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Independent Auditor's Report to the Members on the Non-Statutory Financial Statements of International Workplace Group plc

Report on the audit of the financial statements

Opinion

We have audited the non-statutory financial statements of International Workplace Group plc ('the Company') and its consolidated undertakings ('the Group'), which comprise the consolidated statements of operations, consolidated statements of comprehensive income / (loss), and consolidated statement of cash flows for the years ended 31 December 2024, 2023 and 2022 and the consolidated balance sheets, and consolidated statements of changes in equity as at 31 December 2024 and 2023, and related notes, including the summary of significant accounting policies set out in note 1. These non-statutory financial statements have been prepared for the reasons set out in note 1. The financial reporting framework that has been applied in their preparation is U.S. Generally Accepted Accounting Principles (US GAAP) and as if Jersey Law applied to them.

In our opinion:

- the non-statutory financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2024, and 31 December 2023 and of the Group's profit / (loss) for the years ended 31 December 2024, 2023 and 2022;
- the non-statutory financial statements have been properly prepared in accordance with US GAAP; and
- the non-statutory financial statements have been prepared in accordance with the requirements of the Companies (Jersey Law) 1991, as if those requirements were to apply.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the non-statutory financial statements section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 21 December 2016. The period of total uninterrupted engagement is for the 9 financial years ended 31 December 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements, including the Financial Reporting Council (FRC)'s Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided in the periods under audit.

Conclusions relating to going concern

The directors have prepared the non-statutory financial statements on the going concern basis as they do not intend to liquidate the Group or to cease their operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the non-statutory financial statements ("the going concern period").

In auditing the non-statutory financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the non-statutory financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included considering the strategic risks relevant to the Group's business model and analysing how those risks might affect the Group's financial resources or ability to continue operations for the going concern period.

The risk we considered most likely to adversely affect the Group's available financial resources over the going concern period was the potential economic impact of a prolonged economic downturn impacting the Group's ability to generate revenue.

We considered various downside scenarios which were more pessimistic than those indicated by the Group's own forecasts. A key judgement in the downside scenarios of the Group is that there is a reasonable expectation that the existing committed debt facilities in place are adequate to cover the Group's liquidity requirements in such scenarios. There were no other risks identified that we considered were likely to have a material adverse effect on the Group's available financial resources over this period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from the date when the non-statutory financial statements are authorised for issue.

In relation to the Group's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the non-statutory financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the non-statutory financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors regarding their assessment of the risk that the non-statutory financial statements may be materially misstated due to irregularities, including fraud.
- Reading audit committee, nomination committee, remuneration committee and Board meeting minutes.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. This included communication from the group to component audit teams of relevant laws and regulations and any fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

Firstly, the Group is subject to laws and regulations that directly affect the non-statutory financial statements including companies and financial reporting legislation (including related Companies legislation), taxation legislation and distributable profits legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the non-statutory financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, employment law and certain aspects of company legislation recognising the nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the non-statutory financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the non-statutory financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the non-statutory financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the non-statutory financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Goodwill and Intangible Assets –\$1,349 million (2023: \$1,395 million)

Refer to pages 19 to 20 (accounting policy) and pages 31 to 32 (financial disclosures)

The Key Audit Matter

There is a risk that the carrying amounts of the Group's goodwill and intangible assets may not be recoverable if the future cash flows are not sufficient to recover the Group's investment. This could occur if forecasted cash flows decline in certain markets or where revenue and costs are subject to significant fluctuations. Key assumptions include revenue growth, occupancy rates, discount rates and terminal values. The recoverability of goodwill is spread across multiple geographies and economies as highlighted in note 10 and is dependent on individual businesses acquired achieving or sustaining sufficient profitability in the future.

The carrying value of goodwill and intangible assets associated with certain of the Group's reporting units is considered a significant risk due to the material nature of the asset in the context of the Group balance sheet, uncertainty associated with estimating future trading conditions for that developing area of the business and market, and the sensitivity of the fair value to changes in key

assumptions.

We focus on this area due to the inherent uncertainty involved in determination of the fair value, particularly in projected revenue growth, which forms the basis of the assessment of recoverability.

For the reasons outlined above the engagement team determine this matter to be a key audit matter.

How the matter was addressed in our audit

- Our audit procedures in this area included, but were not limited to, our assessment of the historical accuracy of the Group's forecasts and challenging management's profitability forecasts underlying their impairment model. We obtained and documented our understanding of the impairment testing process and tested the design and implementation of the relevant control therein.
- We used our own valuation specialists to assist us in evaluating the key judgements used by the Group, in particular those relating to the discount rates and terminal growth calculations used to determine the present value of the cash flow projections for the quantitative assessment at each year end. We compared the value in use for the Group as a whole to the Group's market capitalisation and noted that the Group's market capitalisation exceeded the net book value of assets at year end.
- We compared the key assumptions to external industry specific and general economic data and performed sensitivity analysis considering various downside scenarios which were more pessimistic than those considered by the Group.
- Based on the procedures we performed, we found that the key assumptions underpinning management's assessment of the recoverable amount of goodwill and intangible assets, are reasonable.

Recognition of Deferred Tax Assets associated with the Group's intellectual property in Switzerland - \$84 million (2023: \$100 million)

Refer to pages 18 to 19 (accounting policy) and pages 27 to 29 (financial disclosures).

The key audit matter

The Group has significant deferred tax assets in respect of the future benefit of deductible temporary differences and accumulated tax losses where it is considered more likely than not that they would be utilised or recovered in the foreseeable future through the generation of future taxable profits by the relevant Group entities or by offset against deferred tax liabilities.

We identified the recognition of certain deferred tax assets as a key audit matter because of the inherent uncertainty associated with key assumptions made by group when forecasting future taxable profits, which determine the extent to which deferred tax assets are or are not recognised. In addition, we considered the significance of the recognised deferred tax assets in assessing this key audit matter. The estimation uncertainty has continued to be elevated in 2024 due to the ongoing strategic developments in the business. We focused our attention in particular on the key assumptions applied by group, including revenue growth, when assessing the recoverability of deferred tax assets associated with the Group's intellectual property in Switzerland.

How the matter was addressed in our audit

- In this area our audit procedures included using our work on the Group's forecasts described in the goodwill key audit matter above. We obtained and documented our understanding of processes related to Directors' assessment of the recoverability of deferred tax assets and tested the design and implementation of the relevant control therein. In addition, we used our own tax specialists to assist us in evaluating and challenging the key assumptions used by the Group in calculating the deferred tax assets including assessing the recoverability of the tax losses against the forecast future taxable profits, taking into account the Group's tax position, the timing of forecast taxable profits, and our knowledge and experience of the application of relevant tax legislation.

- We considered the historical accuracy of forecasts of future taxable profits made by Group by comparing the actual taxable profits for the current year with Group's estimates in the forecasts made in the previous year and assessing whether there were any indicators of management bias in the selection of key assumptions.
- We considered the impact of the ongoing changes in the Group's strategy which places greater focus on developing their capital light model and the impact of this on Group's assessment of the recoverability of the assets recognised. We challenged Directors' key assumptions in relation to the recoverability of the deferred tax assets recognised in Switzerland, arising on the transfer of the Group's intellectual property in 2019, by involving our taxation specialists to evaluate the recoverability of the deferred tax asset in relation to the deductible temporary differences available. We evaluated whether Directors' judgements on the generation of future taxable profits in the foreseeable future were aligned with the Group's other business forecasting processes. We assessed the presentation and disclosure in respect of taxation related balances and considered whether the Group's disclosures reflected the risks inherent in the accounting for the taxation balances.
- Based on the audit procedures performed, we found that the key assumptions used by Directors' in calculating the future taxable profits of the Group for the purpose of assessing the recoverability of deferred tax assets relating to Swiss Intellectual property assets are reasonable.

