fee earned is recognised as revenue.

### 4. Membership card income

Revenue from the sale of membership cards is deferred and recognised over time within the period that the benefits of the membership card are expected to be provided.

### 5. Customer deposits

Deposits received from customers against non-performance of the contract are held on the balance sheet as a current liability until they are either returned to the customer at the end of their relationship with the Group, or released to the income statement.

The Group has concluded that it is the principal in its revenue arrangements, except where noted above.

## Adjusting items

Significant transactions, not indicative of the underlying performance of the consolidated Group are reported separately as adjusting items. The profit before tax and adjusting items measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

Adjusting items are separately disclosed by the Group to provide readers with helpful, additional information on the performance of the business across periods. Each of these items is considered to be significant in nature and/or size. The exclusion of these items is consistent with how the business performance is planned by, and reported to, the Board.

The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. Adjusting items recognised are based on the actual costs incurred and/or calculated on a basis consistent with the key judgements and estimates. The classification of adjusting items requires management judgement after considering the nature and intentions of a transaction. Where necessary, this judgement applied is based on a formal methodology, to determine whether or not some, or all, of the associated costs are arising in the ordinary course of business.

In 2022, the Group specifically identified adjusting items in response to the direct impacts of the COVID-19 pandemic on its financial results. However, in 2023 the measurement of the impact of COVID-19 on financial results was no longer distinguishable. The Group consequently, has updated its classification criteria to disclose all transactions not indicative of the underlying performance of the Group as adjusting items. To maintain consistency and comparability, the Group have also retrospectively restated the comparative information to align with this refined classification.

Management classifies the following as adjusting items:

1. Network rationalisation charges, representing direct closure costs and the write-off of the book values of assets pertaining to centers closed during the year;
2. Impairment charges and reversals, representing the impairment of property, plant and equipment, right-of-use assets, goodwill and other assets, and the reversals of prior impairments recorded;
3. Costs associated with acquisitions and restructurings during the year;
4. Other significant and non-recurring items, including write-off of fixed assets due to obsolescence.

Where estimated amounts provide to be in excess of the amounts required, the release of any amounts provided for at year-end are treated as adjusting items.

### **Employee benefits**

The majority of the Group's pension plans are of the defined contribution type. For these plans the Group's contribution and other paid and unpaid benefits earned by the employees are charged to the income statement as incurred.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets, excluding net interest, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales' and 'selling, general and administration expenses' in the consolidated income statement: service costs comprising current service costs; past service costs; and gains and losses on curtailments and non-routine settlements.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

### **Net finance expense**

Interest charges and income are accounted for in the income statement on an accrual basis. Financing transaction costs that relate to financial liabilities are charged to interest expense using the effective interest rate method and are recognised within the carrying value of the related financial liability on the balance sheet. Fees paid for the arrangement of credit facilities are recognised as an asset and recognised through the finance expense over the term of the facility.

Where assets or liabilities on the Group balance sheet are carried at net present value, the increase in the amount due to unwinding the discount is recognised as a finance expense or finance income as appropriate.

Costs arising on bank guarantees and letters of credit and foreign exchange gains or losses are included in other finance costs (note 7).

## Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are not subject to discounting. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of a deferred tax asset or liability may change for reasons other than a change in the temporary difference itself. Such changes might arise as a result of a change in tax rates or laws, a reassessment of the recoverability of a deferred tax asset or a change in the expected manner of recovery of an asset or the expected manner of a settlement of a liability. The impact of these changes is recognised in the income statement or in other comprehensive income depending on where the original deferred tax balance was recognised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In accordance with IFRIC Interpretation 23, the Group considers whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing studies, that in most jurisdictions it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Group has, where considered appropriate, provided for the potential impact of uncertain tax positions where the likelihood of tax authority adjustment is considered to be more likely than not. The adoption of the interpretation did not have an impact on the consolidated financial statements of the Group.

## Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

## Foreign currency transactions and foreign operations

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the balance sheet date and the gains or losses on translation are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. The results and cash flows of foreign operations are translated using the average rate for the period. Assets and liabilities, including goodwill and fair value adjustments, of foreign operations are translated using the closing rate, with all exchange differences arising on consolidation being recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. Exchange differences are reclassified to the income statement on disposal.

## Foreign currency translation rates

	At 31 December		Annual average	
	2023	2022	2023	2022
US dollar	1.27	1.21	1.25	1.23
Euro	1.15	1.13	1.15	1.17

### 3. 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 distinct financial information is available. The segmental information is presented on the same basis on which the chief operating decision-maker received reporting during the year. Segmental assets and liabilities continue to be presented in accordance with IFRS.

The business is run on a worldwide basis but managed through two operating segments, IWG Network and Worka. IWG Network represents the Group's segmental results excluding Worka. IWG Network is managed through both geographical regions and ownership structure splits. The three principle geographical regions are: the Americas, EMEA (including UK) and Asia Pacific. The results of business centres in each of these regions, based on time zones, economic relationships, market characteristics, cultural similarities and language clusters, form the basis for reporting geographical results to the chief operating decision-maker. These geographical regions exclude the Group's non-trading, holding and corporate management companies, which are included in Other.

The Group's IWG Network results are also managed by ownership structure and are an additional basis for reporting results to the chief operating decision-maker. Company-owned & Leased comprises results from business centres owned and operated by the Group. Managed & Franchised comprises results relating to services provided to business centres owned by third parties.

The Worka operating segment comprises the results relating to The Instant Group investment (note 28) and includes the Group's digital assets, representing the world's leading fully integrated workspace platform. All reportable segments are involved in the provision of global workplace solutions. The Group's reportable segments operate in different markets and are managed separately because of the different economic characteristics that exist in each of those markets. Each reportable segment has its own distinct senior management team responsible for the performance of the segment.

Continuing operations on pre-IFRS 16 basis	IWG Network Operating Segment							Worka Operating Segment	2023
	By geography				By ownership		IWG Network		
	Americas	EMEA	Asia Pacific	Other	Company-Owned & Leased	Managed & Franchised			
£m									
<b>Revenue</b>	1,046	1,315	273	5	2,589	50	<b>2,639</b>	<b>379</b>	<b>3,018</b>
Workstation revenue <sup>(1)</sup>	706	986	203	–	1,895	–	<b>1,895</b>	–	<b>1,895</b>
Fee income	9	25	14	–	–	48	<b>48</b>	–	<b>48</b>
Customer Service income <sup>(2)(3)</sup>	331	304	56	5	694	2	<b>696</b>	<b>379</b>	<b>1,075</b>
<b>Gross profit (centre contribution)</b>	48	104	20	11	133	50	<b>183</b>	<b>160</b>	<b>343</b>
Share of loss of equity-accounted investees	–	(1)	–	–	(1)	–	<b>(1)</b>	–	<b>(1)</b>
<b>Operating (loss)/profit</b>	(27)	(9)	(6)	(149)	(171)	(20)	<b>(191)</b>	<b>88</b>	<b>(103)</b>
Finance expense							<b>(67)</b>	<b>(9)</b>	<b>(76)</b>
Finance income							<b>7</b>	<b>1</b>	<b>8</b>
<b>(Loss)/profit before tax for the year</b>							<b>(251)</b>	<b>80</b>	<b>(171)</b>
Depreciation and amortisation	155	123	25	35	338	–	<b>338</b>	<b>38</b>	<b>376</b>
Impairment of assets	–	–	–	1	1	–	<b>1</b>	–	<b>1</b>
Loss on disposal of assets	37	32	9	–	78	–	<b>78</b>	–	<b>78</b>
Assets <sup>(4)</sup>	3,101	3,477	469	553	7,600	–	<b>7,600</b>	<b>602</b>	<b>8,202</b>
Liabilities <sup>(4)</sup>	(3,070)	(3,409)	(496)	(880)	(7,855)	–	<b>(7,855)</b>	<b>(262)</b>	<b>(8,117)</b>
<b>Net assets/(liabilities)<sup>(4)</sup></b>	31	68	(27)	(327)	(255)	–	<b>(255)</b>	<b>340</b>	<b>85</b>
Non-current asset additions <sup>(4)(5)</sup>	109	242	60	54	465	–	<b>465</b>	<b>31</b>	<b>496</b>
Non-current asset acquisitions <sup>(4)(5)</sup>	1	–	14	–	15	–	<b>15</b>	<b>6</b>	<b>21</b>

1. Includes customer deposits.

2. Includes membership card income.

3. Managed & Franchised relates to a net settlement fee of £2m recognised (comprising the settlement fee of £18m, offset by a release of related accrued income of £16m), for TKP Corporation's sale of the Japanese master franchise agreement to Mitsubishi Estate Co.

4. Presented on a basis consistent with IFRS 16.

5. Excluding deferred taxation.

Restated Continuing operations on pre-IFRS 16 basis <sup>(1)</sup>	IWG Network Operating Segment							Worka Operating Segment	2022
	By geography				By ownership		IWG Network		
	Americas	EMEA	Asia Pacific	Other	Company- Owned & Leased	Managed & Franchised			
£m									
<b>Revenue</b> <sup>(2)</sup>	1,024	1,199	248	9	2,446	34	<b>2,480</b>	<b>321</b>	<b>2,801</b>
Workstation revenue <sup>(3)</sup>	709	904	188	–	1,801	–	<b>1,801</b>	–	<b>1,801</b>
Fee income	3	19	10	2	–	34	<b>34</b>	–	<b>34</b>
Customer Service income <sup>(4)</sup>	312	276	50	7	645	–	<b>645</b>	<b>321</b>	<b>966</b>
<b>Gross profit (centre contribution)</b>	<b>82</b>	<b>120</b>	<b>26</b>	<b>13</b>	<b>207</b>	<b>34</b>	<b>241</b>	<b>143</b>	<b>384</b>
Share of loss of equity-accounted investees	–	(1)	–	–	(1)	–	<b>(1)</b>	–	<b>(1)</b>
<b>Operating (loss)/profit</b>	<b>(23)</b>	<b>23</b>	<b>5</b>	<b>(133)</b>	<b>(113)</b>	<b>(15)</b>	<b>(128)</b>	<b>85</b>	<b>(43)</b>
Finance expense							<b>(37)</b>	<b>(13)</b>	<b>(50)</b>
Finance income							<b>27</b>	–	<b>27</b>
<b>(Loss)/profit before tax for the year</b>							<b>(138)</b>	<b>72</b>	<b>(66)</b>
Depreciation and amortisation	166	116	27	21	330	–	<b>330</b>	<b>30</b>	<b>360</b>
Impairment of assets	3	–	–	–	3	–	<b>3</b>	–	<b>3</b>
Loss on disposal of assets	44	8	9	–	61	–	<b>61</b>	–	<b>61</b>
Assets <sup>(5)</sup>	3,587	3,782	549	582	8,500	–	<b>8,500</b>	<b>688</b>	<b>9,188</b>
Liabilities <sup>(5)</sup>	(3,445)	(3,559)	(538)	(782)	(8,324)	–	<b>(8,324)</b>	<b>(552)</b>	<b>(8,876)</b>
<b>Net assets/(liabilities)</b> <sup>(5)</sup>	<b>142</b>	<b>223</b>	<b>11</b>	<b>(200)</b>	<b>176</b>	<b>–</b>	<b>176</b>	<b>136</b>	<b>312</b>
Non-current asset additions <sup>(5)(6)</sup>	157	237	38	29	461	–	<b>461</b>	<b>54</b>	<b>515</b>
Non-current asset acquisitions <sup>(5)(6)</sup>	–	–	–	–	–	–	–	<b>349</b>	<b>349</b>

1. The comparative information has been restated for the separate disclosure of the Managed & Franchised segment and as the Group changed its accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).
2. Excludes revenue from discontinued operations.
3. Includes customer deposits.
4. Includes membership card income.
5. Presented on a basis consistent with IFRS 16.
6. Excluding deferred taxation.

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

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

Continuing operations	IWG Network Operating Segment							Worka Operating Segment	2023
	By geography				By ownership		IWG Network		
	Americas	EMEA	Asia Pacific	Other	Company- Owned & Leased	Managed & Franchised			
£m									
Revenue – pre-IFRS 16	1,046	1,315	273	5	2,589	50	2,639	379	3,018
Rent income	–	–	–	–	–	–	–	(60)	(60)
Revenue	1,046	1,315	273	5	2,589	50	2,639	319	2,958

Gross profit (centre contribution) – pre-IFRS 16	48	104	20	11	133	50	183	160	343
Rent income	–	–	–	–	–	–	–	(60)	(60)
Rent	445	486	113	–	1,044	–	1,044	62	1,106
Depreciation of property, plant and equipment including right-of-use assets <sup>(2)</sup>	(349)	(367)	(87)	(2)	(805)	–	(805)	(1)	(806)
Other <sup>(1)</sup>	(16)	13	5	5	7	–	7	(1)	6
Gross profit (centre contribution)	128	236	51	14	379	50	429	160	589

Operating (loss)/profit – pre-IFRS 16	(27)	(9)	(6)	(149)	(171)	(20)	(191)	88	(103)
Rent income	–	–	–	–	–	–	–	(60)	(60)
Rent	445	486	113	–	1,044	–	1,044	62	1,106
Depreciation of property, plant and equipment including right-of-use assets <sup>(2)</sup>	(349)	(367)	(87)	(2)	(805)	–	(805)	(1)	(806)
Other <sup>(1)</sup>	(16)	15	5	5	9	–	9	(1)	8
Operating profit/(loss)	53	125	25	(146)	77	(20)	57	88	145

Depreciation and amortisation – pre-IFRS 16	155	123	25	35	338	–	338	38	376
Depreciation of property, plant and equipment including right-of-use assets	349	367	87	2	805	–	805	1	806
Depreciation and amortisation	504	490	112	37	1,143	–	1,143	39	1,182

Impairment of assets – pre-IFRS 16	–	–	–	1	1	–	1	–	1
Net impairment/(reversal) of property, plant and equipment including right-of-use assets	33	37	11	(3)	78	–	78	–	78
Net impairment/(reversal) of assets	33	37	11	(2)	79	–	79	–	79

Loss on disposal of assets – pre-IFRS 16	37	32	9	–	78	–	78	–	78
Loss on disposal of property, plant and equipment including right-of-use assets <sup>(3)</sup>	(29)	(19)	(5)	–	(53)	–	(53)	(1)	(54)
Loss on disposal of assets	8	13	4	–	25	–	25	(1)	24

1. Includes £78m of net impairment of property, plant and equipment including right-of-use assets offset by losses on disposal of property, plant and equipment including right-of-use assets of £54m.
2. Includes depreciation on right of use assets of £919m offset by reduced depreciation on leasehold improvements under IFRS 16 due to the classification of certain partner contributions as a reduction to property, plant and equipment.
3. Loss on disposal under IFRS 16 is lower due to the classification of certain partner contributions as a reduction to property, plant and equipment under IFRS 16.