Impairment of Leasehold Property, Plant and Equipment ('PPE') - \$29 million of impairment charge (2023: \$43 million and 2022: \$28 million) and Right of Use ('ROU') assets – \$54 million of impairment charge (2023: \$100 million and 2022: \$52 million)

Refer to page 20 (accounting policy) and pages 32 to 33 (financial disclosures).

The key audit matter

There is a risk that the carrying value of the Group's business centres exceeds the recoverable amount of each centre given the Group's closure and planned closure of certain centres in the ordinary course of business. In response to this risk, the Group has performed an assessment of the Group's reporting units (identified as individual business centres) to identify indicators of impairment. The Group carried out an impairment analysis for each reporting unit where impairment indicators were identified and impaired the associated Leasehold Improvements PPE and Right of Use assets for the excess of the carrying value over the fair value. We consider this area to be a key audit matter, in consideration of the significance of the assets and the related impairment charge, the judgements made in assessing impairment indicators for each reporting unit and the key assumptions used to determine the future cash flows of each reporting unit, which are used to determine the recoverable amount.

The recoverability of the Group's Leasehold Improvements PPE and Right of Use assets and the associated impairment charge recognised in the year have been identified as a key audit matter for the reasons outlined above.

How the matter was addressed in our audit

- The audit procedures we have designed to respond to this risk include assessing whether there were indicators of impairment at the reporting unit level, including assessing the performance of business centres for any impairment indicators. We obtained and documented our understanding of the impairment testing process and the design and implementation of the relevant key control. We tested the completeness of group's identification of business centres performing below expectations and accordingly at a greater risk of impairment. Where centres performed below expectations, we considered whether this was an indicator of impairment given our understanding of the maturity of the business centre, the status of rent renegotiations with landlords and assessment of the current performance of the business centre. Where there were indicators of impairment, we assessed the Group's impairment analysis and challenged the assumptions in relation to the cash flow forecasts used to determine the fair value of each reporting unit.

- We recalculated the impairment charge for the year and validated the mathematical accuracy of the calculation. As a result of our audit procedures, we found that the identification of indicators of impairment was supported by reasonable judgements.
- We found the judgements made by Directors' in relation to future cash flow forecasts to assess the recoverability of individual business centres were supported by reasonable key assumptions and calculation of the impairment charge recognised in the year was accurately recorded.

Our application of materiality and an overview of the scope of our audit

The materiality for the consolidated financial statements as a whole was set at \$12 million (2023 and 2022: \$12 million) which is 0.32% (2023:0.32% and 2022: 0.35%) of total revenues. In 2024, consistent with 2023 and 2022, we have used revenue as the benchmark for materiality. Consistent with 2023 and 2022, we determined that adjusted profit before tax was not an appropriate benchmark in 2024 given that the volatility in the Group's results over the past number of years. We have determined, in our professional judgement, that revenue is the principal benchmark within the financial statements relevant to members of the Group in assessing financial performance.

Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 50% (2023 and 2022: 50%) of materiality for the financial statements as a whole, which equates to \$6 million (2023 and 2022: \$6 million) for the group. We applied this percentage in our determination of performance materiality because it was the first year of the Group preparing their financial statements under US GAAP.

We agreed with the audit committee to report corrected and uncorrected misstatements we identified through our audit with a value in excess of \$0.6 million (2023 and 2022: \$0.6 million). We also agreed to report other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

We applied materiality to assist us determine what risks were significant risks and the appropriate audit procedures to be performed.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by central Group finance teams, with the remainder accounted for in the operating units. We performed comprehensive audit procedures, including those in relation to the key audit matters, on those transactions and balances accounted for at Group and operating unit level. In determining those components in the Group on which we perform audit procedures, we considered the relevant size and risk profile of the components.

In relation to the Group's operating units, audits for Group reporting purposes were performed at twelve identified key reporting components, augmented by risk focused audit procedures which were performed for certain other components. These audits covered 80% (2023: 82% and 2022: 83%) of total Group revenue. The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. Planning meetings were held with component auditors in order to assess the key audit risks, audit strategy and work to be undertaken. Detailed audit instructions were sent to the auditors of each of these identified locations.

These instructions covered the significant audit areas to be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the Group audit team.

Senior members of the Group audit team, attended each component audit closing meeting via video conferencing facilities, at which the results of component audits were discussed with divisional and Group management.

At these meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor. The Group audit team interacted with the component teams where appropriate during various stages of the audit, inspected key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Matters on which we are required to report by exception

Under the terms of our engagement, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Group; or
- returns adequate for our audit have not been received from branches not visited by us; or
- the non-statutory financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our

audit. We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the non-statutory financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for: the preparation of the non-statutory financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Group's members, as a body, in accordance with Group's preparation of non-statutory financial statements to present its financial results under US GAAP. It has been released to the Group on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Group's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Group determined by the Group's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Group for any purpose or in any context. Any party other than the Group who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in respect of our report to any other party.

Maurice McCann

20 June 2025

for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Statement of directors' responsibilities

The directors of International Workplace Group Plc ('the directors') have accepted responsibility for the preparation of these non-statutory financial statements, which are intended by them to give a true and fair view of the state of affairs of the Group as at 31 December 2024 and 2023 and of the profit or loss for the years ending 31 December 2024, 2023 and 2022. They have decided to prepare those statements in accordance with U.S. Generally Accepted Accounting Principles ('US GAAP') and as if the Companies (Jersey Law) 1991 applied.

In preparing these non-statutory financial statements, the directors have:

- selected suitable accounting policies and applied them consistently; made judgements and estimates that are reasonable and prudent;
- stated whether applicable Accounting Standards have been followed; assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies (Jersey Law) 1991, as if they apply to the non-statutory financial statements. The directors are responsible for such internal controls as they determine is necessary to enable the preparation of non-statutory accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of the board

Mark Dixon

Chief Executive Officer

Charlie Steel

Chief Financial Officer

20 June 2025

International Workplace Group PLC
CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	Year Ended December 31,		
	2024	2023	2022
Revenue	\$ 3,756	\$ 3,764	\$ 3,432
Cost of sales exclusive of items shown separately below	2,808	2,879	2,804
Gross profit	948	885	628
Sales and marketing	188	189	169
General and administrative expenses	326	307	320
Allowance for (recovery of) credit losses	13	19	(8)
Impairment of long-lived assets and goodwill	83	143	84
(Gain) loss on disposal of long-lived assets and other closure related (credits) costs	(57)	32	(33)
Depreciation and amortization	253	293	265
Operating income (loss)	142	(98)	(169)
Interest expense	(64)	(54)	(34)
Foreign currency (loss) gain	(17)	6	(6)
Gain on extinguishment of debt	16	-	-
Other finance costs	(19)	(19)	(21)
Income (loss) before income taxes and share of (loss) income from equity method investments	58	(165)	(230)
Income tax (expense) benefit	(40)	(43)	39
Share of loss from equity method investments	-	(1)	(1)
Net income (loss)	18	(209)	(192)
Net income (loss) attributable to noncontrolling interests	-	(2)	(4)
Net income (loss) attributable to the Company	\$ 18	\$ (207)	\$ (188)
 Net income (loss) per common share:			
Basic	\$ 0.02	\$ (0.21)	\$ (0.19)
Diluted	\$ 0.02	\$ (0.21)	\$ (0.19)

The accompanying notes are an integral part of these Consolidated Financial Statements.

International Workplace Group PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)	Year Ended December 31,		
	2024	2023	2022
Net income (loss)	\$ 18	\$ (209)	\$ (192)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments, net of tax	4	(8)	(40)
Cash flow hedges, net of tax	27	-	-
Total comprehensive income (loss)	49	(217)	(232)
Comprehensive (loss) income attributable to noncontrolling interests	(1)	2	(11)
Comprehensive income (loss) attributable to the Company	\$ 50	\$ (219)	\$ (221)

The accompanying notes are an integral part of these Consolidated Financial Statements.

International Workplace Group PLC
CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share amounts)	As of December 31,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 137	\$ 130
Accounts receivable, net	651	628
Prepaid expenses	152	162
Other current assets	391	388
Total current assets	1,331	1,308
Non-current assets:		
Operating lease right-of-use assets	5,161	5,881
Property and equipment, net	784	919
Intangible assets, net	176	198
Deferred tax asset	357	353
Goodwill, net	1,173	1,197
Equity method investments	54	53
Other non-current assets	76	74
Total assets	\$ 9,112	\$ 9,983
Liabilities		
Current liabilities:		
Accounts payable	\$ 232	\$ 310
Short-term debt, net	212	17
Deferred revenue	539	567
Customer deposits	584	585
Operating lease liabilities	1,154	1,215
Accrued expenses and other current liabilities	887	835
Total current liabilities	3,608	3,529
Non-current liabilities:		
Long-term debt, net	633	921
Long-term operating lease liabilities	4,989	5,673
Other non-current liabilities	91	101
Total liabilities	\$ 9,321	\$ 10,224
Shareholders' deficit		
Common stock; par value \$0.0124; 8,000,000,000 shares authorized, 1,057,248,651 issued and outstanding as of December 31, 2024 and 2023, respectively	13	13
Treasury stock, at cost; 45,241,020 shares at December 31, 2024 and 50,558,201 shares at December 31, 2023	(182)	(194)
Additional paid-in capital	493	491
Accumulated deficit	(268)	(269)
Accumulated other comprehensive (loss)	(313)	(345)
Total shareholders' deficit	(257)	(304)
Noncontrolling interests	48	63
Total shareholders' deficit	(209)	(241)
Total liabilities and shareholders' equity	\$ 9,112	\$ 9,983

The accompanying notes are an integral part of these Consolidated Financial Statements.

International Workplace Group PLC
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Common stock</u>		Treasury Stock	Additional paid-in capital	Accumulated Deficit	Accumulated other comprehensive income (loss)	Total Shareholders' equity (deficit) - the Company	Non-controlling interests	Total Shareholders' equity (deficit)
	Shares	Amount							
(in millions, except share amounts)									
Balance as of January 1, 2022	1,057,248,651	\$ 13	\$ (193)	\$ 479	\$ 132	\$ (300)	\$ 131	\$ 12	\$ 143
Net (loss) income	-	-	-	-	(188)	-	(188)	(4)	(192)
Other comprehensive income (loss), net of tax	-	-	-	-	-	(33)	(33)	(7)	(40)
Stock-based compensation	-	-	5	5	(5)	-	5	-	5
Treasury stock purchases	-	-	(6)	-	-	-	(6)	-	(6)
Acquisition of noncontrolling interests	-	-	-	-	-	-	-	69	69
Disposal of noncontrolling interests	-	-	-	-	-	-	-	(9)	(9)
Balance as of December 31, 2022	1,057,248,651	\$ 13	\$ (194)	\$ 484	\$ (61)	\$ (333)	\$ (91)	\$ 61	\$ (30)
Net (loss) income	-	-	-	-	(207)	-	(207)	(2)	(209)
Other comprehensive income (loss), net of tax	-	-	-	-	-	(12)	(12)	4	(8)
Stock-based compensation	-	-	1	7	(1)	-	7	-	7
Treasury stock purchases	-	-	(1)	-	-	-	(1)	-	(1)
Balance as of December 31, 2023	1,057,248,651	\$ 13	\$ (194)	\$ 491	\$ (269)	\$ (345)	\$ (304)	\$ 63	\$ (241)
Net (loss) income	-	-	-	-	18	-	18	-	18
Other comprehensive income (loss), net of tax	-	-	-	-	-	32	32	(1)	31
Stock-based compensation	-	-	-	2	-	-	2	-	2
Dividends declared and paid	-	-	-	-	(17)	-	(17)	-	(17)
Purchase of noncontrolling interests	-	-	12	-	-	-	12	(14)	(2)
Balance as of December 31, 2024	1,057,248,651	13	(182)	493	(268)	(313)	(257)	48	(209)

The accompanying notes are an integral part of these Consolidated Financial Statements.

International Workplace Group PLC
CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)	Year Ended December 31,		
	2024	2023	2022
Cash Flows from Operating Activities:			
Net income (loss)	\$ 18	\$ (209)	\$ (192)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	253	293	265
Operating lease cost	1,394	1,444	1,436
Stock-based compensation	2	7	5
Deferred income tax (benefit) expense	(7)	12	(79)
Allowance for (recovery of) credit losses	13	19	(8)
Share of loss from equity method investments	-	1	1
Impairment of goodwill and other assets	83	143	84
(Gain) loss on disposal of assets	(45)	18	(23)
Gain on extinguishment of debt	(16)	-	-
Increase (decrease) in provision	2	(31)	47
Changes in operating assets and liabilities:			
Accounts receivable and prepaid expenses	(58)	(30)	(111)
Other current assets and non-current asset	(67)	27	(12)
Accounts payable, accrued expenses, and other liabilities	34	114	60
Deferred revenue	(10)	(13)	91
Customer deposits	21	34	41
Operating lease liabilities	(1,424)	(1,488)	(1,486)
Proceeds from landlord contributions ¹	56	57	63
Other operating activities, net	23	1	3
Net cash provided by operating activities	272	399	185
Cash Flows from Investing Activities:			
Purchases of property and equipment	(137)	(189)	(251)
Additions to intangible assets	(31)	(44)	(18)
Acquisition of companies, net of cash acquired	(3)	(7)	(398)
Proceeds from sales of business, net of cash disposed	-	-	2
Other investing activities, net	-	-	1
Net cash used for investing activities	(171)	(240)	(664)
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	808	1,237	1,684
Proceeds from issue of Euro bonds	669	-	-
Payment of debt issuance cost	(30)	-	-
Repayment of long-term debt	(1,278)	(1,443)	(1,165)
Repayment of convertible bonds	(228)	-	-
Dividends paid	(17)	-	-
Issuance of noncontrolling interests	-	-	69
Purchase of treasury shares	-	-	(6)
Contingent consideration payment on acquisition of companies	(1)	(6)	-
Other financing activities, net	(2)	(3)	-
Net cash (used for) provided by financing activities	(79)	(215)	582
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(15)	3	(14)
Changes in cash, cash equivalents and restricted cash	22	(56)	103

International Workplace Group PLC
CONSOLIDATED STATEMENT OF CASH FLOWS

Net increase (decrease) in cash, cash equivalents and restricted cash	7	(53)	89
Cash, cash equivalents and restricted cash at beginning of period ²	141	194	105
Cash, cash equivalents and restricted cash at end of period²	\$ 148	\$ 141	\$ 194

¹ During the years ended December 31, 2024, 2023, and 2022, the total proceeds from landlord contributions were \$56 million, \$57 million, and \$63 million, respectively. These amounts include reimbursements for costs of \$8 million, \$27 million, and \$23 million, as well as lease incentives of \$48 million, \$30 million, and \$40 million.