Restated Continuing operations <sup>(1)</sup>	IWG Network Operating Segment							Worka Operating Segment	2022
	By geography				By ownership		IWG Network		
	Americas	EMEA	Asia Pacific	Other	Company- Owned & Leased	Managed & Franchised			
£m									
Revenue – pre-IFRS 16	1,024	1,199	248	9	2,446	34	2,480	321	2,801
Rent income	–	–	–	–	–	–	–	(50)	(50)
Revenue	1,024	1,199	248	9	2,446	34	2,480	271	2,751

Gross profit (centre contribution) – pre-IFRS 16	82	120	26	13	207	34	241	143	384
Rent income	–	–	–	–	–	–	–	(50)	(50)
Rent	438	443	126	5	1,012	–	1,012	47	1,059
Depreciation of property, plant and equipment including right-of-use assets <sup>(3)</sup>	(345)	(389)	(90)	(4)	(828)	–	(828)	(1)	(829)
Other <sup>(2)</sup>	9	17	(11)	(3)	12	–	12	(1)	11
Gross profit (centre contribution)	184	191	51	11	403	34	437	138	575

Operating (loss)/profit – pre-IFRS 16	(23)	23	5	(133)	(113)	(15)	(128)	85	(43)
Rent income	–	–	–	–	–	–	–	(50)	(50)
Rent	438	443	126	5	1,012	–	1,012	47	1,059
Depreciation of property, plant and equipment including right-of-use assets <sup>(3)</sup>	(345)	(389)	(90)	(4)	(828)	–	(828)	(1)	(829)
Other <sup>(2)</sup>	7	16	(15)	2	10	–	10	–	10
Operating profit/(loss)	77	93	26	(130)	81	(15)	66	81	147

Depreciation and amortisation – pre-IFRS 16	166	116	27	21	330	–	330	30	360
Depreciation of property, plant and equipment including right-of-use assets	345	389	90	4	828	–	828	1	829
Depreciation and amortisation	511	505	117	25	1,158	–	1,158	31	1,189

Impairment of assets – pre-IFRS 16	3	–	–	–	3	–	3	–	3
Net impairment reversal of property, plant and equipment including right-of-use assets	(30)	(16)	(6)	–	(52)	–	(52)	–	(52)
Net reversal of assets	(27)	(16)	(6)	–	(49)	–	(49)	–	(49)

Loss on disposal of assets – pre-IFRS 16	44	8	9	–	61	–	61	–	61
Loss on disposal of property, plant and equipment including right-of-use assets <sup>(4)</sup>	(18)	(29)	(12)	–	(59)	–	(59)	1	(58)
Loss on disposal of assets	26	(21)	(3)	–	2	–	2	1	3

1. The comparative information has been restated for the separate disclosure of the Managed & Franchised segment.

2. Includes £52m of net reversals of impairment of property, plant and equipment including right-of-use assets.

3. Includes depreciation on right of use assets of £955m offset by reduced depreciation on leasehold improvements under IFRS 16 due to the classification of certain partner contributions as a reduction to property, plant and equipment.

4. Loss on disposal under IFRS 16 is lower due to the classification of certain partner contributions as a reduction to property, plant and equipment under IFRS 16.

## 4. Segmental analysis – entity-wide disclosures

The Group's primary activity is the provision of global workplace solutions, therefore all revenue is attributed to a single group of similar products and services. Relevant product categories have; however, been included in the segmental analysis in note 3. Revenue is recognised where the service is provided.

The Group has a diversified customer base and no single customer contributes a material percentage of the Group's revenue.

The Group's revenue from external customers and non-current assets analysed by foreign country are as follows:

£m	2023		2022	
	External revenue	Non-current assets <sup>(1)</sup>	External revenue	Non-current assets <sup>(1)</sup>
Country of tax domicile – Switzerland	6	–	5	–
United States of America	951	2,401	868	2,787
EMEA	909	1,930	804	2,166
UK	394	1,008	385	1,099
Worka	319	426	271	428
All other countries	379	924	418	1,099
	<b>2,958</b>	<b>6,689</b>	2,751	7,579

1. Excluding deferred tax assets.

## 5. Operating profit – continuing operations

Operating profit has been arrived at after crediting/(charging):

£m	Notes	2023	2022
Revenue		2,958	2,751
Depreciation on property, plant and equipment	15	(1,117)	(1,145)
Right-of-use assets	15	(919)	(955)
Other property, plant and equipment	15	(198)	(190)
Amortisation of intangible assets	14	(65)	(44)
Variable property rents payable in respect of leases	24	(64)	(68)
Lease expense on short-term leases		(1)	–
Staff costs	6	(433)	(423)
Facility and other property costs		(524)	(496)
Expected credit (losses)/reversal on trade receivables	25	(15)	6
Loss on disposal of property, plant and equipment		(61)	(34)
Profit on disposal of right-of-use assets and related lease liabilities		37	31
Impairment of goodwill	13	–	(3)
Impairment of other intangible assets	14	(1)	–
Net (impairment)/reversal of property, plant and equipment <sup>(1)</sup>	15	(78)	52
Net (impairment)/reversal of other property, plant and equipment	15	(36)	13
Net (impairment)/reversal of right-of-use assets	15	(42)	39
Other costs		(490)	(479)
Operating profit before equity-accounted investees		146	148
Share of loss of equity-accounted investees, net of tax	21	(1)	(1)
<b>Operating profit</b>		<b>145</b>	<b>147</b>

1. The net impairment of £78m (2022: net reversal of impairment of £52m) includes an additional impairment of £112m (2022: £39m), offset by the reversal of £34m (2022: £91m) previously provided for (note 15).

£m	2023	2022
Fees payable to the Group's auditor and its associates for the audit of the Group accounts	(2)	(2)
Fees payable to the Group's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	(3)	(3)
Other services pursuant to legislation	–	–
Other non-audit services	–	–

## 6. Staff costs

£m	2023	2022
<b>The aggregate payroll costs were as follows:</b>		
Wages and salaries	363	357
Social security	58	55
Pension costs	6	7
Share-based payments	6	4
	<b>433</b>	<b>423</b>

Average full-time Equivalents <sup>(1)</sup>	2023	2022
<b>The average number of persons employed by the Group (including Executive Directors), analysed by category and geography, was as follows:</b>		
Centre staff	6,536	6,572
Sales and marketing staff	572	532
Finance staff	709	647
Other staff	1,238	1,005
	<b>9,055</b>	<b>8,756</b>
Americas	2,837	2,778
EMEA	3,366	3,356
Asia Pacific	1,001	995
Corporate functions	1,851	1,627
	<b>9,055</b>	<b>8,756</b>

1. The average full-time equivalents exclude employees for disposed entities during 2023 of nil (2022: 2).

Details of Directors' emoluments and interests are given in the Directors' Remuneration report.

## 7. Net finance expense

£m	Notes	2023	2022
Interest payable and similar charges on bank loans and corporate borrowings		(55)	(38)
Interest payable on lease liabilities		(280)	(230)
Interest expense on the convertible bond		(13)	(12)
<b>Total interest expense</b>		<b>(348)</b>	<b>(280)</b>
Other finance costs		–	(7)
Unwinding of discount rates		–	–
<b>Total finance expense</b>		<b>(348)</b>	<b>(287)</b>
Interest income		1	1
Interest received on net lease investment		6	7
Fair value gain on financial liabilities measured at FVTPL	19	–	27
<b>Total interest income</b>		<b>7</b>	<b>35</b>
Other finance income		7	–
<b>Total finance income</b>		<b>14</b>	<b>35</b>
<b>Net finance expense</b>		<b>(334)</b>	<b>(252)</b>

## 8. Taxation

### (a) Analysis of charge in the year

£m	2023	2022 Restated <sup>(1)</sup>
<b>Current taxation</b>		
Corporate income tax	(77)	(40)
Previously unrecognised tax losses and temporary differences	44	6
Over provision in respect of prior years	8	1
<b>Total current taxation</b>	<b>(25)</b>	<b>(33)</b>
<b>Deferred taxation</b>		
Origin and reversal of temporary differences	(19)	57
Previously unrecognised tax losses and other differences	17	8
<b>Total deferred taxation</b>	<b>(2)</b>	<b>65</b>
<b>Tax (charge)/credit on continuing operations</b>	<b>(27)</b>	<b>32</b>

1. The comparative information has been restated to reflect the change in the Group's accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).

### (b) Reconciliation of taxation charge

	2023		2022 Restated <sup>(1)</sup>	
	£m	%	£m	%
<b>Loss before tax from continuing operations</b>	<b>(189)</b>		<b>(105)</b>	
<b>Tax on profit at 11.9% (2022: 11.9%)</b>	<b>23</b>	<b>(12)</b>	<b>13</b>	<b>(12)</b>
Tax effects of:				
Expenses not deductible for tax purposes	(82)	43	(34)	32
Items not chargeable for tax purposes	14	(8)	12	(11)
Previously unrecognised temporary differences expected to be used in the future	62	(33)	14	(14)
Current year temporary differences not currently expected to be used	(79)	42	(7)	7
Adjustment to tax charge in respect of previous years	8	(4)	1	(1)
Differences in tax rates on overseas earnings	27	(14)	33	(31)
	<b>(27)</b>	<b>14</b>	<b>32</b>	<b>(30)</b>

The applicable tax rate is determined based on the tax rate in the canton of Zug in Switzerland, which was the statutory tax rate applicable in the country of domicile of the parent company of the Group at the end of the financial year.

### (c) Factors that may affect the future tax charge

Unrecognised tax losses to carry forward against certain future overseas corporation tax liabilities have the following expiration dates.

£m	2023	2022
2023	–	54
2024	30	40
2025	35	56
2026	36	65
2027	31	72
2028	64	341
2029	69	71
2030	82	26
2031 and later	1,369	1,408
	<b>1,716</b>	<b>2,133</b>
Available indefinitely	1,417	1,468
<b>Tax losses available to carry forward</b>	<b>3,133</b>	<b>3,601</b>
Amount of tax losses recognised in deferred tax assets	216	64
<b>Total tax losses available to carry forward</b>	<b>3,349</b>	<b>3,665</b>

The above loss expiry table excludes £123m (2022: £254m) US state tax losses.

The following deferred tax assets have not been recognised due to uncertainties over recoverability.

£m	2023	2022
Intangibles	358	368
Accelerated capital allowances	53	33
Tax losses	778	852
Rent	107	63
Leases	63	37
Short-term temporary differences	16	11
	<b>1,375</b>	<b>1,364</b>

#### (d) Corporation tax

£m	2023	2022
Corporation tax payable	(43)	(45)
Corporation tax receivable	27	19

#### (e) Deferred taxation

The movement in deferred tax is analysed below:

£m	Intangibles	Property, plant and equipment	Tax losses	Rent	Leases	Other temporary differences	Total
<b>Deferred tax asset</b>							
At 31 December 2021	70	–	41	68	112	36	327
Current year movement	12	(4)	(16)	(4)	8	25	21
Prior year movement	1	13	(14)	(3)	–	3	–
Transfers <sup>(1)</sup>	–	–	–	–	–	–	–
Exchange rate movements	(6)	(9)	4	8	–	5	2
Change in accounting policy <sup>(2)</sup>	–	–	–	–	932	–	932
At 31 December 2022	77	–	15	69	1,052	69	1,282
Current year movement	(2)	(3)	39	(58)	(135)	30	(129)
Prior year movement	–	(1)	–	6	–	(6)	(1)
Transfers	–	–	–	–	–	–	–
Exchange rate movements	2	4	(1)	(3)	–	(3)	(1)
<b>At 31 December 2023</b>	<b>77</b>	<b>–</b>	<b>53</b>	<b>14</b>	<b>917</b>	<b>90</b>	<b>1,151</b>
Offset against deferred tax liabilities	–	–	–	–	(700)	–	(700)
<b>Net deferred tax assets at 31 December 2023</b>	<b>77</b>	<b>–</b>	<b>53</b>	<b>14</b>	<b>217</b>	<b>90</b>	<b>451</b>
<b>Deferred tax liability</b>							
At 31 December 2021	(51)	(83)	–	–	(6)	(1)	(141)
Current year movement	(6)	2	–	(1)	2	(1)	(4)
Prior year movement	–	–	–	–	–	–	–
Transfers <sup>(1)</sup>	–	–	–	–	–	–	–
Exchange rate movements	–	–	–	–	–	–	–
Change in accounting policy <sup>(2)</sup>	–	–	–	–	(855)	–	(855)
At 31 December 2022	(57)	(81)	–	(1)	(859)	(2)	(1,000)
Current year movement	1	10	–	1	118	(3)	127
Prior year movement	–	–	–	–	–	–	–
Transfers	–	–	–	–	–	–	–
Exchange rate movements	–	–	–	–	–	–	–
<b>At 31 December 2023</b>	<b>(56)</b>	<b>(71)</b>	<b>–</b>	<b>–</b>	<b>(741)</b>	<b>(5)</b>	<b>(873)</b>
Offset against deferred tax assets	–	–	–	–	700	–	700
<b>Net deferred tax liabilities at 31 December 2023</b>	<b>(56)</b>	<b>(71)</b>	<b>–</b>	<b>–</b>	<b>(41)</b>	<b>(5)</b>	<b>(173)</b>

1. In 2022 the Group separately presented deferred tax assets and deferred tax liabilities on a country-by-country, or entity-by-entity basis where available. The transfers line reflects the adjustment required to the opening balances as at 1 January 2022 to reflect this change in presentation.

2. The comparative information has been restated to reflect the change in the Group's accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).

The Group has changed its accounting policy and adopted the amendment to IAS 12 from 1 January 2023. The amendment relates to the recognition of separate deferred tax assets and liabilities arising from a single transaction (note 2).

The movements in deferred taxes included above are after the offset of deferred tax assets and deferred tax liabilities where there is a legally enforceable right to set off and they relate to income taxes levied by the same taxation authority. The closing deferred tax position above represents the aggregated deferred tax asset or liability position within individual legal entities, with some companies recognising deferred tax assets and others recognising deferred tax liabilities. The closing position is a deferred tax asset of £451m (2022 restated: £457m) and a deferred tax liability of £173m (2022 restated: £175m).

In evaluating whether it is probable that taxable profits will be earned in future accounting periods for the purposes of deferred tax asset recognition, management based their analysis on the Board-approved three-year forecasts prepared for the purposes of reviewing goodwill for impairment.

At the balance sheet date, the temporary difference arising from unremitted earnings of overseas subsidiaries was £12m (2022: £14m). The only tax that would arise on these reserves if they were remitted would be non-creditable withholding tax.

In 2023 the deferred tax asset recognised in respect of the fair market value of IP resulting from a group restructure in 2019, in relation to which the amortisation is deductible for Swiss corporate income tax purposes, remained at £77m (2022: £77m) and this is included as Intangibles in the deferred tax table above. Recognition of this deferred tax asset is based on the approved three-year forecast.

#### (f) International Tax Reform – Pillar Two Model Rules

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, the Organisation for Economic Co-operation and Development (OECD) published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy. Pillar Two legislation based on these rules has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation is effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Notwithstanding that there are a small number of entities where the transitional safe harbour rules do not apply, the Group does not expect a material exposure to Pillar Two income taxes in any of the jurisdictions in which it operates.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

## 9. Discontinued operations

During the year, the Group had no discontinued operations (2022: consideration of £1m and a gain on sale of £1m).

## 10. Adjusting items

In 2022, the Group specifically identified adjusting items in response to the direct impacts of the COVID-19 pandemic on its financial results. However, in 2023 the measurement of the impact of COVID-19 on financial results was no longer distinguishable. The Group consequently, has updated its classification criteria to disclose all transactions not indicative of the underlying performance of the Group as adjusting items. To maintain consistency and comparability, the Group have also retrospectively restated the comparative information to align with this refined classification.

The Group has recognised the following adjusting items:

£m		2023		2022 Restated	
		Cost of sales	Selling, general and administration costs	Cost of sales	Selling, general and administration costs
	Network rationalisation charge	58	–	59	–
	Net impairment/(reversal) of property, plant and equipment (including right-of-use assets) <sup>(1)</sup>	15	57	–	(82)
	Acquisition and restructuring costs	–	2	(2)	10
	Impairment of Ukraine and Russia	4	–	9	–
	Impairment of goodwill	–	–	–	3
	Other one-off items	30	(6)	–	15
	<b>Total adjusting items</b>	<b>149</b>	<b>(4)</b>	<b>(16)</b>	<b>28</b>

1. Net impairment of £78m (2022: net reversal of £52m) excludes depreciation of £17m (2022: £21m) and disposals of £4m (2022: £9m) in respect of adjusting items previously provided for (note 15).

## Network rationalisation

£58m (2022: £59m) 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.

## Impairments of property, plant and equipment (including right-of-use assets)

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 formed part of the Group's ongoing rationalisation process. This review compared the value-in-use of CGUs, based on management's assumptions regarding likely future trading performance, to the carrying values at 31 December 2023. Following this review, a net impairment of £57m (2022: net reversal of £82m) was recognised within cost of sales. Of this net impairment, £26m (2022: net reversal of £27m) and £31m (2022: net reversal of £55m) were recognised against property, plant and equipment and right-of-use assets respectively.

## Acquisition and restructuring costs

During the year, the Group incurred £1m (2022: £nil) of transaction costs.

The Group also received a total of £1m (2022: £2m) in respect of worldwide financial support schemes while incurring severance costs and restructurings of £2m (2022: £10m).

Should the estimated charges be in excess of the amounts required, the release of any amounts provided for at 31 December 2023 would be treated as 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 £13m 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.

## Impairment of goodwill

Projected cash flows for cash-generating units (CGUs), grouped by country continued to be evaluated to determine the carrying value of the CGUs, with an additional impairment of £nil taken during 2023 (2022: £3m).

## Other one-off items

Following a review of revenues derived from desktop telephones during the year, the Group wrote-off £30m (2022: £nil) of telephone assets and £1m (2022: £nil) of obsolete computer software during the year.

During the year, the Group utilised closure related legal provisions of £7m (2022: provided for £15m).

## 11. Loss per ordinary share (basic and diluted)

	2023	2022 Restated <sup>(1)</sup>
Basic and diluted loss for the year attributable to shareholders (£m)	(215)	(69)
Basic loss per share (p)	(21.4)	(6.9)
Diluted loss per share (p)	(21.4)	(6.9)
Basic and diluted loss for the year from continuing operations (£m)	(215)	(70)
Basic loss per share (p)	(21.4)	(7.0)
Diluted loss per share (p)	(21.4)	(7.0)
Basic and diluted profit for the year from discontinued operations (£m)	–	1
Basic earnings per share (p)	–	0.1
Diluted earnings per share (p)	–	0.1
Weighted average number of shares for basic and diluted EPS	1,006,685,491	1,006,884,755
Weighted average number of shares under option	17,380,163	35,393,807
Weighted average number of shares that would have been issued at average market price	(13,303,122)	(29,608,587)
Weighted average number of share awards under the CIP, PSP, DSBP and One-off Award	2,210,401	1,776,964
Weighted average number of shares on convertible bonds	76,408,203	76,408,203
Weighted average number of shares for diluted EPS when profitable	1,089,381,136	1,090,855,142

1. The comparative information has been restated to reflect the change in the Group's accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).

Options are considered dilutive when they would result in the issue of ordinary shares for less than the market price of ordinary shares in the period. The amount of the dilution is taken to be the average market price of shares during the period minus the exercise price. All awards are considered anti-dilutive at the reporting date.

The Group issued £350m of convertible bonds in December 2020. The bond issue creates a potential 76,408,203 shares for bondholders. This represents a potential 7.1% dilutive impact at time of issue.

The average market price of one share during the year was 159.96p (2022: 207.05p), with a high of 197.70p on 02 February 2023 (302.10p on 4 January 2022) and a low of 127.40p on 25 October 2023 (115.40p on 12 October 2022).

## 12. Dividends

£m	2023	2022
Dividends per ordinary share proposed	1.00p	–
Interim dividends per ordinary share declared and paid during the year	–	–

The Company is returning to a progressive dividend policy and has proposed to shareholders a final dividend of 1.00p per share (2022: nil pence per share). Subject to shareholder approval, it is expected that the dividend will be paid on 31 May 2024 to shareholders on the register at the close of business on 3 May 2024.

## 13. Goodwill

£m	Total
<b>Cost</b>	
At 31 December 2021	704
Recognised on acquisition of subsidiaries <sup>(1)</sup>	188
Goodwill derecognised on sale of subsidiaries	–
Goodwill impairment	(3)
Exchange rate movements	45
At 31 December 2022	934
Recognised on acquisition of subsidiaries <sup>(1)</sup>	8
Goodwill derecognised on sale of subsidiaries	–
Goodwill impairment	–
Exchange rate movements	(23)
<b>At 31 December 2023</b>	<b>919</b>
<b>Net book value</b>	
At 31 December 2022	934
<b>At 31 December 2023</b>	<b>919</b>

1. Net of £nil derecognised on the finalisation of the accounting for prior year acquisitions previously reported on a provisional basis.

Cash-generating units (CGUs), defined as individual business centres, are grouped by country of operation and Worka for the purposes of carrying out impairment reviews of goodwill as this is the lowest level at which it can be assessed. Goodwill acquired through business combinations is held at a country and Worka level and is subject to impairment reviews based on the cash flows of the CGUs within that country and the Worka segment.

The carrying amount of goodwill attributable to the reportable business segments is as follows:

£m		2023	2022
Americas		299	314
EMEA		369	373
Asia Pacific		26	27
Worka		225	220
		<b>919</b>	<b>934</b>

The carrying value of goodwill and indefinite life intangibles allocated to the USA, UK and Worka is material relative to the total carrying value, comprising 79% of the total. The remaining 21% of the carrying value is allocated to a further 38 countries. The goodwill and indefinite life intangibles allocated to the USA, UK and Worka are set out below:

£m	Goodwill	Intangible assets <sup>(1)</sup>	2023	2022
USA	279	–	279	290
United Kingdom	219	11	230	230
Worka	225	–	225	220
Other countries	196	–	196	205
	919	11	<b>930</b>	<b>945</b>

1. The indefinite life intangible asset relates to the Regus brand.

The value-in-use for each country and Worka has been determined using a model which derives the present value of the expected future cash flows for each individual country and Worka. Although the model includes budgets and forecasts prepared by management it also reflects external factors, such as capital market risk pricing as reflected in the market capitalisation of the Group and prevailing tax rates, which have been used to determine the risk-adjusted discount rate for the Group. Management believes that the projected cash flows are a reasonable reflection of the likely outcomes over the medium to long-term. In the event that trading conditions deteriorate beyond the assumptions used in the projected cash flows, it is also possible that impairment charges could arise in future periods.

The following key assumptions have been used in calculating the value-in-use for each country and Worka:

- Future cash flows are based on forecasts prepared by management. The model excludes cost savings and restructurings that are anticipated but had not been committed to at the date of the determination of the value-in-use. Thereafter, forecasts have been prepared by management for 2024, and for a further four years, that follow a budgeting process approved by the Board;
- These forecasts exclude the impact of acquisitive growth expected to take place in future periods;
- Management considers these projections to be a reasonable projection of margins expected at the mid-cycle position;
- A terminal value is included in the assessment, reflecting the Group's expectation that it will continue to operate in these markets and the long-term nature of the business; and
- The Group applies a country-specific, pre-tax discount rate to the pre-tax cash flows for each country. The country-specific discount rate is based on the underlying weighted average cost of capital (WACC) for the Group. The Group WACC is then adjusted for each country to reflect the assessed market risk specific to that country. The Group pre-tax WACC increased from 9.1% in 2022 to 12.4% in 2023 (post-tax WACC: 9.2%). The country-specific pre-tax WACC reflecting the respective market risk adjustment has been set between 11.0% and 13.6% (2022: 8.1% to 11.0%).

The amounts by which the values-in-use exceed the carrying amounts of goodwill are sufficiently large to enable the Directors to conclude that a reasonably possible change in the key assumptions would only result in a recognised impairment of £nil (2022: £3m), in respect of individually immaterial countries. Foreseeable events are unlikely to result in a change in the projections of such a significant nature as to result in the goodwill carrying amount exceeding their recoverable amount. The forecast models used in assessing the impairment of goodwill are based on the related business centre structure at the end of the year.

The US model assumes an average centre contribution of 22% (2022: 21%) over the next five years. A terminal value centre gross margin of 25% is adopted from 2028, with a 2.5% long-term growth rate assumed on revenue and costs into perpetuity. The cash flows have been discounted using a pre-tax discount rate of 11.1% (2022: 8.5%).

The UK model assumes an average centre contribution of 16% (2022: 13%) over the next five years. A terminal value centre gross margin of 20% is adopted from 2028, with a 2.2% long-term growth rate assumed on revenue and costs into perpetuity. The cash flows have been discounted using a pre-tax discount rate of 12.4% (2022: 9.1%).

The Worka model assumes an average contribution of 34% (2022: 36%) over the next five years. A terminal value centre gross margin of 39% is adopted from 2028, with a 2.2% long-term growth rate assumed on revenue and costs into perpetuity. The cash flows have been discounted using a pre-tax discount rate of 12.4% (2022: 9.1%).

Management has considered the following sensitivities:

- Market growth and REVPAR – Management has considered the impact of a variance in market growth and REVPAR. The value-in-use calculation shows that if the long-term growth rate is nil, the recoverable amount of the US, UK and Worka would still be greater than their carrying value.
- Discount rate – Management has considered the impact of an increase in the discount rate applied to the calculation. The value-in-use calculation shows that for the recoverable amount to be less than its carrying value, the pre-tax discount rate would have to be increased to 435.9% (2022: 216.6%) for the US, 24.2% (2022: 14.4%) for the UK and 16.3% for Worka (2022: 12.0%).
- Occupancy – Management has considered the impact of a variance in occupancy. The value-in-use calculation shows that for the recoverable amount to be less than its carrying value, occupancy in all future years would have to decrease by 13.4% (2022: 17.1%) for the US and 5.3% (2022: 8.1%) for the UK.

## 14. Other intangible assets

£m	Brand	Customer lists	Software	Total
<b>Cost</b>				
At 31 December 2021	67	33	118	218
Additions at cost	–	–	39	39
Acquisition of subsidiaries	24	77	40	141
Disposals	–	–	–	–
Exchange rate movements	–	1	2	3
At 31 December 2022	91	111	199	401
Additions at cost	–	–	60	60
Acquisition of subsidiaries	–	–	–	–
Disposals	–	–	(5)	(5)
Exchange rate movements	–	(1)	(2)	(3)
<b>At 31 December 2023</b>	<b>91</b>	<b>110</b>	<b>252</b>	<b>453</b>
<b>Amortisation</b>				
At 31 December 2021	43	32	65	140
Charge for year	2	17	25	44
Disposals	–	–	–	–
Impairment	–	–	–	–
Exchange rate movements	–	2	1	3
At 31 December 2022	45	51	91	187
Charge for year	3	24	38	65
Disposals	–	–	(5)	(5)
Impairment	–	–	1	1
Exchange rate movements	–	(3)	(1)	(4)
<b>At 31 December 2023</b>	<b>48</b>	<b>72</b>	<b>124</b>	<b>244</b>
<b>Net book value</b>				
At 31 December 2021	24	1	53	78
At 31 December 2022	46	60	108	214
<b>At 31 December 2023</b>	<b>43</b>	<b>38</b>	<b>128</b>	<b>209</b>

During the year ended 31 December 2022, the Group completed the investment in The Instant Group. As part of the purchase price allocation, the Group engaged with third party experts in recognising acquired brands valued at £24m, customer lists from sublease agreements of £77m and digital asset software of £40m.

Included within the brand value is £11m relating to the acquisition of the remaining 58% of the UK business in the year ended 31 December 2006. The Regus brand acquired in this transaction is assumed to have an indefinite useful life due to the fact that the value of the brand is intrinsically linked to the continuing operation of the Group.

As a result of the Regus brand acquired with the UK business having an indefinite useful life no amortisation is charged but the carrying value is assessed for impairment on an annual basis. The brand was tested at the balance sheet date against the recoverable amount of the UK business segment at the same time as the goodwill arising on the acquisition of the UK business (see note 13).

## 15. Property, plant and equipment

£m	Right-of-use assets <sup>(1)</sup>	Land and buildings	Leasehold improvements	Furniture and equipment	Computer hardware	Total
<b>Cost</b>						
At 31 December 2021	9,288	160	1,485	811	128	11,872
Additions	253	–	139	78	6	476
Modifications <sup>(2)</sup>	313	–	–	–	–	313
Acquisition of subsidiaries	4	–	16	–	–	20
Disposals	(826)	–	(84)	(36)	(6)	(952)
Exchange rate movements	622	–	149	70	10	851
At 31 December 2022	9,654	160	1,705	923	138	12,580
Additions	297	–	88	40	3	428
Modifications <sup>(2)</sup>	332	–	–	–	–	332
Acquisition of subsidiaries	9	–	4	–	–	13
Disposals	(716)	–	(49)	(140)	(6)	(911)
Exchange rate movements	(341)	–	(74)	(39)	(6)	(460)
At 31 December 2023	9,235	160	1,674	784	129	11,982
<b>Accumulated depreciation</b>						
At 31 December 2021	4,034	11	897	451	103	5,496
Charge for the year	955	3	115	65	7	1,145
Disposals <sup>(3)</sup>	(563)	–	(61)	(25)	(5)	(654)
Net reversal of impairment <sup>(6)</sup>	(39)	–	(13)	–	–	(52)
Exchange rate movements	258	–	103	42	8	411
At 31 December 2022	4,645	14	1,041	533	113	6,346
Charge for the year <sup>(4)</sup>	919	3	122	67	6	1,117
Disposals <sup>(5)</sup>	(559)	–	(22)	(106)	(6)	(693)
Net Impairment <sup>(6)</sup>	42	–	36	–	–	78
Exchange rate movements	(184)	(1)	(52)	(24)	(4)	(265)
At 31 December 2023	4,863	16	1,125	470	109	6,583
<b>Net book value</b>						
At 31 December 2021	5,254	149	588	360	25	6,376
At 31 December 2022	5,009	146	664	390	25	6,234
At 31 December 2023	4,372	144	549	314	20	5,399

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

2. Modifications includes lease modifications and extensions.

3. Includes disposals related to discontinued operations for right-of-use assets of £nil (2022: £1m) and other property, plant and equipment of £nil (2022: £nil).

4. Depreciation is net of £17m (2022: £21m) in respect of adjusting items previously provided for (note 10).

5. Disposals are net of £4m (2022: £9m) in respect of adjusting items previously provided for (note 10).

6. The net impairment of £78m (2022: net reversal of £52m) includes an additional impairment of £112m (2022: £39m), offset by the reversal of £34m (2022: £9m) previously provided for (note 10).

The key assumptions and methodology in calculating right-of-use assets and the corresponding lease liability remain consistent with those noted in notes 2 and 33.

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 year, and as a direct result of the challenging economic circumstances, 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, on a basis consistent with the impairment testing described in note 13. Impairment charges are recognised within cost of sales in the consolidated income statement. In 2023, the Group recorded impairment charges of £42m (2022: net reversal of £39m) in respect of right-of-use assets and £36m (2022: net reversal of £13m) in respect of leasehold improvements.