² Restricted cash is presented within Other current assets and Other non-current assets. Refer to Footnote 1, *Description of the Business and Summary of Significant Accounting Policies*, for further details.

Supplemental Disclosure of Cash Flow Information

(in millions)	Year Ended December 31,		
	2024	2023	2022
Cash paid during the period for interest (net of amount capitalized)	\$ 74	\$ 70	\$ 47
Cash paid (received) during the period for income taxes, net	35	43	29

Supplemental Disclosure of Non-cash Investing & Financing Activities

Non-cash purchase of property and equipment	43	25	39
Non-cash purchase of intangible asset	10	1	1
Utilization of treasury shares for acquisition of non-controlling interest	12	-	-

Additional ASC 842 Supplemental Disclosures

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 1,424	\$ 1,488	\$ 1,486
Cash received for operating lease incentives — landlord contributions	(48)	(30)	(37)
Right-of-use assets obtained in exchange for operating lease obligations	276	286	312
Increase in right-of-use assets and operating lease liabilities for lease reassessment	714	670	708
Reduction in right-of-use assets and operating lease liabilities for lease reassessment	(422)	(327)	(571)

The accompanying notes are an integral part of these Consolidated Financial Statements.

International Workplace Group PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of the Business and Summary of Significant Accounting Policies

Business

International Workplace Group plc, and its subsidiaries (collectively “the Company”), is the world’s largest hybrid workspace platform with a network in over 120 countries through flexible workspace brands such as Regus, Spaces, HQ and Signature. International Workplace Group plc owns, manages and is a franchise operator of a network of business centers which are utilized by a variety of business customers. The Company manages its operations through three reportable segments: Company-Owned and Leased, Managed and Franchised, and Digital and Professional Services.

The Company is a public limited company incorporated in Jersey under the Companies (Jersey) Law 1991 and registered, domiciled, and headquartered in Switzerland. The Company’s common stock is traded on the London Stock exchange. It was originally founded as “Regus” in 1989.

All references to “we”, “us”, “our”, “IWG” and the “Company” are references to International Workplace Group plc and its subsidiaries on a consolidated basis.

Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and include the accounts of the Company, and its consolidated subsidiaries. The Directors are responsible for preparing the Company’s consolidated financial statements using applicable GAAP, as prescribed in the Companies (Jersey) Law 1991. The accounts are non-statutory and report the Company’s financial results under US GAAP.

Principles of Consolidation

Our consolidated financial statements include the accounts of our wholly owned subsidiaries and other non-wholly owned entities in which we have a controlling financial interest, including variable interest entities (“VIE”) for which we are the primary beneficiary.

The Company consolidates entities in which it has a controlling financial interest based on either the variable interest entity (VIE) or voting interest model. The Company is required to first apply the VIE model to determine whether it holds a variable interest in an entity, and if so, whether the entity is a VIE. If the Company determines it does not hold a variable interest in a VIE, it then applies the voting interest model. Under the voting interest model, the Company consolidates an entity when it holds a majority voting interest in an entity.

The Company determines, at the inception of each arrangement, whether an entity in which it has made an investment or in which it has other variable interest in is considered a VIE. An entity is considered to be a VIE if any of the following conditions exist: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) the holders of the equity investment at risk, as a group, lack either the direct or indirect ability through voting rights or similar rights to make decisions that have a significant effect on the success of the entity or the obligation to absorb the entity’s expected losses or right to receive the entity’s expected residual returns, or (c) the voting rights of some equity investors are disproportionate to their obligation to absorb losses of the entity, their rights to receive returns from an entity, or both and substantially all of the entity’s activities either involve or are conducted on behalf of an investor with disproportionately few voting rights. The Company consolidates a VIE when it is deemed to be the primary beneficiary. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to direct the activities that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Periodically, the Company determines whether any changes in its interest or relationship with the entity impact the determination of whether the entity is still a VIE and, if so, whether the Company is the primary beneficiary. If the Company is not deemed to be the primary beneficiary in a VIE, the Company accounts for the investment or other variable interest in a VIE in accordance with applicable US GAAP.

All material intercompany transactions and balances have been eliminated in consolidation. References in these financial statements to net income (loss) attributable to the Company and total shareholders’ equity (deficit) – the Company do not include noncontrolling interests, which represent the third-party ownership interests of our consolidated non-wholly owned entities and are reported separately in the Consolidated Balance Sheets, Consolidated Statement of Operations, and Consolidated Statement of Comprehensive (Loss) Income.

Noncontrolling interests primarily relate to The Instant Group. On March 8, 2022, the Company completed the acquisition of 100% equity interest in The Instant Group (reference Note 9, *Acquisitions*, for further details). In a separate transaction, the Company sold a 13.4% noncontrolling equity interest in a subsidiary of the Digital and Professional Services structure for a consideration of \$69 million.

During the year ended December 31, 2024, the Company increased its equity voting rights in the Digital and Professional Services subsidiary to 89.3% (from 86.6% as of December 31, 2023) for \$14 million. The purchase was in accordance with election agreements originally enacted during the establishment of Digital and Professional Services in 2022. The company has the option to acquire the remaining 10.7% minority shares outstanding predominantly using already-issued Treasury shares.

International Workplace Group PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Use of Estimates

The preparation of the Consolidated Financial Statements, in accordance with US GAAP, requires management to make estimates and assumptions that affect the amounts reported and, accordingly, actual results could differ from those estimates. The Company bases its estimates on the information available at the time, its experiences and various other assumptions believed to be reasonable for the estimates underlying the Company's Consolidated Financial Statements relate to, among other things, cash flows used in the assessment of impairment of goodwill, intangibles, property and equipment, right-of-use assets, reserves for uncertain tax positions, valuation of derivatives, valuation allowances on deferred tax assets, incremental borrowing rates on leases and the fair value of property and equipment, intangibles and leasehold assets and liabilities acquired in business combinations. Adjustments may be made in subsequent periods to reflect more current estimates and assumptions about matters that are inherently uncertain.

Revenue Recognition

The Company's primary activity is the provision of fully integrated, end-to-end flexible global workspace solutions to customers. Revenue represents the total amount receivable for services provided, excluding sales-related taxes and intercompany transactions. The Company's primary revenue categories, related performance obligations and associated revenue recognition patterns are as follows:

Workspace

The Company acts as principal in these arrangements as it controls the workspace through direct ownership or a leasing arrangement. Performance obligations are satisfied over time by transferring services relating to the provision of the workspace through contracts with customers. These contracts include different forms of workspace including coworking, fixed, day and virtual workspaces.

Invoices are issued monthly 30-60 days in advance and initially recognized as deferred revenue (contract liability) with payments due from customers in advance of the provision of the workspace. Customer deposits are billed and collected prior to services being provided, enhancing customer collectability.