## 16. Other long-term receivables

£m	2023	2022
Deposits held by landlords against rent obligations	53	57

## 17. Trade and other receivables

£m	2023	2022
Trade receivables, net	368	395
Prepayments and accrued income	145	152
Other receivables	181	174
Partner contributions receivables	25	23
VAT recoverable	168	172
Deposits held by landlords against rent obligations	4	3
	891	919

## 18. Trade and other payables (including customer deposits)

£m	2023	2022
Customer deposits	459	447
Other accruals	326	252
Trade payables	243	220
VAT payable	104	119
Other payables	148	147
Other tax and social security	30	17
	1,310	1,202

## 19. Borrowings

### Bank and other loans

The Group's total loan and borrowing position at 31 December 2023 and at 31 December 2022 had the following maturity profiles:

£m	2023	2022
Repayments falling due as follows:		
In more than one year but not more than two years <sup>(1)</sup>	702	5
In more than two years but not more than five years <sup>(1)</sup>	1	581
In more than five years	2	2
<b>Total non-current</b>	<b>705</b>	<b>588</b>
<b>Total current</b>	<b>13</b>	<b>285</b>
<b>Total bank and other loans</b>	<b>718</b>	<b>873</b>

1. Includes convertible bond debt of £329m (2022: £318m).

The Group issued £350m convertible bonds in December 2020, raising £343m, net of transaction fees. At the date of issue, the convertible bonds were bifurcated between:

- A financial liability recognised at amortised cost of £298m, by using the discounted cash flow of interest payments and the bonds' nominal value; and subsequently remeasured at amortised cost of £329m (2022: £318m) at 31 December 2023. The financial liability is included in the above, falling due in more than one but not more than two years.
- A derivative financial liability of £52m, not being closely related to the host financial liability, was recognised separately and measured at fair value through profit or loss (note 25). A gain has been recognised at 31 December 2023 of £nil (2022: £27m) through net finance expenses, resulting in a year-end liability of £nil (2022: £nil).

Further information regarding the convertible bonds can be found in note 25.

## Committed borrowings

£m	2023		2022	
	Facility	Available	Facility	Available
Revolving credit facility	875	219	750	173
Bridge facility	-	-	330	-

The Group maintains a revolving credit facility provided by a group of international banks. At 31 December 2023, the amount of the facility rose to £875m (2022: £750m) and the final maturity was extended in March 2020 to November 2025 with an automatic extension until March 2026, given certain conditions are met. As at 31 December, £219m (2022: £173m) was available and undrawn under this facility.

The £875m revolving credit facility is subject to financial covenants which include interest cover and net debt to EBITDA ratio. The Group continued to operate in compliance with the covenants agreed with the lenders. It is concluded that the amendment to the facility represents a non-substantial debt modification in accordance with IFRS 9.

A £330m bridge facility for the Instant acquisition was repaid in full in June 2023.

## 20. Provisions

£m	2023			2022		
	Closures	Other	Total	Closures	Other	Total
At 1 January	60	8	68	13	8	21
Acquired in the period	-	-	-	7	-	7
Provided in the period	7	-	7	38	6	44
Utilised in the period	(24)	(8)	(32)	(1)	(6)	(7)
Exchange rate movements	(1)	-	(1)	3	-	3
<b>At 31 December</b>	<b>42</b>	<b>-</b>	<b>42</b>	<b>60</b>	<b>8</b>	<b>68</b>
Analysed between:						
Current	24	-	24	23	8	31
Non-current	18	-	18	37	-	37
<b>At 31 December</b>	<b>42</b>	<b>-</b>	<b>42</b>	<b>60</b>	<b>8</b>	<b>68</b>

### Closures

Provisions for closures relate to the expected costs of centre closures, including restructuring costs. Impairments of right-of-use assets and property, plant and equipment (note 15) are not included above.

### Other

Other provisions include the estimated costs of claims against the Group outstanding at 31 December 2023, of which, due to their nature, the maximum period over which they are expected to be utilised is uncertain.

The Group is involved in various disputes, primarily related to potential lease obligations, some of which are in the course of litigation. Where there is a dispute and where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the Group's best estimate of the likely financial outcome. Where a reliable estimate cannot be made, or where the Group, based on legal counsel advice, considers that it is not probable that there will be an outflow of economic resources, no provision is recognised. There are no disputes which are expected to have a material impact on the Group.

## 21. Investments in joint ventures

£m	Investments in joint ventures	Provision for deficit in joint ventures	Total
At 31 December 2021	45	(6)	39
Acquisition of joint ventures	–	–	–
Share of loss	(1)	–	(1)
Exchange rate movements	1	–	1
At 31 December 2022	45	(6)	39
Acquisition of joint ventures	–	–	–
Share of loss	(1)	–	(1)
Exchange rate movements	1	–	1
<b>At 31 December 2023</b>	<b>45</b>	<b>(6)</b>	<b>39</b>

The Group has 81 centres operating under joint venture agreements (2022: 82) at the reporting date, all of which are individually immaterial. The Group has a legal obligation in respect of its share of any deficits recognised by these operations. No indicators of impairment were identified by management in relation to these investments.

The results of the joint ventures below are the full-year results of the joint ventures and do not represent the effective share:

£m	2023	2022
<b>Income statement</b>		
Revenue	87	86
Expenses	(90)	(88)
Loss before tax for the year	(3)	(2)
Tax charge	–	(1)
<b>Loss after tax for the year</b>	<b>(3)</b>	<b>(3)</b>
<b>Balance sheet</b>		
Non-current assets	142	153
Current assets	559	329
Current liabilities	(558)	(322)
Non-current liabilities	(129)	(139)
<b>Net assets</b>	<b>14</b>	<b>21</b>

## 22. Share capital

### Ordinary equity share capital

	2023		2022	
	Number	Nominal value £m	Number	Nominal value £m
<b>Authorised</b>				
Ordinary 1p shares in IWG plc at 1 January	8,000,000,000	80	8,000,000,000	80
Ordinary 1p shares in IWG plc at 31 December	8,000,000,000	80	8,000,000,000	80
<b>Issued and fully paid up</b>				
Ordinary 1p shares in IWG plc at 1 January	1,057,248,651	10	1,057,248,651	10
Ordinary 1p shares issued for cash in the year	–	–	–	–
Ordinary 1p shares in IWG plc at 31 December	1,057,248,651	10	1,057,248,651	10

### Treasury share transactions involving IWG plc shares between 1 January 2023 and 31 December 2023

During the year, 519,022 shares were purchased in the open market and 525,674 treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 5 March 2024, 50,558,201 treasury shares were held. The holders of ordinary shares in IWG plc are entitled to receive such dividends as are declared by the Company and are entitled to one vote per share at meetings of the Company. Treasury shares do not carry such rights until reissued.

	2023		2022	
	Number of shares	£m	Number of shares	£m
1 January	50,564,853	152	49,832,721	151
Purchase of treasury shares in IWG plc	519,022	1	2,174,738	5
Treasury shares in IWG plc utilised	(525,674)	(1)	(1,442,606)	(4)
31 December	50,558,201	152	50,564,853	152

## 23. Non-controlling interests

During 2022, the Group completed the investment in The Instant Group, acquiring 100% of the equity voting rights. In a separate transaction, the Group sold a 13.4% non-controlling equity interest in a subsidiary of the Worka structure for a consideration of £53m.

The following table summarises the information relating to each of the Group's subsidiaries that have a material non-controlling interest.

£m	2023	2022
<b>NCI percentage</b>	<b>13.4%</b>	13.4%
Non-current assets	426	413
Current assets	263	282
Non-current liabilities	(108)	(131)
Current liabilities	(192)	(163)
<b>Net assets</b>	<b>389</b>	401
Net assets attributable to NCI	51	52
Revenue	166	138
Loss after tax	(10)	(13)
Other comprehensive income	–	–
<b>Total comprehensive income</b>	<b>(10)</b>	(13)
Loss allocated to NCI	(1)	(3)
Other comprehensive income allocated to NCI	–	–
Cash flows from operating activities	29	31
Cash flows from investing activities	35	49
Cash flows from financing activities	(98)	(33)
<b>Net increase in cash and cash equivalents</b>	<b>(34)</b>	47

## 24. Net debt analysis

£m	2023	2022
Cash and cash equivalents	110	161
Current net investment in finance leases	33	52
Non-current net investment in finance leases	64	95
<b>Gross cash and lease receivables</b>	<b>207</b>	308
Debt due within one year	(11)	(285)
Debt due after one year <sup>(1)</sup>	(707)	(588)
Lease due within one year <sup>(2)</sup>	(924)	(1,002)
Lease due after one year <sup>(2)</sup>	(4,453)	(5,037)
<b>Gross debt</b>	<b>(6,095)</b>	(6,912)
<b>Net debt</b>	<b>(5,888)</b>	(6,604)

1. Includes £329m (2022: £318m) convertible bond liability.

2. There are no significant lease commitments for leases not commenced at 31 December 2023.

The following table shows a reconciliation of net cash flow to movements in net debt:

£m	Cash and cash equivalents	Net investment in finance leases	Gross cash and lease receivables	Bank and other loans	Convertible bond	Lease liabilities	Gross debt	Net debt
At 31 December 2021	78	–	78	(167)	(308)	(6,121)	(6,596)	(6,518)
Net increase in cash and cash equivalents	77	–	77	–	–	–	–	77
Proceeds from issue of loans and net investment in finance leases	–	(41)	(41)	(1,340)	–	–	(1,340)	(1,381)
Repayment of loans and lease liabilities	–	–	–	954	–	997	1,951	1,951
Interest (received)/paid	–	(7)	(7)	36	2	230	268	261
Non-cash movements	–	192	192	(37)	(12)	(715)	(764)	(572)
Interest income/(expense)	–	7	7	(37)	(12)	(230)	(279)	(272)
Other non-cash movements <sup>(1)</sup>	–	185	185	–	–	(485)	(485)	(300)
Exchange rate movements	6	3	9	(1)	–	(430)	(431)	(422)
At 31 December 2022	161	147	308	(555)	(318)	(6,039)	(6,912)	6,604
Net decrease in cash and cash equivalents	(43)	–	(43)	–	–	–	–	(43)
Proceeds from issue of loans and net investment in finance leases	–	(55)	(55)	(985)	–	–	(985)	(1,040)
Repayment of loans and lease liabilities	–	–	–	1,149	–	935	2,084	2,084
Interest (received)/paid	–	(6)	(6)	53	2	280	335	329
Non-cash movements	–	15	15	(54)	(13)	(753)	(820)	(805)
Interest income/(expense)	–	6	6	(54)	(13)	(280)	(347)	(341)
Other non-cash movements <sup>(1)</sup>	–	9	9	–	–	(473)	(473)	(464)
Exchange rate movements	(8)	(4)	(12)	3	–	200	203	191
<b>At 31 December 2023</b>	<b>110</b>	<b>97</b>	<b>207</b>	<b>(389)</b>	<b>(329)</b>	<b>(5,377)</b>	<b>(6,095)</b>	<b>(5,888)</b>

1. Includes movements on leases in relation to new leases, lease modifications/re-measurements of £658m (2022: £594m). Early termination of lease liabilities represent £194m (2022: £294m) of the non-cash movements, including £nil (2022: £1m) related to discontinued operations.

Cash and cash equivalent balances held by the Group that are not available for use amounted to £9m at 31 December 2023 (2022: £7m). Of this balance, £1m (2022: £1m) is pledged as security against outstanding bank guarantees and a further £8m (2022: £6m) is pledged against various other commitments of the Group.

Cash flows on debt 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 (2022: £nil) derivative liability recognised separately.

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

£m	2023	2022
Depreciation charge for right-of-use assets	(919)	(955)
Principal lease liability repayments	(935)	(997)
Interest expense on lease liabilities	(280)	(230)
Expenses relating to leases of low-value assets	(1)	–
Expenses relating to variable lease payments not included in lease liabilities	(64)	(68)
Total cash outflow for leases comprising interest and capital payments	(1,215)	(1,227)
Additions to right-of-use assets	297	253
Acquired right-of-use assets	9	4
Interest income on net lease investment	6	7
Principal payments received from net lease investment	55	41

Total cash outflows of £1,279m (2022: £1,295m) for leases, including variable payments of £64m (2022: £68m), were incurred in the year.

## 25. Financial instruments and financial risk management

The objectives, policies and strategies applied by the Group with respect to financial instruments and the management of capital are determined at Group level. The Group's Board maintains responsibility for the risk management strategy of the Group and the Chief Financial Officer is responsible for policy on a day-to-day basis. The Chief Financial Officer and Group Treasurer review the Group's risk management strategy and policies on an ongoing basis. The Board has delegated to the Group Audit Committee the responsibility for applying an effective system of internal control and compliance with the Group's risk management policies.

### Going concern

The Strategic Report sets out the Group's strategy and the factors that are likely to affect the future performance and position of the business. The financial review within the Strategic Report reviews the trading performance, financial position and cash flows of the Group. The Group's net debt position decreased by £716m (2022: increased by £86m) to a net debt position of £5,888m (2022: £6,604m) as at 31 December 2023. Excluding the IFRS 16 net investment in finance leases and lease liabilities, the net financial debt position improved to £608m (2022: £712m). The investment in growth is funded by a combination of cash flow generated from the Group's mature business centres, cash consideration received in franchising the business and debt. The Group had a £875m revolving credit facility (RCF) provided by a group of relationship banks with a final maturity in 2025, with an automatic extension until March 2026, given certain conditions are met. As at 31 December 2023, £219m (2022: £173m) of the RCF was available and undrawn.

Although the Group has net current liabilities of £1,685m (2022: £1,868m), 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 of £433m (2022: £455m) which will be recognised in future periods through the income statement. The Group holds customer deposits of £459m (2022: £447m) 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 net current liabilities represents a liquidity risk.

### Credit risk

Credit risk could occur where a customer or counterparty defaults under the contractual terms of a financial instrument and arises principally in relation to customer contracts and the Group's cash deposits.

A diversified customer base, requirement for customer deposits, and payments in advance on workstation contracts minimise the Group's exposure to customer credit risk. No single customer contributes a material percentage of the Group's revenue. The Group applies the simplified approach to trade receivables and recognises expected credit losses based on the lifetime expected losses. Provisions for receivables are established based on both expected credit losses and information available that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade debtors that are more than three months overdue are considered to be in default and therefore, under the simplified lifetime approach, are impaired in full. This reflects the Group's experience of the likelihood of recoverability of these trade receivables based on both historical and forward-looking information. These provisions, which take into consideration any customer deposits held, are reviewed on an ongoing basis to assess changes in the likelihood of recoverability.

The Group has assessed the other receivable balances for expected credit losses, with immaterial expected credit losses recognised due to the nature and default history of these items.

The maximum exposure to credit risk for trade receivables at the reporting date, not taking into account customer deposits held, analysed by geographic region, is summarised below:

£m	2023	2022
Americas	133	151
EMEA	185	192
Asia Pacific	30	28
Worka	20	24
	<b>368</b>	<b>395</b>

All of the Group's trade receivables relate to customers purchasing workplace solutions and associated services and no individual customer has a material balance owing as a trade receivable.

The ageing of trade receivables at 31 December was:

£m	2023		2022	
	Gross	Provision	Gross	Provision
Not overdue	284	–	312	–
Past due 0 – 30 days	36	–	40	–
Past due 31 – 60 days	19	–	19	–
Past due 61 – 90 days	16	–	15	–
Past due more than 90 days	19	(6)	19	(10)
	<b>374</b>	<b>(6)</b>	<b>405</b>	<b>(10)</b>

At 31 December 2023, the Group maintained a provision of £6m for expected credit losses (2022: £10m) arising from trade receivables. The Group had provided £15m (2022: £nil) in the year, utilised £19m (2022: £12m) and released £nil (2022: £6m). Customer deposits of £459m (2022: £447m) are held by the Group, mitigating the risk of default.

IFRS 9 requires the Group to record expected credit losses on all of its receivables, on either a 12-month or a lifetime basis. The Group has applied the simplified approach to all trade receivables, which requires the recognition of the expected credit loss based on the lifetime expected losses. The expected credit loss is mitigated through the invoicing of contracted services in advance and customer deposits.

Cash investments and derivative financial instruments are only transacted with counterparties of sound credit ratings, and management does not expect any of these counterparties to fail to meet their obligations.

### **Liquidity risk**

Liquidity risk represents the risk that the Group will not be able to meet its obligations as they fall due. The Group manages liquidity risk by closely monitoring the global cash position, the available and undrawn credit facilities, and forecast capital expenditure, and expects to have sufficient liquidity to meet its financial obligations as they fall due. In response to ongoing political and economic uncertainty, the Group continues to focus on cash generation by reducing cost, renegotiating rents and rationalising the network, resulting in short-term or long-term cash benefits. The Group has free cash and liquid investments (excluding blocked cash) of £101m (2022: £154m). In addition to cash and liquid investments, the Group had £219m (2022: £173m) available and undrawn under its committed borrowings. The Directors consider the Group has adequate liquidity to meet day-to-day requirements.

The Group maintained a revolving credit facility provided by a group of international banks. At 31 December 2023, the amount of the facility is £875m (2022: £750m) and the final maturity was extended in March 2020 to November 2025 with an automatic extension until March 2026, given certain conditions are met.

The Group actively reviews its exposure to interest rate movements. The issuance of the fixed rate convertible bond significantly reduces the Group's exposure to an increase in interest rates.

### **Market risk**

The Group is exposed to market risk primarily related to foreign currency exchange rates, interest rates and the market value of our investments in financial assets. These exposures are actively managed by the Group Treasurer and Chief Financial Officer in accordance with a written policy approved by the Board of Directors. The Group does not use financial derivatives for trading or speculative reasons.

### **Interest rate risk**

The Group manages its exposure to interest rate risk through the relative proportions of fixed rate debt and floating rate debt. Any surplus cash balances are invested short-term, and at the end of 2023 no cash was invested for a period exceeding three months (2022: £nil).

### **Foreign currency risk**

The Group is exposed to foreign currency exchange rate movements. The majority of day-to-day transactions of overseas subsidiaries are carried out in local currency and the underlying foreign exchange exposure is small. Transactional exposures do arise in some countries where it is local market practice for a proportion of the payables or receivables to be in other than the functional currency of the affiliate. Intercompany charging, funding and cash management activity may also lead to foreign exchange exposures. It is the policy of the Group to seek to minimise such transactional exposures through careful management of non-local currency assets and liabilities, thereby minimising the potential volatility in the income statement. Net investments in IWG affiliates with a functional currency other than pounds sterling are of a long-term nature and the Group does not normally hedge such foreign currency translation exposures.

The principal exposures of the Group are to the US dollar and the euro, with approximately 36% (2022: 36%) of the Group's revenue being attributable directly to the US dollar and 25% (2022: 23%) to the euro.

From time to time the Group uses short-term derivative financial instruments to manage its transactional foreign exchange exposures where these exposures cannot be eliminated through balancing the underlying risks. No transactions of a speculative nature are undertaken.

The foreign currency exposure arising from open third-party transactions held in a currency other than the functional currency of the related entity is summarised as follows:

£m	2023		
	GBP	EUR	USD
Trade and other receivables	–	10	7
Trade and other payables	(1)	(19)	(19)
<b>Net statement of financial position exposure</b>	<b>(1)</b>	<b>(9)</b>	<b>(12)</b>

  

£m	2022		
	GBP	EUR	USD
Trade and other receivables	–	4	7
Trade and other payables	(1)	(11)	(15)
<b>Net statement of financial position exposure</b>	<b>(1)</b>	<b>(7)</b>	<b>(8)</b>

### Other market risks

The Group does not hold any equity securities for fair value measurement under IFRS 9 and is therefore not subject to risks of changes in equity prices in the income statement.

### Sensitivity analysis

For the year ended 31 December 2023, it is estimated that a general increase of one percentage point in interest rates would have increased the Group's loss before tax by approximately £4m (2022: £4m) with a corresponding decrease in total equity.

It is estimated that a five-percentage point weakening in the value of the US dollar against pounds sterling would have increased the Group's loss before tax by approximately £8m for the year ended 31 December 2023 (2022: increased by £2m). It is estimated that a five-percentage point weakening in the value of the euro against pounds sterling would have increased the Group's loss before tax by approximately £3m for the year ended 31 December 2023 (2022: increased by £3m).

It is estimated that a five-percentage point weakening in the value of the US dollar against pounds sterling would have decreased the Group's total equity by approximately £5m for the year ended 31 December 2023 (2022: decreased by £5m). It is estimated that a five-percentage point weakening in the value of the euro against pounds sterling would have decreased the Group's total equity by approximately £2m for the year ended 31 December 2023 (2022: decreased by £2m).

### Capital management

The Group's parent company is listed on the UK stock exchange and the Board's policy is to maintain a strong capital base. The Chief Financial Officer monitors the diversity of the Group's major shareholders and further details of the Group's communication with key investors can be found in the Corporate Governance Report. In 2006, the Board approved the commencement of a progressive dividend policy to enhance the total return to shareholders. The Company is returning to this progressive dividend policy and has proposed to shareholders a final dividend of 1.00p per share (2022: nil pence per share).

The Group's Chief Executive Officer, Mark Dixon, is a major shareholder of the Company. Details of the Directors' shareholdings can be found in the Directors' Remuneration report. In addition, the Group operates various share option plans for key management and other senior employees.

### Treasury share transactions involving IWG plc shares between 1 January 2023 and 31 December 2023

During the year, 519,022 shares were purchased in the open market and 525,674 treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 31 December 2023, 50,558,201 treasury shares were held.

The Company declared and paid no interim dividend per share during the year ended 31 December 2023 (2022: nil pence per share) and proposed a final dividend per share of 1.00p per share (2022: nil pence per share).

The Group's objective when managing capital (equity and borrowings) is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

## Effective interest rates

In respect of financial assets and financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature.

Except for lease liabilities and the convertible bond, the undiscounted cash flow and fair values of these instruments is not materially different from the carrying value.

As at 31 December 2023:

£m	Effective interest rate %	Carrying value	Contractual cash flow	Less than 1 year	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents	0.6%	110	110	110	-	-	-
Trade and other receivables <sup>(1)</sup>	-	746	746	746	-	-	-
Net investment in finance leases	6.3%	97	133	41	25	50	17
Other long-term receivables	-	53	53	-	27	26	-
<b>Financial assets<sup>(2)</sup></b>		<b>1,006</b>	<b>1,042</b>	<b>897</b>	<b>52</b>	<b>76</b>	<b>17</b>
Non-derivative financial liabilities <sup>(3)</sup> :							
Bank loans and corporate borrowings	8.0%	(375)	(375)	-	(375)	-	-
Convertible bonds – debt host	3.8%	(329)	(354)	(2)	(352)	-	-
Lease liabilities	5.5%	(5,377)	(7,295)	(1,216)	(1,105)	(2,548)	(2,426)
Other loans	0.5%	(14)	(14)	(11)	-	(1)	(2)
Deferred consideration on acquisitions	-	(4)	(4)	(2)	(2)	-	-
Contingent consideration on acquisitions	-	(6)	(6)	-	-	(6)	-
Trade and other payables	-	(1,308)	(1,308)	(1,308)	-	-	-
Other long-term payables	-	(4)	(4)	-	(4)	-	-
Derivative financial liabilities:							
Convertible bonds – embedded conversion option	-	-	-	-	-	-	-
<b>Financial liabilities</b>		<b>(7,417)</b>	<b>(9,360)</b>	<b>(2,539)</b>	<b>(1,838)</b>	<b>(2,555)</b>	<b>(2,428)</b>

As at 31 December 2022:

£m	Effective interest rate %	Carrying value	Contractual cash flow	Less than 1 year	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents	0.3%	161	161	161	-	-	-
Trade and other receivables <sup>(1)</sup>	-	767	767	767	-	-	-
Net investment in finance leases	5.6%	147	172	60	36	51	25
Other long-term receivables	-	57	57	-	29	28	-
<b>Financial assets<sup>(2)</sup></b>		<b>1,132</b>	<b>1,157</b>	<b>988</b>	<b>65</b>	<b>79</b>	<b>25</b>
Non-derivative financial liabilities <sup>(3)</sup> :							
Bank loans and corporate borrowings	4.8%	(266)	(266)	-	-	(266)	-
Convertible bonds – debt host	3.8%	(318)	(356)	(2)	(2)	(352)	-
Lease liabilities	4.1%	(6,039)	(8,235)	(1,264)	(1,203)	(2,795)	(2,973)
Other loans	0.0%	(289)	(289)	(283)	(3)	(1)	(2)
Deferred consideration on acquisitions	-	(6)	(6)	(2)	(2)	(2)	-
Contingent consideration on acquisitions	-	(2)	(2)	(2)	-	-	-
Trade and other payables	-	(1,198)	(1,198)	(1,198)	-	-	-
Other long-term payables	-	(7)	(7)	-	(7)	-	-
Derivative financial liabilities:							
Convertible bonds – embedded conversion option	-	-	-	-	-	-	-
<b>Financial liabilities</b>		<b>(8,125)</b>	<b>(10,359)</b>	<b>(2,751)</b>	<b>(1,217)</b>	<b>(3,416)</b>	<b>(2,975)</b>

1. Excluding prepayments.

2. Financial assets are all held at amortised cost.

3. All financial instruments are classified as variable rate instruments.

## Fair value disclosures

The fair values together with the carrying amounts shown in the balance sheet are as follows:

31 December 2023:

£m	Carrying amount			Fair value			
	Cash, loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	110	–	110	–	–	–	–
Trade and other receivables <sup>(1)</sup>	746	–	746	–	–	–	–
Other long-term receivables	53	–	53	–	–	–	–
Derivative financial liabilities	–	–	–	–	–	–	–
Bank loans and corporate borrowings	–	(375)	(375)	–	–	–	–
Convertible bonds	–	(329)	(329)	–	–	(300)	(300)
Other loans	–	(14)	(14)	–	–	–	–
Deferred consideration on acquisitions	–	(4)	(4)	–	–	–	–
Contingent consideration on acquisitions	–	(6)	(6)	–	–	(6)	(6)
Trade and other payables	–	(1,308)	(1,308)	–	–	–	–
Other long-term payables	–	(4)	(4)	–	–	–	–
	909	(2,040)	(1,131)	–	–	(306)	(306)

31 December 2022:

£m	Carrying amount			Fair value			
	Cash, loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	161	–	161	–	–	–	–
Trade and other receivables <sup>(1)</sup>	767	–	767	–	–	–	–
Other long-term receivables	57	–	57	–	–	–	–
Derivative financial liabilities	–	–	–	–	–	–	–
Bank loans and corporate borrowings	–	(266)	(266)	–	–	–	–
Convertible bonds	–	(318)	(318)	–	–	(318)	(318)
Other loans	–	(289)	(289)	–	–	–	–
Deferred consideration on acquisitions	–	(6)	(6)	–	–	–	–
Contingent consideration on acquisitions	–	(2)	(2)	–	–	(2)	(2)
Trade and other payables	–	(1,198)	(1,198)	–	–	–	–
Other long-term payables	–	(7)	(7)	–	–	–	–
	985	(2,086)	(1,101)	–	–	(320)	(320)

1. Excluding prepayments.

At the date of issue, the £350m was bifurcated at £298m and £52m between corporate borrowings (debt) and a derivative financial liability respectively. At 31 December 2023, the debt was valued at its amortised cost, £329m (2022: £318m) and the derivative liability at its fair value, £nil (2022: £nil).

During the years ended 31 December 2023 and 31 December 2022, there were no transfers between levels for fair value measured instruments.

## Valuation techniques

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

The following tables show the valuation techniques used in measuring level 3 fair values and methods used for financial assets and liabilities not measured at fair value:

Type	Valuation technique
Cash and cash equivalents, trade and other receivables/payables, customer deposits and investment loan receivables	For cash and cash equivalents, receivables/payables with a remaining life of less than one year and customer deposits, the book value approximates the fair value because of their short-term nature.
Loans, overdrafts and debt element of convertible bonds	The fair value of bank loans, overdrafts and other loans approximates the carrying value because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year.
Contingent consideration, foreign exchange contracts, interest rate swaps and derivative element of convertible bonds	The fair values are based on a combination of broker quotes, forward pricing, and swap models. The fair value of the derivative element of convertible bonds has been calculated with reference to unobservable credit spreads.

## Convertible bonds

In December 2020 the Group issued a £350m convertible bond, issued by IWG Group Holdings S.à r.l. and transferred in the year to IWG International Holdings S.à r.l., a subsidiary of the Group and guaranteed by IWG plc, 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 December 2025 at par. The bond carries a fixed coupon of 0.5% per annum. The bond liability is split between corporate borrowings (debt) and a derivative financial liability. At the date of issue, the £350m was bifurcated at £298m and £52m between corporate borrowings (debt) and a derivative financial liability, respectively. At 31 December 2023, the debt was valued at its amortised cost, £329m (2022: £318m) and the derivative liability at its fair value, £nil (2022: £nil).

The derivative liability represents a level 3 instrument, which has been valued with reference to the total convertible bond price (a level 2 valuation) minus the level 3 valuation of the debt host. A change of 10 basis points in the credit spread that is indirectly used to value the derivative liability would have increased or decreased profit or loss by £1m (2022: £1m).

The Group actively reviews its exposure to interest rate movements. The issuance of the fixed rate convertible bond significantly reduces the Group's exposure to an increase in interest rates.

## 26. Share-based payments

There are three share-based payment plans, details of which are outlined below:

### Plan 1: IWG Group Share Option Plan

During 2004 the Group established the IWG Group Share Option Plan that entitles eligible employees to purchase shares in IWG plc. In accordance with this programme, holders of vested options are entitled to purchase shares at the mid-market closing price of the shares at the day before the date of grant.

The IWG Group also operates the IWG Group Share Option Plan (France) which is included within the numbers for the IWG Share Option Plan disclosed above. The terms of the IWG Share Option Plan (France) are materially the same as the IWG Group Share Option Plan with the exception that they are only exercisable from the fourth anniversary of the date of grant, assuming the performance conditions have been met.