Customer contracts vary in length and include renewal options. Revenue on these contracts is recognized over the initial contract period. Transaction price is predominantly fixed in customer contracts with any variability in the transaction price relating to the volume of customer usage of the workspace recognized in the period of usage. When the transaction price is discounted in the opening period of the term of the contract, revenue recognized is constrained to the amount invoiced in the period.

Customer service income

The Company typically acts as principal in these arrangements as it controls the technology and processes relating to the provision of workspace bookings, membership programs, meeting rooms and inventory management. In some circumstances where the Company acts as an agent for the sale and purchase of goods to customers, only the commission fee earned is recognized as revenue.

Invoices are issued at point of sale or monthly depending on the nature of the service being provided and recognized as revenue in the period that the invoices are raised with the exception of memberships which are deferred and recognized over time within the period that the benefits of the membership card are expected to be provided. Customer payments may be collected at the point of sale or immediately upon receipt of the invoice.

Transaction price is predominantly fixed in customer contracts with any variability in the transaction price relating to the volume of customer activity recognized in the period of the activity.

Management and franchise fees

The Company acts as an agent in these arrangements as it does not control the workspace related to the services that are provided. Performance obligations are satisfied over time by transferring services relating to the provision of franchise, management and technology services relating to the use of physical and virtual workspace.

The Company generates revenue through a franchise model whereby the Company enters franchise arrangements licensing its symbolic intellectual property (e.g., Regus, Spaces) and proprietary methods / processes. The Company also generates revenue through a management fee model whereby the Company enters operational support arrangements for the respective center location on behalf of the partner.

Fees received for the provision of initial set up fees are recognized at a point-in time when they relate to separate and distinct performance obligations. The contractual price for initial set up fees is typically considered to reflect the attributable transaction price. Subsequent services are recognized 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 are recognized as revenue as the services provided or the rights used. Invoices are generally issued on a monthly basis and settled immediately with invoiced amounts deducted from the amounts due to partners.

International Workplace Group PLC
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Deposits received from customers against non-performance of contracts are held on the Consolidated Balance Sheets as a current liability until they are either returned to the customer at the end of their relationship with the Company or released to the Consolidated Statement of Operations.

Contract Liabilities

Contract liabilities represent collections from customers in advance of services being provided in accordance with contractual arrangements with customers. Contract liabilities are classified as current liabilities as they are expected to be recognized as revenue within the next twelve months.

Cost of Sales

Cost of sales includes expenses related to the operation of the Company's business centers. These include, but are not limited to, operating lease costs such as base rent and tenancy costs including the Company's share of real estate and related taxes and common area maintenance charges, employee and related expenses, building operational costs such as utilities, maintenance and cleaning, insurance costs, office expenses such as telephone, internet and printing costs, security expenses, parking expense, credit card processing fees, building events, food and other consumables, and other costs of operating the business center locations including legal fees and center closing costs. Employee compensation costs included in location operating expenses relate to the salaries, bonuses and benefits relating to the teams managing the business centers on a daily basis including facilities management.

Sales and Marketing

Sales expenses consist primarily of advertising costs, sales and marketing personnel costs and costs associated with marketing events and are generally expensed as incurred. The Company recorded advertising expenses of \$135 million, \$136 million and \$122 million for the years ended December 31, 2024, 2023 and 2022, respectively.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel and related expenses for corporate employees, technology, consulting, legal and other professional services expenses, lease costs for our corporate offices, and various other costs we incur to manage and support our business. General and administrative expenses are expensed as incurred.

Stock-Based Compensation

The share awards program entitles certain directors and employees to acquire shares of the ultimate parent company (International Workplace Group plc); these awards are granted by the ultimate parent company (International Workplace Group plc) and are equity-settled. The fair value of the options and awards granted under the Company's share-based payment plans outlined in note 17 are included in the same line item on the Consolidated Statement of Operations as the underlying director and employee expenses 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 is used to estimate the fair value of stock options subject to service-based vesting conditions and the Monte Carlo simulation model or the Monte Carlo method, taking into account the terms and conditions upon which the options were granted. The amount recognized 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.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based upon the estimated future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis, as well as operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense (benefit) in the period the tax rates are enacted.

The Company's deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not (a likelihood of more than 50 percent) that some portion or all of the deferred tax assets will not be realized. The Company evaluates the realizability of deferred tax assets for each of the jurisdictions in which they operate by assessing all positive and negative evidence. This includes historical operating results, known or planned operating developments, the period of time over which certain temporary differences will reverse, consideration of the reversal of certain deferred tax liabilities, tax law carry back capability in the particular country, and prudent and feasible tax planning strategies. After evaluation of these factors, if the deferred tax assets are expected to be realized within the tax carry forward period allowed for that specific country, the Company would conclude that no valuation allowance would be required. To the extent that the deferred tax assets exceed the amount that is expected to be realized within the tax carry forward period for a particular jurisdiction, the Company establishes a valuation allowance.

The Company recognizes benefits from tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the positions. The tax benefits recognized in the combined financial statements from such positions are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement. Judgment is required in evaluating tax positions and determining

International Workplace Group PLC
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unrecognized tax benefits. The Company re-evaluates the technical merits of its tax positions and may recognize the benefit of a tax position in certain circumstances, including when: (1) a tax examination is completed; (2) applicable tax laws change, including through a tax case ruling or legislative guidance; or (3) the applicable statute of limitations expires. The Company recognizes interest and penalties associated with income taxes in income tax expense (benefit) in the statement of operations.

The Company is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has been enacted or substantively enacted in many of the jurisdictions where IWG operates, including in Switzerland where it has come into effect from January 1, 2024, with the introduction of a domestic minimum tax rule. The Company has performed an assessment of its potential exposure to Pillar Two global minimum income taxes and does not expect any material top-up taxes to arise in any jurisdiction in which it operates.

Earnings Per Share

Basic earnings per share is calculated by dividing net (loss) income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by giving effect to all potentially dilutive common shares outstanding during the period. Potentially dilutive common shares include outstanding stock options calculated using the treasury stock method and potentially issuable shares to bondholders calculated using the if-converted method.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash at bank and in hand, as well as all highly liquid investments with a maturity of three months or less when purchased.

Restricted Cash

The Company is required to maintain cash deposits with certain banks which consist of deposits restricted under contractual agreements or legal disputes.

The following represents a reconciliation of cash and cash equivalents in the Consolidated Balance sheets to cash, cash equivalents and restricted cash in the Consolidated Statements of Cash Flows for fiscal 2024, 2023 and 2022:

	As of December 31,		
(in millions)	2024	2023	2022
Cash and cash equivalents	\$ 137	\$ 130	\$ 185
Restricted cash ¹	11	11	9
Cash, cash equivalents and restricted cash	\$ 148	\$ 141	\$ 194

¹ As of December 31, 2024, 2023 and 2022, the following amounts of restricted cash were included in other current assets: \$8 million, \$4 million, and \$0.4 million, respectively. Otherwise, all other restricted cash was included within other non-current assets.