### Reconciliation of outstanding share options

	2023		2022	
	Number of share options	Weighted average exercise price per share	Number of share options	Weighted average exercise price per share
At 1 January	52,304,124	171.48	42,827,743	195.65
Granted during the year	3,986,347	150.55	18,603,116	130.85
Lapsed during the year	(2,681,896)	178.41	(7,829,580)	215.97
Exercised during the year	(126,516)	158.42	(1,297,155)	118.47
Outstanding at 31 December	53,482,059	169.60	52,304,124	171.48
Exercisable at 31 December	21,477,049	198.95	12,273,441	213.23

Date of grant	Numbers granted	Weighted average exercise price per share	Lapsed	Exercised	At 31 Dec 2023	Exercisable from	Expiry date
12/06/2013	7,741,000	155.60	(4,591,167)	(3,149,833)	– <sup>(1)</sup>	12/06/2016	12/06/2023
20/05/2014	1,845,500	187.20	(1,658,500)	(160,300)	26,700 <sup>(1)</sup>	20/05/2017	19/05/2024
05/11/2014	12,875,796	186.00	(9,385,573)	(1,671,285)	1,818,938 <sup>(1)</sup>	05/11/2017	04/11/2024
19/05/2015	1,906,565	250.80	(1,862,565)	–	44,000 <sup>(2)</sup>	19/05/2018	18/05/2025
22/12/2015	1,154,646	322.20	(395,186)	(25,000)	734,460 <sup>(1)</sup>	22/12/2018	22/12/2025
29/06/2016	444,196	272.50	(389,150)	(11,009)	44,037 <sup>(1)</sup>	29/06/2019	29/06/2026
28/09/2016	249,589	258.00	(214,313)	(7,055)	28,221 <sup>(1)</sup>	28/09/2019	28/09/2026
01/03/2017	1,200,000	283.70	–	–	1,200,000 <sup>(1)</sup>	01/03/2020	01/03/2027
21/12/2018 (Grant 1)	300,000	203.10	(75,000)	–	225,000 <sup>(1)</sup>	21/12/2021	21/12/2028
28/12/2018 (Grant 2)	20,900,000	199.80	(8,983,330)	(166,668)	11,750,002 <sup>(1)</sup>	28/12/2021	28/12/2028
15/05/2019	613,872	341.90	(595,834)	–	18,038 <sup>(2)</sup>	15/05/2022	15/05/2029
13/09/2019	196,608	402.30	(196,608)	–	– <sup>(1)</sup>	13/09/2022	13/09/2029
02/12/2019	108,349	408.60	(102,964)	–	5,385 <sup>(1)</sup>	19/12/2022	19/12/2029
02/04/2020	20,325,000	165.00	(5,552,218)	(37,916)	14,734,866 <sup>(3)</sup>	02/04/2023	02/04/2030
15/05/2020	450,000	202.00	(404,500)	–	45,500 <sup>(2)</sup>	15/05/2023	15/05/2030
09/09/2020	173,148	291.00	(156,737)	–	16,411 <sup>(2)</sup>	09/09/2023	09/09/2030
26/03/2021	466,377	342.80	(115,095)	–	351,282 <sup>(3)</sup>	26/03/2024	26/03/2031
11/05/2021	318,645	376.60	(39,831)	–	278,814 <sup>(3)</sup>	11/05/2024	11/05/2031
12/08/2021	580,655	310.00	(209,680)	–	370,975 <sup>(3)</sup>	12/08/2024	12/08/2031
09/03/2022	204,659	255.00	–	–	204,659 <sup>(3)</sup>	09/03/2025	09/03/2032
10/05/2022 (Grant 1)	1,042,774	222.10	(42,774)	–	1,000,000 <sup>(3)</sup>	10/05/2025	10/05/2032
17/05/2022 (Grant 2)	382,791	242.30	–	–	382,791 <sup>(3)</sup>	17/05/2025	17/05/2032
14/10/2022 (Grant 1)	15,087,586	117.95	(681,953)	–	14,405,633 <sup>(3)</sup>	14/10/2025	14/10/2032
17/10/2022 (Grant 2)	600,000	122.25	–	–	600,000 <sup>(3)</sup>	17/10/2025	17/10/2032
01/12/2022	1,285,306	159.35	(75,306)	–	1,210,000 <sup>(3)</sup>	01/12/2025	01/12/2032
08/03/2023	498,336	192.05	–	–	498,336 <sup>(3)</sup>	08/03/2026	08/03/2033
27/03/2023	571,333	144.40	–	–	571,333 <sup>(3)</sup>	27/03/2026	27/03/2033
21/08/2023	575,000	162.00	–	–	575,000 <sup>(3)</sup>	21/08/2026	21/08/2033
03/10/2023	1,520,264	141.00	–	–	1,520,264 <sup>(3)</sup>	03/10/2026	03/10/2033
09/11/2023	750,000	137.50	–	–	750,000 <sup>(3)</sup>	09/11/2026	09/11/2033
13/12/2023	71,414	158.10	–	–	71,414 <sup>(3)</sup>	13/12/2026	13/12/2033
	94,439,409		(35,728,284)	(5,229,066)	53,482,059		

1. These options have fully vested as of 31 December 2023.

2. The performance targets for these options have been met and they are subject to vesting schedules as described below.

3. These options are subject to performance targets and vesting schedules as described below.

The vesting of share options is subject to an ongoing employment condition. As at 31 December 2023, there were 21,477,049 (2022: 12,273,441) outstanding share options which had fully vested with no further performance or holding period requirements and which had a weighted average exercise price of 198.95p (2022: 213.23p).

### **Performance conditions for share options**

#### **May 2014 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded and vested, based on achievement against the relevant performance targets and are now exercisable with an expiry date of May 2024.

#### **November 2014 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded and vested, based on achievement against the relevant performance targets and are now exercisable with an expiry date of November 2024.

#### **May 2015 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded based on achievement against the relevant performance targets and are now vesting ratably over a five-year period beginning May 2020 and ending May 2024.

#### **December 2015 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded and vested, based on achievement against the relevant performance targets and are now exercisable with an expiry date of December 2025.

#### **June 2016 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded based on achievement against the relevant performance targets and are now exercisable with an expiry date of June 2026.

#### **September 2016 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded based on achievement against the relevant performance targets and are now exercisable with an expiry date of September 2026.

#### **March 2017 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded and vested, based on achievement against the relevant performance targets and are now exercisable with an expiry date of March 2027.

#### **December 2018 (Grant 1) share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded based on achievement against the relevant performance targets and are now vesting ratably over a three-year period beginning December 2021 and ended December 2023.

#### **December 2018 (Grant 2) share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded based on achievement against performance targets and are now subject to vesting ratably over a three-year period beginning December 2021 and ended December 2023.

#### **May 2019 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded based on achievement against the relevant performance targets and are now vesting ratably over a three-year period beginning May 2022 and ending May 2024.

#### **September 2019 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded based on achievement against the relevant performance targets and are now vesting ratably over a five-year period beginning September 2022 and ending September 2026.

#### **December 2019 share options**

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded based on achievement against the relevant performance targets and are now vesting ratably over a five-year period beginning December 2022 and ending December 2026.

**April 2020 share options**

The share options outstanding under this grant at 31 December 2023 are subject to a performance target for 50% of the options based on the Group achieving a ranking at or above the median for TSR performance relative to a comparator group over a period of four years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. The remaining 50% of outstanding options have met their performance targets. Any shares awarded pursuant to these options will be subject to vesting ratably over a three-year period beginning April 2023 and ending April 2025.

**May 2020 share options**

The share options outstanding under this grant at 31 December 2023 are subject to performance targets with 50% of the options subject to the achievement of a performance target based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. The remaining 50% of outstanding options are subject to individual and Group franchising targets for a three-year period with a minimum performance threshold based on achieving a minimum level of franchises and the maximum award based on achieving a stretch target for franchises. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning May 2023 and ending May 2025.

**September 2020 share options**

The share options outstanding under this grant at 31 December 2023 are subject to performance targets with 50% of the options subject to the achievement of a performance target based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. The remaining 50% of outstanding options are subject to individual and Group franchising targets for a three-year period with a minimum performance threshold based on achieving a minimum level of franchises and the maximum award based on achieving a stretch target for franchises. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning September 2023 and ending September 2025.

**March 2021 share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning March 2024 and ending March 2026.

**May 2021 share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning May 2024 and ending May 2026.

**August 2021 share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning August 2024 and ending August 2026.

**March 2022 share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning March 2025 and ending March 2027.

**May 2022 (Grant 1) share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning May 2025 and ending May 2027.

**May 2022 (Grant 2) share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning May 2025 and ending May 2027.

**October 2022 (Grant 1) share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning October 2025 and ending October 2027.

**October 2022 (Grant 2) share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning October 2025 and ending October 2027.

**December 2022 share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning December 2025 and ending December 2027.

**March 2023 (Grant 1) share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning March 2026 and ending March 2028.

**March 2023 (Grant 2) share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning March 2026 and ending March 2028.

**August 2023 share options**

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning August 2026 and ending August 2028.

### October 2023 share options

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. For the US individuals, the share options outstanding at 31 December 2023 are subject to performance target with 50% based on the previously described TSR target and 50% based on personal target focused on achieving the Group's strategic ambitions.

Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning October 2026 and ending October 2028, or over a two-year period beginning October 2027 and ending October 2028 for the French individuals only.

### November 2023 share options

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning November 2026 and ending November 2028.

### December 2023 share options

The share options outstanding under this grant at 31 December 2023 are subject to Group performance targets based on the Group ranking at or above the median for TSR performance relative to a comparator group over a period of three years with a minimum performance threshold of achieving a ranking at the median TSR or above and the maximum award being given for exceeding the comparator group median TSR performance by 10% or more. Any shares awarded based on achievement of these performance targets will then be subject to vesting ratably over a three-year period beginning December 2026 and ending December 2028.

### Measurement of fair values

The fair value of the rights granted through the employee share purchase plan was measured based on the Monte Carlo simulation or the Black-Scholes formula. The expected volatility is based on the historic volatility adjusted for any abnormal movement in share prices.

The inputs to the model are as follows:

	December 2023	November 2023	October 2023	August 2023	March 2023 (Grant 2)	March 2023 (Grant 1)	December 2022	October 2022 (Grant 2)
Share price on grant date	158.10p	137.50p	141.00p	162.00p	144.40p	192.05p	159.35p	122.25p
Exercise price	158.10p	137.50p	141.00p	162.00p	144.40p	192.05p	159.35p	122.25p
Expected volatility	40.64% – 55.49%	42.00% – 55.25%	42.97% – 55.18%	42.96% – 54.98%	53.62% – 59.37%	52.75% – 60.04%	54.01% – 59.92%	53.34% – 58.16%
Option life	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years
Expected dividend	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value of option at time of grant	91.30p – 108.55p	82.73p – 95.52p	86.63p – 98.25p	99.53p – 112.66p	96.70p – 102.37p	126.16p – 136.44p	106.53p – 113.10p	81.12p – 85.29p
Risk-free interest rate	3.66% – 3.83%	4.22% – 4.38%	4.37% – 4.61%	4.37% – 4.61%	3.35% – 3.46%	3.12% – 3.21%	3.22% – 3.24%	3.22% – 3.24%

	October 2022 (Grant 1)	May 2022 (Grant 2)	May 2022 (Grant 1)	March 2022	August 2021	May 2021	March 2021	September 2020
Share price on grant date	117.95p	242.30p	222.10p	255.00p	310.00p	376.60p	342.80p	291.00p
Exercise price	117.95p	242.30p	222.10p	255.00p	310.00p	376.60p	342.80p	291.00p
Expected volatility	53.30% – 58.05%	53.48% – 56.71%	54.59% – 56.66%	54.33% – 57.32%	53.67% – 57.07%	53.78% – 59.19%	53.64% – 59.13%	51.81% – 62.96%
Option life	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years
Expected dividend	0.00%	0.00%	0.00%	0.00%	1.12%	0.96%	1.00%	2.39%
Fair value of option at time of grant	78.24p – 82.21p	153.52p – 158.97p	142.70p – 145.61p	162.79p – 168.44p	163.92p – 171.67p	202.75p – 217.81p	183.02p – 196.95p	122.93p – 146.68p
Risk-free interest rate	3.22% – 3.24%	1.42% – 1.60%	1.42% – 1.60%	1.41% – 1.49%	0.37% – 0.49%	0.16% – 0.34%	0.15% – 0.33%	(0.08%) – (0.04%)

	May 2020	April 2020	December 2019	September 2019	May 2019	December 2018 (Grant 2)	December 2018 (Grant 1)	March 2017
Share price on grant date	202.00p	165.00p	408.60p	402.30p	341.90p	199.80p	203.10p	283.70p
Exercise price	202.00p	165.00p	408.60p	402.30p	341.90p	199.80p	203.10p	283.70p
Expected volatility	50.15% – 61.06%	49.02% – 59.29%	36.24% – 44.72%	36.33% – 44.83%	38.84% – 45.75%	37.66% – 44.35%	37.63% – 44.25%	27.42% – 29.87%
Option life	3–5 years	3–5 years	3–7 years	3–7 years	3–5 years	3–5 years	3–5 years	3–5 years
Expected dividend	3.44%	4.21%	1.59%	1.62%	1.85%	2.95%	2.90%	1.80%
Fair value of option at time of grant	71.39p – 86.80p	50.79p – 62.29p	141.77p – 172.84p	137.79p – 169.19p	120.77p – 141.08p	58.77p – 69.33p	39.36p – 46.42p	44.51p – 76.88p
Risk-free interest rate	0.00% – 0.06%	0.00% – 0.06%	0.57% – 0.65%	0.48% – 0.50%	0.52% – 0.60%	0.87% – 1.01%	0.73% – 0.88%	0.23% – 0.56%

	September 2016	June 2016	December 2015	May 2015
Share price on grant date	258.00p	272.50p	322.20p	250.80p
Exercise price	258.00p	272.50p	322.20p	250.80p
Expected volatility	27.45% – 32.35%	27.71% – 34.81%	24.80% – 37.08%	27.23% – 30.12%
Option life	3–7 years	3–7 years	3–7 years	3–7 years
Expected dividend	1.80%	1.71%	1.40%	1.59%
Fair value of option at time of grant	40.96p – 67.89p	44.28p – 78.68p	29.76p – 90.61p	42.35p – 69.12p
Risk-free interest rate	0.09% – 0.38%	0.14% – 0.39%	0.14% – 0.21%	0.81% – 1.53%

## Plan 2: IWG plc Performance Share Plan (PSP)

The PSP provides for the Remuneration Committee to make standalone awards, based on normal plan limits, up to a maximum of 250% of base salary.

### Reconciliation of outstanding share awards

	2023 Number of awards	2022 Number of awards
At 1 January	2,542,212	3,160,617
PSP awards granted during the year	1,711,795	1,289,217
Lapsed during the year	(609,332)	(1,324,583)
Exercised during the year	(226,804)	(583,039)
Outstanding at 31 December	3,417,871	2,542,212
Exercisable at 31 December	–	–

There were 226,804 shares which were exercised during the year ended 31 December 2023 (2022: 583,039). The weighted average share price at the date of exercise for share awards exercised during the year ended 31 December 2023 was 150.00p (2022: 256.00p).

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2023	Release date
PSP	01/03/2017	1,095,406	(512,367)	(583,039)	–	01/03/2022
PSP	07/03/2018	1,278,350	(1,051,546)	(226,804)	–	07/03/2023
PSP	07/03/2019	1,058,578	(848,474)	–	210,104	07/03/2024
PSP	04/03/2020	915,739	(915,739)	–	–	04/03/2025
PSP	26/03/2021	959,015	(320,887)	–	638,128	26/03/2026
PSP	09/03/2022	1,289,217	(431,373)	–	857,844	09/03/2027
PSP	08/03/2023	1,711,795	–	–	1,711,795	08/03/2028
		8,308,100	(4,080,386)	(809,843)	3,417,871	

## Measurement of fair values

The fair value of the rights granted through the employee share purchase plan was measured based on the Monte Carlo simulation.

The inputs to the model are as follows:

	March 2023	March 2022	March 2021	March 2020	March 2019	March 2018
Share price on grant date	192.05p	255.00p	346.40p	356.50p	244.90p	240.90p
Exercise price	nil	nil	nil	nil	nil	nil
Number of simulations	250,000	250,000	250,000	250,000	250,000	250,000
Number of companies	32	32	32	32	32	32
Award life	5 years	5 years	5 years	5 years	5 years	5 years
Expected dividend	0.00%	0.00%	1.00%	1.95%	2.57%	2.37%
Fair value of award at time of grant	126.29p – 191.32p	167.75p – 254.14p	206.19p – 312.37p	292.36p – 192.98p	124.38p – 188.43p	124.92p – 189.26p
Risk-free interest rate	3.12%	1.45%	0.33%	0.06%	0.79%	1.21%

It is recognised by the Remuneration Committee that the EPS targets represent a highly challenging goal and consequently, in determining whether they have been met, the Committee will exercise its discretion. The overall aim is that the relevant EPS targets must have been met on a run-rate or underlying basis. As such, an adjusted measure of EPS will be calculated to assess the underlying performance of the business.

### 2018 PSP investment grant

The total number of shares awarded was subject to three different performance conditions, with one third subject to defined earnings per share (EPS) conditions, one third subject to relative total shareholder return (TSR) conditions and one third subject to return on investment (ROI) conditions. These conditions are measured over three financial years commencing on 1 January 2018.

Based on results as of 31 December 2020, the relative TSR target of exceeding the comparator group median TSR by more than 10% was achieved in full, resulting in the vesting of 226,804 shares subject to a service period ending March 2022. The performance targets for EPS and ROI were not met and the share awards pursuant to these targets lapsed.

### 2019 PSP investment grant

The total number of shares awarded is subject to three different performance conditions. These conditions are measured over three financial years commencing on 1 January 2019. Thus, conditional on meeting these performance targets, these shares will vest in March 2024. One third is subject to defined earnings per share (EPS) conditions, one third is subject to relative total shareholder return (TSR) conditions and one third is subject to return on investment (ROI) conditions.

Based on results as of 31 December 2021, the relative TSR target of exceeding the comparator group median TSR by more than 10% was achieved, resulting in the vesting of 118,055 shares subject to a service period ending March 2023. The performance targets for EPS and ROI were not met and the share awards pursuant to these targets lapsed.

### 2020 PSP investment grant

The total number of shares awarded is subject to relative total shareholder return (TSR) conditions, measured over three financial years commencing on 1 January 2020. Thus, conditional on meeting these performance targets, these shares will vest in December 2025.

The relative TSR condition is based on the performance of the Group's TSR growth against the median TSR growth of the comparator group as follows:

	% of the award that vests
Exceeds the median by 10% or more	100%
Exceeds the median by less than 10%	On a straight-line basis between 25% and 100%
Ranked at median	25%
Ranked below the median	0%

### 2021 PSP investment grant

The total number of shares awarded is subject to relative total shareholder return (TSR) conditions, measured over three financial years commencing on 1 January 2021. Thus, conditional on meeting these performance targets, these shares will vest in March 2026.

The relative TSR condition is based on the performance of the Group's TSR growth against the median TSR growth of the comparator group as follows:

	% of the award that vests
Exceeds the median by 10% or more	100%
Exceeds the median by less than 10%	On a straight-line basis between 25% and 100%
Ranked at median	25%
Ranked below the median	0%

### 2022 PSP investment grant

The total number of shares awarded is subject to relative total shareholder return (TSR) conditions, measured over three financial years commencing on 1 January 2022. Thus, conditional on meeting these performance targets, these shares will vest in March 2027.

The relative TSR condition is based on the performance of the Group's TSR growth against the median TSR growth of the comparator group as follows:

	% of the award that vests
Exceeds the median by 10% or more	100%
Exceeds the median by less than 10%	On a straight-line basis between 25% and 100%
Ranked at median	25%
Ranked below the median	0%

### 2023 PSP investment grant

The total number of shares awarded is subject to relative total shareholder return (TSR) conditions, measured over three financial years commencing on 1 January 2023. Thus, conditional on meeting these performance targets, these shares will vest in March 2028.

The relative TSR condition is based on the performance of the Group's TSR growth against the median TSR growth of the comparator group as follows:

	% of the award that vests
Exceeds the median by 10% or more	100%
Exceeds the median by less than 10%	On a straight-line basis between 25% and 100%
Ranked at median	25%
Ranked below the median	0%

### Plan 3: Deferred Share Bonus Plan

The Deferred Share Bonus Plan, established in 2016, enables the Board to award options to selected employees on a discretionary basis. The awards are conditional on the ongoing employment of the related employees for a specified period of time. Once this condition is satisfied, those awards that are eligible will vest three years after the date of grant.

### Reconciliation of outstanding share options

	2023 Number of awards	2022 Number of awards
At 1 January	947,443	376,291
DSBP awards granted during the year	180,752	683,166
Lapsed during the year	–	–
Exercised during the year	(172,354)	(112,014)
Outstanding at 31 December	955,841	947,443
Exercisable at 31 December	91,923	–

The weighted average share price at the date of exercise for share awards exercised during the year ended 31 December 2023 was 150.00p (2022: 256.00p).

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2023	Release date
DSBP	07/03/2019	112,014	–	(112,014)	–	07/03/2022
DSBP	04/03/2020	264,277	–	(172,354)	91,923	04/03/2023
DSBP	09/03/2022	171,415	–	–	171,415	09/03/2025
DSBP	02/11/2022	511,751	–	–	511,751	02/11/2027
DSBP	08/03/2023	180,752	–	–	180,752	08/03/2026
		1,240,209	–	(284,368)	955,841	

## Measurement of fair values

The fair value of the rights granted through the employee share purchase plan was measured based on the Black-Scholes formula. The expected volatility is based on the historic volatility adjusted for any abnormal movement in share prices.

The inputs to the model are as follows:

	March 2023	November 2022	March 2022	March 2020	March 2019
Share price on grant date	192.05p	131.90p	255.00p	356.50p	244.90p
Exercise price	nil	nil	nil	nil	nil
Number of simulations	–	–	–	–	–
Number of companies	–	–	–	–	–
Award life	3 years	5 years	3 years	3 years	3 years
Expected dividend	0.00%	0.00%	0.00%	1.95%	2.57%
Fair value of award at time of grant	191.17p – 191.33p	131.18p	254.14p	292.36p	188.42p
Risk-free interest rate	3.21%	3.24%	1.41%	0.00%	0.68%

## 27. Retirement benefit obligations

The Group accounts for the Swiss and Philippines pension plans as defined benefit plans under IAS 19 – Employee Benefits.

The reconciliation of the net defined benefit liability and its components is as follows:

£m	2023			2022		
	Switzerland	Philippines	Total	Switzerland	Philippines	Total
Fair value of plan assets	6	–	6	6	–	6
Present value of obligations	(8)	(1)	(9)	(7)	(1)	(8)
<b>Net funded obligations</b>	<b>(2)</b>	<b>(1)</b>	<b>(3)</b>	<b>(1)</b>	<b>(1)</b>	<b>(2)</b>

## 28. Acquisitions

### Current period acquisitions

During the year ended 31 December 2023 the Group made various individually immaterial acquisitions for a total consideration of £16m.

£m	Book value	Provisional fair value adjustments	Provisional fair value
<b>Net assets acquired</b>			
Right-of-use assets	9	–	9
Other property, plant and equipment	4	–	4
Cash	2	–	2
Other current and non-current assets	8	–	8
Lease liabilities	(9)	–	(9)
Current liabilities	(6)	–	(6)
	8	–	8
Goodwill arising on acquisition			8
<b>Total consideration</b>			<b>16</b>
Less: deferred consideration			(2)
Less: contingent consideration			(6)
<b>Cash flow on acquisition</b>			
Cash paid			8
Less: cash acquired			(2)
<b>Net cash outflow</b>			<b>6</b>

The goodwill arising on these 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.

In the year, the acquisitions contributed revenue of £8m and net retained profit of £1m. If the above acquisitions had occurred on 1 January 2023, the revenue and net retained profit arising from these acquisitions would have been £9m and £1m respectively.

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

Deferred consideration of £2m arose from acquisitions, £1m was released, £3m were settled during the year. £4m deferred consideration is held on the Group's balance sheet at 31 December 2023.

Contingent consideration of £6m arose on the 2023 acquisitions. Contingent consideration of £1m was paid and £nil released, during the current year, with respect to milestones, achieved or not achieved, on previous acquisitions. £6m contingent consideration is held on the Group's balance sheet at 31 December 2023.

For acquisitions completed in 2023, the fair value of assets acquired has only been provisionally assessed, pending completion of a fair value assessment which has not yet been completed. The main changes in the provisional fair values expected are primarily for customer relationships and property, plant and equipment. The final assessment of the fair value of these assets will be made within 12 months of the acquisition dates and any adjustments reported in future reports.

Goodwill of £8m arose relating to 2023 acquisitions.

### Prior period acquisitions

During the year ended 31 December 2022, the Group completed the investment in The Instant Group, acquiring 100% of the equity voting rights, for a total consideration of £324m. In addition, the Group made various other individually immaterial acquisitions for a total consideration of £5m.

£m	Book value	Provisional fair value adjustments	Final fair value adjustments	Final fair value
<b>Net assets acquired</b>				
Intangible assets	2	139	–	141
Right-of-use assets	4	–	–	4
Other property, plant and equipment	16	–	–	16
Net investment in finance leases	177	–	–	177
Cash	25	–	–	25
Other current and non-current assets	64	–	–	64
Lease liabilities	(173)	–	–	(173)
Current liabilities	(112)	6	–	(106)
Provisions due after one year	(7)	–	–	(7)
	(4)	145	–	141
Goodwill arising on acquisition				188
<b>Total consideration</b>				329
Less: deferred consideration				(1)
Less: contingent consideration				(1)
<b>Cash flow on acquisition</b>				
Cash paid				327
<b>Less: cash acquired</b>				(25)
<b>Net cash outflow</b>				302

Goodwill of £188m arose relating to 2022 acquisitions. The goodwill arising on the 2022 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.

In the year, the acquisitions contributed revenue of £105m and net retained loss of £11m. If the above acquisitions had occurred on 1 January 2022, the revenue and net retained loss arising from these acquisitions would have been £123m and £10m respectively in the year ended 31 December 2022.

Deferred consideration of £1m arose on the acquisitions made in the year and was held on the Group's balance sheet at 31 December 2022. In addition, £5m deferred consideration relating to prior period acquisitions is held on the Group's balance sheet at 31 December 2022.

Contingent consideration of £1m arose on the 2022 acquisitions. In addition, £nil contingent consideration relating to prior period acquisitions is held on the Group's balance sheet at 31 December 2022.

The acquisition costs associated with these transactions were £11m, recorded within administration expenses in the consolidated income statement.

The prior year comparative information has not been restated due to the immaterial nature of the final fair value adjustments recognised in 2023.

### Non-controlling interests

In a separate transaction on 8 March 2022, the Group sold a 13.4% non-controlling equity interest in a subsidiary of the Worka structure, for a consideration of £53m.

## 29. Capital commitments

£m	2023	2022
Contracts placed for future capital expenditure not provided for in the financial statements	54	76

These commitments are principally in respect of centre fit-out obligations. There are £1m (2022: £1m) of capital commitments in respect of joint ventures and no significant lease commitments for leases not commenced at 31 December 2023.

## 30. Contingent assets and 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 £305m (2022: £337m). There are no material lawsuits pending against the Group.

## 31. Related parties

### Parent and subsidiary entities

The consolidated financial statements include the results of the Group and its subsidiaries.

### Joint ventures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

£m	Management fees received from related parties	Amounts owed by related party	Amounts owed to related party
<b>2023</b>			
Joint ventures	8	39	36
<b>2022</b>			
Joint ventures	6	51	49

As at 31 December 2023, none of the amounts due to the Group have been provided for as the expected credit losses arising on the balances are considered immaterial (2022: £nil). All outstanding balances with these related parties are priced on an arm's length basis. None of the balances are secured.

### Key management personnel

No loans or credit transactions were outstanding with Directors or Officers of the Company at the end of the year or arose during the year that are required to be disclosed.

### Compensation of key management personnel (including Directors)

Key management personnel include those personnel (including Directors) that have responsibility and authority for planning, directing and controlling the activities of the Group:

£m	2023	2022
Short-term employee benefits	8	6
Retirement benefit obligations	–	–
Share-based payments	3	3
	11	9

Share-based payments included in the table above reflect the accounting charge in the year. The full fair value of awards granted in the year was £4m (2022: £6m). These awards are subject to performance conditions and vest over three, four and five years from the award date (note 26).

### Transactions with related parties

During the year ended 31 December 2023 the Group acquired goods and services from a company indirectly controlled by a Director of the Company amounting to £65,122 (2022: £19,015). There was a £63,934 balance outstanding at the year-end (2022: £5,217).

All transactions with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances are secured.

## 32. Principal Group companies

The Group's principal subsidiary undertakings at 31 December 2023, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	% of ordinary shares and votes held	Name of undertaking	Country of incorporation	% of ordinary shares and votes held
<b>Trading companies</b>			<b>Management companies</b>		
Regus Australia Management Pty Ltd	Australia	100	RGN Management Limited Partnership	Canada	100
Regus Belgium SA	Belgium	100	Regus Service Centre Philippines B.V.	Philippines	100
Regus do Brasil Ltda	Brazil	100	Franchise International GmbH	Switzerland	100
Regus Business Service (Shenzen) Ltd	China	100	Pathway IP II S.à r.l.	Switzerland	100
Regus Management ApS	Denmark	100	Regus Global Management Centre SA	Switzerland	100
Regus Management (Finland) Oy	Finland	100	Regus Group Services Ltd	United Kingdom	100
IWG France Management Sarl	France	100	IW Group Services (UK) Ltd	United Kingdom	100
RBC Deutschland GmbH	Germany	100	Regus Management Group LLC	United States	100
Regus CME Ireland Limited	Ireland	100			
Regus Business Centres Limited	Israel	100	<b>Holding and finance companies</b>		
Regus Business Centres Italia S.r.l.	Italy	100	IWG Enterprise Sarl	Luxembourg	100
Regus Management Malaysia Sdn Bhd	Malaysia	100	IWG Group Holdings S.à r.l.	Luxembourg	100
Regus Management de Mexico, SA de CV	Mexico	100	IWG International Holdings S.à r.l.	Luxembourg	100
Regus New Zealand Management Ltd	New Zealand	100	Ibiza Holdings Limited.	Jersey	86.6
Regus Business Centre Norge AS	Norway	100	Global Platform Services GmbH	Switzerland	100
IWG Management Sp z.o.o.	Poland	100	Regus Group Limited	United Kingdom	100
Regus Business Centre, Lda	Portugal	100	Regus Corporation	United States	100
Regus Management Singapore Pte Ltd	Singapore	100	Ibiza Finance Limited.	Jersey	100
Regus Management España SL	Spain	100	Genesis Finance SARL	Switzerland	100
IWG Management (Sweden) AB	Sweden	100	Pathway Finance Sarl	Switzerland	100
Avanta Managed Offices Ltd	United Kingdom	100	Pathway Finance EUR 2 Sarl	Switzerland	100
Basepoint Centres Limited	United Kingdom	100	Pathway Finance USD 2 Sarl	Switzerland	100
Green (Topco) Limited	United Kingdom	86.6			
HQ Global Workplaces LLC	United States	100			
RGN National Business Centre LLC	United States	100			
RB Centres LLC	United States	100			
Regus Management Group LLC	United States	100			

### **33. Key judgemental and estimates areas adopted in preparing these accounts**

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain judgements and assumptions that affect reported amounts and related disclosures.

#### **Key judgements**

##### **Tax assets and liabilities**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. Where appropriate, the Group assesses the potential risk of future tax liabilities arising from the operation of its business in multiple tax jurisdictions and includes provisions within tax liabilities for those risks that can be estimated reliably. Changes in existing tax laws can affect large international groups such as IWG and could result in additional tax liabilities over and above those already provided for.

##### **Determining the lease term of contracts with renewal and termination options**

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the Group to extend the lease term, the Group makes a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable, macro-economic environment, socio-political environment and other lease specific factors.

The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applies judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised.

#### **Key estimates**

##### **Impairment of intangibles and goodwill**

We evaluate the fair value of goodwill and other indefinite life intangible assets to assess potential impairments on an annual basis, or during the year if an event or other circumstance indicates that we may not be able to recover the carrying amount of the asset. We evaluate the carrying value of goodwill based on our CGUs aggregated at a country level and make that determination based upon future cash flow projections which assume certain growth projections which may or may not occur. We record an impairment loss for goodwill when the carrying value of the asset is less than its estimated recoverable amount. Further details of the methodology and assumptions applied to the impairment review in the year ended 31 December 2023, including the sensitivity to changes in those assumptions, can be found in note 13.

##### **Deferred tax assets**

We base our estimate of deferred tax assets and liabilities on current tax laws and rates and, where relevant, the Group's three-year business plans and other expectations about future outcomes. Changes in existing laws and rates, and their related interpretations, and future business results may affect the amount of deferred tax liabilities or the valuation of deferred tax assets over time. Our accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in the accounting estimates. It is Group policy to recognise a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the assets can be used. Significant changes to the Group's forecasts and other expectations of future outcomes could significantly impact the recognition of deferred tax assets.