Acquisitions

The Company allocates the fair value of purchase consideration to tangible assets and intangible assets purchased and liabilities assumed on the basis of their fair values at the date of acquisition. Any excess of fair value of net tangible and intangible assets acquired is allocated to goodwill. In determining the fair values of assets acquired and liabilities assumed, the Company uses various recognized valuation methods when a market value is not readily available. Further, assumptions are made within certain valuation techniques, including discount rates and the amount and timing of future cash flows. During the measurement period, which is up to one year from the acquisition date, the Company may record adjustments to the fair value of the purchase consideration and the allocation of the purchase consideration to all tangible and intangible assets acquired and identified and liabilities assumed if the Company obtains new information about facts and circumstances that existed as of the acquisition date. Net assets and results of operations of an acquired entity are recorded in the Financial Statements from the acquisition date. Acquisition-related costs are expensed as they are incurred.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the assets acquired less liabilities assumed in business combinations. Goodwill is assigned to reporting units, which are the business centers, grouped by country/geographical region of operation and type (managed or owned), and Digital and Professional Services. Acquired intangible assets are recorded at fair value. The Company also carries the Regus brand of which the value of is intrinsically linked to the continuing operation of the Company, thus it has been determined to have an indefinite useful life. Goodwill and indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually, or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired and is required to be written down when impaired. Impairment of goodwill and indefinite-lived intangible assets is included in Impairment of goodwill and other assets on the Consolidated Statements of Operations.

The Company tests goodwill for potential impairment at least annually in the fourth quarter, or more frequently if an event or other circumstance indicates that we may not be able to recover the carrying amount of the net assets of the reporting unit. The guidance for impairment testing begins with an optional qualitative assessment to determine whether it is more likely than not that goodwill or the brand is impaired. The Company is not required to perform a quantitative impairment test unless it is determined, based on the results of the qualitative assessment, that it is more likely than not that goodwill

International Workplace Group PLC
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or the brand is impaired. The quantitative impairment test is prepared at the reporting unit level for goodwill and qualitative factors considered include but are not limited to general economic conditions, outlook for the industry, and the Company's recent and forecasted financial performance. In performing the goodwill impairment test, management compares the estimated fair values of the applicable reporting units to their aggregate carrying values, including goodwill. If the carrying amounts of a reporting unit including goodwill were to exceed the fair value of the reporting unit, an impairment loss is recognized within our Consolidated Statements of Operations in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

The determination of the fair value of the reporting units requires the Company to make significant estimates and assumptions with respect to the business and financial performance of the Company's reporting units. These estimates and assumptions primarily include, but are not limited to, discount rates, terminal growth rates, occupancy rates, forecasts of revenue, operating income, working capital requirements and capital expenditures.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets

Long-lived assets, including right-of-use assets, property and equipment and other finite-lived intangible assets are evaluated for recoverability when events or changes in circumstances indicate that the asset may have been impaired. In evaluating an asset for recoverability, the Company considers the future cash flows expected to result from the continued use of the asset and the eventual disposition of the asset. If the sum of the expected future cash flows, on an undiscounted basis, is less than the carrying amount of the asset, an impairment loss equal to the excess of the carrying amount over the fair value of the asset is recognized.

We evaluate potential impairment at the reporting unit level. We allocate the impairment loss related to an asset group among the various assets within the asset group pro rata based on the relative carrying values of the respective assets. Impairment of long-lived and finite-lived intangible assets, including right-of-use assets, is included in Impairment of long-lived assets and goodwill on the Consolidated Statements of Operations.

Leases

The Company primarily leases property for its collaborative workspaces and other locations globally and determines if an arrangement contains a lease at the inception of a contract. At the inception of each lease, the Company determines if an arrangement is or contains a lease and classifies it as operating or financing lease depending on the underlying nature of the arrangement. Substantially all of the Company's leases are classified as operating leases.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the minimum lease payments to be made over the 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, 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. Where the lease term has been determined as the period from inception up to a break clause and break penalties exist, these amounts are included in the measurement of the lease liability. Short-term leases with an initial term of 12 months or less are not recorded on the balance sheet and expenses recognized in statement of operations as incurred.

In calculating the present value of lease payments, the Company utilizes its incremental borrowing rate to discount the lease payments as the interest rate implicit in the lease is not readily determinable. The determination of applicable incremental borrowing rates on leases at the commencement of lease contracts also requires judgement. IWG 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 Company 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 Company, plus a spread that represents the risk differential of the lessee entity compared to the Company funding cost.

Lease payments included in the measurement of the lease liability comprise the following: Fixed payments, including in-substance fixed payments, owed over the lease term (including termination penalties the Company would owe if the lease term reflects the Company's exercise of a termination option); and variable lease payments that depend on an index or rate, initially measured using the index or rate at the lease commencement date;

For operating leases, the lease liability is measured at the present value of the unpaid lease payments at the reporting date. Variable lease costs are not included as lease payments in the calculation of the lease obligation and are included in variable lease costs in the Consolidated Statements of Operations, as incurred and when probable. Variable lease payments consist of escalation terms on the amount of base rent which may vary by market and of contingent rent payments based on percentages of revenue or other profitability metrics as defined in the lease.

The right-of-use asset is measured as the amount of the lease liability with adjustments, if applicable, for remaining balances of any lease prepayments made prior to or at lease commencement, initial direct costs incurred by us, and lease incentives, recorded net of impairment. Operating leases costs relating to fixed payments are expensed on a straight-line basis over the lease term on the Consolidated Statements of Operations. For operating leases for which the right-of-use asset has been impaired, the lease expense is determined as the sum of the amortization of the right-of-use

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asset remaining after impairment, if any, on a straight-line basis over the remaining term of the lease and the accretion of the lease liability based on the discount rate applied to the lease liability.

The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding right-of-use asset unless doing so would reduce the carrying amount of the right-of-use asset to an amount less than zero. In that case, the right-of-use asset is reduced to zero and the remainder of the adjustment is recorded in the Consolidated Statements of Operations.

The Company expends cash for leasehold improvements and to build out and equip its leased locations. Generally, a portion of the cost of leasehold improvements is reimbursed to us by our business partners (property owner and landlords) as landlord contributions. Landlord contributions are substantially received at or near the lease commencement date for commercial reasons and, where the Company retains ownership of the fit-out assets, are accounted for as a lease incentive and recognized by reducing the right-of-use asset. Any other landlord contributions for lease incentives received subsequent to the commencement of the lease are accounted for as part of the associated lease modification.

(Gain) loss on disposal of long-lived assets and other closure related (credits) costs

The (Gain) loss on disposal of long-lived assets and other closure related (credits) costs income statement financial statement line item includes the derecognition of leases liabilities and right-of-use assets previously recognized on early terminated leases and other closure costs relating to closed centers, as well as the (gain) loss of the disposal of long lived assets, including property and equipment.

Finite-lived Intangible Assets, net

Acquired intangible assets are carried at cost and finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives. Intangible assets, net consists of purchased software, customer lists, and the corporate tradename. The Company capitalizes purchased software when the amounts have a useful life or contractual term greater than twelve months. Purchased software consists of software products and licenses which are amortized over the lesser of their estimated useful life or the contractual term, generally up to five years. The initial estimated useful life of the Company's finite-lived intangible assets range from two to twenty years, depending on the asset type. Finite-lived intangible asset amortization is included in Depreciation and amortization on the Consolidated Statement of Operations.

The Company capitalizes costs incurred to develop internal-use software during the application development and enhancement phase in Intangible assets, net on the Consolidated Balance Sheets. Costs related to preliminary project and post-implementation activities are expensed as incurred. Upgrades and enhancements that result in additional functionality are also capitalized. Amortization is included in Depreciation and amortization on the Consolidated Statement of Operations once the software is substantially complete and ready for its intended use. The estimated useful life is typically 5 years.

The Company capitalizes all software implementation costs that meet the criteria for capitalization, including those that relate to a service contract (e.g. hosting arrangement). All contracts which are hosting arrangements, or which contain a hosting element are assessed to determine whether the contract is a service arrangement. The capitalized implementation costs for contracts which are not service arrangements are included in Intangible assets, net on the Consolidated Balance Sheets and are amortized together with the costs of the related software license through Depreciation and amortization on the Consolidated Statement of Operations. The implementation costs for service contracts are treated as prepaid assets and are expensed through General and administrative expenses on the Consolidated Statement of Operations over the term of the arrangement. The implementation costs for hosting arrangements is amortized over the of the hosting arrangement, including reasonably certain renewal periods.

Property and Equipment, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of owned assets. The estimated useful lives of the Company's property and equipment are as follows:

Buildings	50 years
Leasehold improvements	Shorter of lease term or 10 years
Computer hardware	3 to 5 years
Furniture and equipment	5 to 10 years

The Company incurs a variety of costs to customize or enhance leased premises to suit its operational needs in the construction of leasehold improvements. These improvements may include structural modifications, installation of fixtures, or interior enhancements made to the leased property. After a determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Leasehold improvements are capitalized when they provide future economic benefits and are directly attributable to preparing the leased space for its intended use. The Company capitalizes costs until a project is substantially completed. Subsequent expenditures that extend the useful life of an asset are also capitalized.

The Company commonly undertakes leasehold improvements at the beginning of a lease. Certain lease agreements contain provisions that require us to remove leasehold improvements at the end of the lease term. When such an

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obligation exists, we record an asset retirement obligation at the inception of the lease at its estimated fair value, so long as a reasonable estimate of the fair value can be made. These obligations are recorded within other non-current liabilities on the Consolidated Balance Sheet.

Allowance for Credit Losses

Accounts receivable are stated at the amount the Company expects to collect, which is net of an allowance for expected credit losses. The Company calculates expected credit losses for trade accounts primarily based upon the aging of the underlying receivable. Other factors such as the assumptions related to the business prospects and financial condition of customers and marketing affiliates, macroeconomic conditions, inflationary pressures, potential recession, and the Company's ability to collect the receivable or recover the receivable may also impact the allowance. Recorded liabilities associated with customer deposits held are also considered when estimating the allowance for credit losses as we have the contractual right to apply the customer deposits to outstanding receivables.

Fair Value Measurement

The Company applies fair value accounting for financial assets and liabilities and certain non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring and nonrecurring basis. Fair value is the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities in an active market. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Observable inputs other than quoted prices in active markets, such as quoted prices in less active markets or model-derived valuations, that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for which there is little or no market data available that are significant to the fair value of the assets or liabilities at the measurement date.

Reference Note 14, *Fair Value Measurements*, for further discussion.

Convertible Bonds

Bonds issued by the Company and convertible to ordinary shares or cash at the option of the holder are recognized as debt at fair value and subsequently at amortized cost using the effective interest rate method. Directly attributable transaction costs are deducted from the fair value of the debt.

Derivatives

From time to time the Company uses 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.

All derivatives are recorded at fair value. On the date the derivative contract is entered into, the Company may designate the derivative as a hedging instrument, and, if so, all relationships between hedging activities are formally documented. If a derivative is not specifically designated as a cash flow hedge or another type of hedging instrument, changes in the fair value of the undesignated derivative are reported in current period earnings. Cash flows from undesignated derivatives are included as an investing activity.

Derivative Instrument Designated as Cash Flow Hedge

During the year ended December 31, 2024, the Company began to use derivative financial assets and liabilities as hedging instruments to manage exposure to variability in cash flows arising from changes in interest rates and foreign currency exchange rates related to the Company's debt. These derivatives are designated as cash flow hedges and the Company does not use derivatives for trading or speculative purposes and are considered to be highly effective. Changes in fair value of these derivatives is recognized in Accumulated other comprehensive income/(loss) on the Consolidated Balance Sheets.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated within Accumulated other comprehensive income/(loss) on the Consolidated Balance Sheets remains until it is reclassified to Consolidated Statement of Operations in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been recorded within Accumulated other comprehensive income/(loss) on the Consolidated Balance Sheets and the corresponding cost are immediately reclassified to Consolidated Statement of Operations.

Cash receipts or payments on settlement of a derivative contract are reported in the Consolidated Statements of Cash Flows consistent with the nature of the underlying hedged item.

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Derivative Instrument Designated as Net Investment Hedge

A foreign currency exposure arises from the Company's net investment in its European subsidiaries that have a euro functional currency. The net assets of these subsidiaries are exposed to changes and volatility in currency exchange rates. The Company designated the unhedged portion of the euro-denominated Euro bonds of (carrying amount: \$104 million (2023: \$0)), as a net investment hedge of the European subsidiaries' operations. The gains and losses on the net investment in the European subsidiary's operations are economically offset by losses and gains from the designated euro-denominated Euro bonds.

The foreign currency transaction gains or losses on the Company's Euro bonds are measured based upon changes in spot rates. The foreign currency transaction gains or losses on the Euro bonds that is designated as a hedging instrument for accounting purposes are recorded in Accumulated other comprehensive loss in the Consolidated Balance Sheets.

The Company's policy is to hedge the net investment only to the extent of the debt principal.

Accounts payable

Accounts payable consists of amounts the Company owes to third parties, such as suppliers or vendors, for goods and services that have been received but not yet paid for.

Joint Venture Investments

The Company's joint ventures relate to individual business centers in various locations and are accounted for using the equity method of accounting, given each investment provides the ability to exercise significant influence, but not control, over operating and financial policies of the investee. Judgement regarding the level of influence over each joint venture investment includes considering key factors such as the Company's ownership interest, legal form of the investee, representation on the board of directors, participation in policy-making decisions and material intra-entity transactions. The Company's joint ventures are recorded at cost minus impairment, if any, plus or minus the Company's share of the investees' income or loss included in Share of (loss) income from equity method investments on the Consolidated Statements of Operations.

Dividends received from joint ventures are recorded against the carrying amount of the Company's investment. Joint venture investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors considered by the Company when reviewing a joint venture investment for impairment include the length of time (duration) and the extent (severity) to which the fair value of the joint venture investment has been less than cost, the investee's financial condition and near-term prospects and the intent and ability to hold the investment for a period of time sufficient to allow for anticipated recovery. An impairment that is other-than-temporary is recognized in the period identified.

Foreign Currency

The reporting currency of the Company is the U.S. dollar. Effective January 1, 2024, the Company's ultimate parent adopted the U.S. dollar as its functional currency. Prior to January 1, 2024, the functional currency of the Company's ultimate parent was the British pound sterling. The functional currency of the Company's ultimate parent and each subsidiary is based on the currency of the primary economic environment in which they operate, which is generally their local currency.

The change in functional currency of the Company's ultimate parent is due to a change in the economic facts and circumstances of the entity due to the increased exposure to the U.S. dollar primarily as a result of the growth in international operations, redenomination of its Revolving Credit Facility, the issuance of Euro Bonds, the majority of the proceeds which were swapped into US dollars, and the conversion of other arrangements to US dollars. The effect of the change in functional currency for the Company's ultimate parent was applied prospectively in the Consolidated Financial Statements effective January 1, 2024.