Given the significant level of corporate developments in the Group and the number of legal entities and countries in which the Group operates, the determination of the period of time representing foreseeable future requires judgement to be exercised. Management has determined the most suitable period to be the three-year period corresponding to the Group's business forecasting processes. Any changes in management's approach to this assessment could significantly impact the recognition of deferred tax assets.

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

We evaluate the potential impairment of property, plant and equipment at a centre (CGU) level where there are indicators of impairment at the balance sheet date. In the assessment of value-in-use, key judgemental areas in determining future cash flow projections include: an assessment of the location of the centre; the local economic situation; competition; local environmental factors; the management of the centre; and future changes in occupancy, revenue and costs of the centre.

While centre costs remain relatively stable, revenue is a function of the expected levels of occupancy and the corresponding pricing achieved. In assessing any impairment, the value-in-use calculated is therefore assessed for sensitivity to changes in both occupancy and pricing, to determine the extent to which these estimates need to change before an impairment arises. On a similar basis, overall performance is also a function of the discount rate applied (which is based on the capital asset pricing model). The value-in-use calculation is therefore also assessed for sensitivity to changes in this discount rate, to determine the extent to which this discount rate needs to change before an impairment arises.

We evaluate the potential impairment of property, plant and equipment at a centre (CGU) level where there are indicators of impairment at the balance sheet date and for centres which have been identified as part of the Group's rationalisation programme. The key area of estimation involved is in determining the recoverable amount of the rationalised centres, over what period the rationalisation will take place, and the level of moveable assets that will be utilised in other centres.

### **Estimating the incremental borrowing rates on leases**

The determination of applicable incremental borrowing rates on leases at the commencement of lease contracts also requires judgement. The Group determines its incremental borrowing rates by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease. The Group considers the relevant market interest rate, based on the weighted average of the timing of the lease payments under the lease obligation. In addition, a spread over the market rate is applied based on the cost of funds to the Group, plus a spread that represents the risk differential of the lessee entity compared to the Group funding cost.

### **Fair value accounting for business combinations**

For each business combination, we assess the fair values of assets and liabilities acquired. Where there is not an active market in the category of the non-current assets typically acquired with a business centre or where the books and records of the acquired company do not provide sufficient information to derive an accurate valuation, management calculates an estimated fair value based on available information and experience.

The main categories of acquired non-current assets where management's judgement has an impact on the amounts recorded include tangible fixed assets, customer list intangibles and the fair market value of leasehold assets and liabilities. For significant business combinations management also obtains third-party valuations to provide additional guidance as to the appropriate valuation to be included in the financial statements.

## **34. Subsequent events**

### **Reporting currency change**

Effective 1 January 2024, the Group will report in US dollars going forward.

### **Forward exchange contracts**

The Group entered into a series of forward exchange rate contracts on 16 and 18 January, respectively, to hedge against foreign currency fluctuations in relation to its £350m convertible loan notes denominated in GBP. The Group contracted to purchase £350m for \$445m in 2025.

### **Revolving credit facility**

On 21 February 2024, the Group amended its revolving credit facility's base currency from Sterling to US dollars. At the date of amendment, the amount of the facility was redenominated from £875m to \$1.1bn.

There were no other significant events occurring after 31 December 2023 affecting the consolidated financial statements of the Group.

## Reconciliation for alternative performance measures

### 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.

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

### Reconciliation of alternative performance measurement adjustments recognised

The purpose of these unaudited pages is to provide a reconciliation from the 2023 financial results to the alternative performance measures in accordance with the previous pre-IFRS 16 policies adopted by the Group, and thereby give the reader greater insight into the impact of IFRS 16 on the results of the Group. The recognition of these adjustments will not impact the overall cash flows of the Group or the cash generation per share.

#### 1. 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 is measured in subsequent periods using the effective interest rate method, based on the applicable interest rate. The related finance income arising on subsequent measurement is recognised directly through profit or loss.

#### 2. 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.

#### 3. 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.

#### 4. 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.

## Consolidated EBITDA (unaudited)

Year ended 31 December 2023:

£m	Notes	As reported	Rent income	Rent expense	Depreciation	Other adjustments <sup>(1)</sup>	pre-IFRS 16 <sup>(2)</sup>
<b>Adjusted EBITDA</b>		<b>1,472</b>	<b>60</b>	<b>(1,106)</b>	<b>(17)</b>	<b>(6)</b>	<b>403</b>
Adjusting items		(145)			17	(2)	(130)
Depreciation on property plant and equipment	5	(1,117)	–	–	806	–	(311)
Amortisation of intangible assets	5	(65)	–	–	–	–	(65)
<b>Operating profit/(loss)</b>		<b>145</b>	<b>60</b>	<b>(1,106)</b>	<b>806</b>	<b>(8)</b>	<b>(103)</b>
Operating profit/(loss) from discontinued operations	9	–	–	–	–	–	–
<b>Operating profit/(loss) from continuing operations</b>	<b>5</b>	<b>145</b>	<b>60</b>	<b>(1,106)</b>	<b>806</b>	<b>(8)</b>	<b>(103)</b>

1. Includes £78m of net impairment of property, plant and equipment including right-of-use assets.

2. Pre-IFRS Adjusted EBITDA on a constant currency basis was £415m.

Year ended 31 December 2022:

Restated <sup>(1)</sup> £m	Notes	As reported	Rent income	Rent expense	Depreciation	Other adjustments <sup>(2)</sup>	pre-IFRS 16
<b>Adjusted EBITDA</b>		<b>1,348</b>	<b>50</b>	<b>(1,059)</b>	<b>(21)</b>	<b>(7)</b>	<b>311</b>
Adjusting items		(12)	–	–	21	(3)	6
Depreciation on property plant and equipment	5	(1,145)	–	–	829	–	(316)
Amortisation of intangible assets	5	(44)	–	–	–	–	(44)
<b>Operating (loss)/profit</b>		<b>147</b>	<b>50</b>	<b>(1,059)</b>	<b>829</b>	<b>(10)</b>	<b>(43)</b>
Operating (loss)/profit from discontinued operations	9	–	–	–	–	–	–
<b>Operating (loss)/profit from continuing operations</b>	<b>5</b>	<b>147</b>	<b>50</b>	<b>(1,059)</b>	<b>829</b>	<b>(10)</b>	<b>(43)</b>

1. The comparative information has been restated as the Group changed its classification of adjusting items.

2. Includes £52m of net reversals of impairment of property, plant and equipment including right-of-use assets.

## Partner contributions receivables (unaudited)

£m	Reference	2023	2022
Opening partner contribution receivables	Note 17	23	30
Net partner contributions recognised	Statement of cash flows	45	50
• Maintenance partner contributions	CFO review	5	11
• Growth partner contributions	CFO review	40	39
Settled in the period		(42)	(59)
Exchange differences		(1)	2
<b>Closing partner contribution receivables</b>	<b>Note 17</b>	<b>25</b>	<b>23</b>

## Working capital (unaudited)

Year ended 31 December 2023:

£m	Reference					pre-IFRS 16
		As reported	Rent income & expense and finance income & costs	Depreciation and lease payments	Other adjustments	
Partner contributions – reimbursement	Statement of cash flows	22	–	(22)	–	–
(Increase)/decrease in trade and other receivables	Statement of cash flows	(19)	32	–	–	13
Increase/(decrease) in trade and other payables	Statement of cash flows	144	742	(836)	(26)	24
<b>Working capital</b>		<b>147</b>	<b>774</b>	<b>(858)</b>	<b>(26)</b>	<b>37</b>
Analysed as:						
Working capital (excluding amortisation of partner contributions)	CFO review					92
Working capital related to the amortisation of partner contributions	CFO review					(95)
Growth-related partner contributions	CFO review					40

Year ended 31 December 2022:

£m	Reference					pre-IFRS 16
		As reported	Rent income & expense and finance income & costs	Depreciation and lease payments	Other adjustments	
Partner contributions – reimbursement	Statement of cash flows	19	–	(19)	–	–
(Increase)/decrease in trade and other receivables	Statement of cash flows	(97)	(54)	–	–	(151)
(Decrease)/increase in trade and other payables	Statement of cash flows	191	852	(906)	(29)	108
<b>Working capital</b>		<b>113</b>	<b>798</b>	<b>(925)</b>	<b>(29)</b>	<b>(43)</b>
Analysed as:						
Working capital (excluding amortisation of partner contributions)	CFO review					22
Working capital related to the amortisation of partner contributions	CFO review					(104)
Growth-related partner contributions	CFO review					39

## Capital expenditure (unaudited)

Year ended 31 December 2023:

£m	Reference	Rent income & expense and finance income & costs		
		As reported	pre-IFRS 16	
Purchase of property, plant and equipment	Statement of cash flows	(153)	(2)	(155)
Purchase of intangible assets	Statement of cash flows	(60)	–	(60)
<b>Total capital expenditure</b>		<b>(213)</b>	<b>(2)</b>	<b>(215)</b>

Analysed as:		Net capital expenditure	Partner contributions	Gross capital expenditure
Maintenance capital expenditure	CFO review	(93)	(5)	(98)
Gross growth capital expenditure	CFO review	(75)	(40)	(115)
Capitalised rent related to centre openings	CFO review	(2)	–	(2)
		<b>(170)</b>	<b>(45)</b>	<b>(215)</b>

Year ended 31 December 2022:

£m	Reference	Rent income & expense and finance income & costs		
		As reported	pre-IFRS 16	
Purchase of property, plant and equipment	Statement of cash flows	(242)	(12)	(254)
Purchase of intangible assets	Statement of cash flows	(39)	–	(39)
<b>Total capital expenditure</b>		<b>(281)</b>	<b>(12)</b>	<b>(293)</b>

Analysed as:		Net capital expenditure	Partner contributions	Gross capital expenditure
Maintenance capital expenditure	CFO review	(90)	(11)	(101)
Gross growth capital expenditure	CFO review	(141)	(39)	(180)
Capitalised rent related to centre openings	CFO review	(12)	–	(12)
		<b>(243)</b>	<b>(50)</b>	<b>(293)</b>

## Five-year summary

£m	31 Dec 2023 Unaudited	31 Dec 2022 Restated <sup>(1)(2)</sup>	31 Dec 2021 Restated <sup>(1)(2)</sup>	31 Dec 2020 Restated <sup>(1)</sup>	31 Dec 2019 Restated <sup>(1)</sup>
<b>Income statement (full year ended)</b>					
<b>Revenue</b>	<b>2,958</b>	2,751	2,227	2,432	2,593
Cost of sales	(2,354)	(2,182)	(1,885)	(2,377)	(2,043)
Expected credit reversal/(losses) on trade receivables	(15)	6	(99)	(35)	(2)
<b>Gross profit (centre contribution)</b>	<b>589</b>	575	243	20	548
Selling, general and administration expenses	(443)	(427)	(328)	(367)	(279)
Share of (loss)/profit of equity-accounted investees, net of tax	(1)	(1)	(2)	(3)	3
<b>Operating profit/(loss)</b>	<b>145</b>	147	(87)	(350)	272
Finance expense	(348)	(287)	(198)	(266)	(229)
Finance income	14	35	26	3	1
<b>(Loss)/profit before tax for the year from continuing operations</b>	<b>(189)</b>	(105)	(259)	(613)	44
Income tax (expense)/credit	(27)	32	(10)	(30)	22
(Loss)/profit for the year from continuing operations	(216)	(73)	(269)	(643)	66
Profit/(loss) after tax for the year from discontinued operations	-	1	59	(4)	385
<b>(Loss)/profit after tax for the year</b>	<b>(216)</b>	(72)	(210)	(647)	451
<b>(Loss)/earnings per ordinary share (EPS):</b>					
<b>Attributable to ordinary shareholders</b>					
Basic (p)	(21.4)	(6.9)	(20.4)	(67.9)	50.5
Diluted (p)	(21.4)	(6.9)	(20.4)	(67.9)	49.6
Weighted average number of shares outstanding ('000s)	1,006,685	1,006,885	1,007,215	892,738	892,738
<b>From continuing operations</b>					
Basic (p)	(21.4)	(7.0)	(26.2)	(67.8)	7.4
Diluted (p)	(21.4)	(7.0)	(26.2)	(67.8)	7.3
Weighted average number of shares outstanding ('000s)	1,006,685	1,006,885	1,007,215	892,738	892,738
<b>Balance sheet data (as at)</b>					
Intangible assets	1,128	1,148	782	749	720
Right-of-use assets	4,372	5,009	5,254	5,647	5,917
Property, plant and equipment	1,027	1,225	1,122	1,209	1,273
Net investment in finance leases	97	147	-	-	-
Deferred tax assets	451	457	386	188	195
Other assets	1,017	1,041	849	1,100	781
Cash and cash equivalents	110	161	78	71	67
<b>Total assets</b>	<b>8,202</b>	9,188	8,471	8,964	8,953
Current liabilities	2,747	3,020	2,267	2,435	2,140
Non-current liabilities	5,370	5,856	5,870	6,015	5,933
Equity	85	312	334	514	880
<b>Total equity and liabilities</b>	<b>8,202</b>	9,188	8,471	8,964	8,953

1. The comparative information has been restated to reflect the impact of discontinued operations (note 9)

2. The comparative information has been restated as the Group changed its accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).

## Glossary

### **Adjusted EBITDA**

EBITDA excluding adjusting items.

### **Adjusting items**

Adjusting items reflects the impact of adjustments, both incomes and costs not indicative of the underlying performance, which are considered to be significant in nature and/or size.

### **Company-Owned & Leased**

Business centres operated by the Group under a conventional lease or variable lease arrangements.

### **Capital-light**

Business centres operating under a variable lease, joint-venture, managed and franchised arrangements.

### **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 and acquired in the year by IWG through Company-Owned & Leased and Managed & Franchised segments.

### **Gross profit before impact of rationalisation**

Gross profit excluding adjusting items to cost of sales.

### **Growth capital expenditure**

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

### **Growth-related partner contributions**

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

### **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.

### **Managed & Franchised**

Business centres operating under a formal joint-venture, managed or franchise arrangements.

### **Net debt**

Operations cash and cash equivalents, adjusted for both short and long-term borrowings, lease liabilities and net investments in finance leases.

### **Net financial debt**

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

### **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.

**Operating profit/(loss) before impact of rationalisation**

Gross profit excluding adjusting items.

**Pre-IFRS 16 basis / Before application of IFRS 16**

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

**Rooms**

The yearly average total business centre square meters divided by a standard room of seven square meters.

**REVPAR**

Average monthly IWG Network revenue, excluding revenue from centres opened and closed during the year, divided by the corresponding average number of rooms during the period.

**System wide revenue**

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

**TSR**

Total shareholder return.

# Shareholder Information

## Corporate directory

### Secretary and Registered Office

Tim Regan, Company Secretary  
IWG plc  
Registered Office: 22 Grenville Street  
St Helier  
Jersey JE4 8PX  
Registered Head Office: Dammstrasse 19  
CH-6300  
Zug  
Switzerland

### Registered number

Jersey  
122154

### Registrars

Link Market Services (Jersey) Limited  
12 Castle Street  
St Helier  
Jersey JE2 3RT

### Auditor

KPMG  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
DO2 DE03  
Ireland

### Legal advisors to the Company as to English law

Slaughter and May  
One Bunhill Row  
London EC1Y 8YY

### Legal advisors to the Company as to Jersey law

Mourant Ozannes  
22 Grenville Street  
St Helier  
Jersey JE4 8PX

### Legal advisors to the Company as to Swiss law

Bär & Karrer Ltd  
Brandschenkestrasse 90  
CH-8027  
Zurich  
Switzerland

### Corporate stockbrokers

Investec Bank plc  
2 Gresham Street  
London EC2V 7QP

Barclays Bank plc  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

### Financial PR advisors

Brunswick Group LLP  
16 Lincoln's Inn Fields  
London WC2A 3ED