Assets and liabilities of non-USD functional currency operations are translated into USD at the prevailing foreign currency exchange rates in effect as of the financial statement date. 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. Revenues, expenses and cash flows are translated at the average foreign currency exchange rates for the period. Equity is translated primarily at historical exchange rates and the resulting cumulative translation adjustments are included as a component of Accumulated other comprehensive income (loss) in the Consolidated Balance Sheets. Gains and losses from foreign currency exchange rate changes related to transactions denominated in a currency other than an entity's functional currency are included in Foreign currency gains (loss) on the Consolidated Statement of Operations.

Commitments and Contingencies

The Company assesses its liabilities and contingencies for outstanding legal proceedings and reserves are established on a case-by-case basis for those legal claims for which management concludes that it is probable that a loss will be incurred and that the amount of such loss can be reasonably estimated. The determination of whether a loss is probable and whether the amount of the loss can be reasonably estimated requires significant judgment and evaluation of all the underlying facts and circumstances including judgments about the potential actions of third-party claimants, regulatory authorities, and courts. If the amount of the loss cannot be reasonably estimated, information about the contingency is

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disclosed in the financial statements. Legal costs incurred in connection with loss contingencies are expensed as incurred. Information about reasonably possible loss contingencies is also disclosed in the financial statements.

Discontinued Operations

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. During the years ended December 31, 2024 and 2023, there were no discontinued operations. During the year ended December 31, 2022, the Company sold various individually immaterial operations, as a result of signing master franchise agreements with long-term partners, for approximately \$1 million.

Recent Accounting Pronouncements Not Yet Adopted

Debt – Debt with Conversion and Other Options

In November 2024, the FASB issued ASU 2024-04 Debt — Debt with Conversion and Other Options (Subtopic 470-20). This ASU improves the relevance and consistency in application of the induced conversion guidance in Subtopic 470-20, Deb — Debt with Conversion and Other Options. This ASU is effective for fiscal years beginning after December 15, 2025 and early adoption is permitted. The amendments in this ASU can be applied prospectively or retrospectively. The Company is evaluating the effect of adopting this new accounting guidance

Income Taxes – Improvements to Income Tax Disclosures

In December 2023, the FASB issued Accounting Standards Update 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 states that an entity must provide greater disaggregation of its effective tax rate reconciliation disclosure. The ASU also states that an entity must separately disclose net cash taxes paid between federal, state, and foreign jurisdictions. The guidance is effective for fiscal years beginning after December 15, 2024. The guidance is to be applied prospectively, although retrospective application is permitted. The adoption of ASU 2023-09 is expected to impact disclosures only and not have a material impact on the consolidated balance sheet and statement of operations.

Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures

In November 2024, the FASB issued ASU 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40). This ASU improves the disclosures about a public business entity's expenses and addresses requests from investors for more detailed information about the types of expenses in commonly presented expense captions such as cost of sales, SG&A, and research and development. This ASU is effective for fiscal years beginning after December 15, 2026 and early adoption is permitted. The amendments in this ASU can be applied prospectively or retrospectively. The Company is evaluating the effect of adopting this new accounting guidance.

Stock Compensation – Projects Interest Awards

In March 2024, the FASB issued ASU 2024-01 Stock Compensation (Topic 718) – Scope Application of Profits Interest and Similar Awards. This ASU clarifies how an entity determines whether a profits interest or similar award is within the scope of Topic 718 (Stock Compensation). This ASU is expected to reduce diversity in practice. This ASU is effective for fiscal years beginning after December 15, 2024. The amendments in this ASU can be applied prospectively or retrospectively. The Company is evaluating the effect of adopting this new accounting guidance.

Note 2. Revenue from Contracts with Customers

The Company's primary activity is the provision of global workspace solutions. Please reference Note 1, *Description of the Business and Summary of Significant Accounting Policies*, for detailed discussion of the Company's revenue recognition policies and Note 3, *Segments*, for revenue disaggregated by product categories.

Receivables

A summary of the components of accounts receivable, net is as follows:

	As of December 31,	
(in millions)	2024	2023
Receivables related to contracts with customers ¹	\$ 665	\$ 636
Allowance for current expected credit losses	(14)	(8)
Total accounts receivable, net	\$ 651	\$ 628

¹ Includes \$48 million and \$49 million, respectively of related party receivables as of December 31, 2024 and 2023. See Note 19, *Related Party Transactions*, for further information.

The following table presents the change in balance for expected credit losses:

	As of December 31,	
(in millions)	2024	2023
Beginning balance	\$ 8	\$ 14
Additional provision	13	19
Write-offs	(7)	(25)
Ending balance	\$ 14	\$ 8

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Contract Liabilities

The Company's contract liabilities, which are included in Deferred revenue on the Consolidated Balance Sheets, were \$539 million and \$567 million as of December 31, 2024 and 2023, respectively. Contract liabilities are classified as current due to the nature of the Company's invoicing arrangements. All of the contract liabilities as of December 31, 2023 were recognized during the year ended December 31, 2024. The change in contract liabilities year over year was due to the recognition of revenue, which was partially offset by incremental deferred revenue.

The Company elected the practical expedient as per ASC 606-10-50-14 and does not disclose information related to remaining performance obligations due to their original expected terms being one year or less. The Company also elected the practical expedient as per ASC 340-40-25-4 and expenses costs of obtaining contracts, which would otherwise have an amortization period of one year or less, as incurred.

Note 3. Segments

The Company is organized into three operating segments based on the types of services provided:

- Company Owned: Business centers owned and operated by the Company
- Managed and Franchised: Services provided by the Company to business centers owned by third parties
- Digital and Professional Services: Consists of results relating to The Instant Group and the Company's technology platform for booking office workspaces

Company Owned and Managed and Franchised are aggregated into the Networks reportable business segment. Digital and Professional Services meets the criteria for separate disclosure as a reportable business segment. The Company has determined its Chief Executive Officer ("CEO") is its chief operating decision maker ("CODM"). The CEO reviews the Company's financial performance based on these segments, specifically using their Gross profit to assess performance and make resource allocation decisions.

The following table reflects results of operations of the Company's reportable segments:

(in millions)	Networks			Total
	Company Owned	Managed & Franchised	Digital and Professional Services	
December 31, 2024				
Total revenue	\$ 3,222	\$ 79	\$ 455	\$ 3,756
<i>Workstation revenue</i>	2,398	-	-	2,398
<i>Fee income</i>	-	79	-	79
<i>Customer Service income</i>	824	-	455	1,279
Cost of sales	2,575	-	233	2,808
Gross profit	\$ 647	\$ 79	\$ 222	\$ 948
Sales and marketing				188
General and administrative expenses				326
Allowance for credit losses				13
Impairment of long-lived assets and goodwill				83
Gain on disposal of long-lived assets and other closure related credits				(57)
Depreciation and amortization				253
Operating income				142
Interest expense				(64)
Foreign currency loss				(17)
Gain on extinguishment of debt				16
Other finance costs				(19)
Income before income taxes and share of (loss) income from equity method investments				58
December 31, 2023				
Total revenue	\$ 3,230	\$ 61	\$ 473	\$ 3,764
<i>Workstation revenue</i>	2,364	-	-	2,364
<i>Fee income</i>	-	61	-	61
<i>Customer Service income</i>	866	-	473	1,339
Cost of sales	2,634	-	245	2,879

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Gross profit	\$	596	\$	61	\$	228	\$	885
Sales and marketing								189
General and administrative expenses								307
Allowance for credit losses								19
Impairment of long-lived assets and goodwill								143
Loss on disposal of long-lived assets and other closure related costs								32
Depreciation and amortization								293
Operating loss								(98)
Interest expense								(54)
Foreign currency gain								6
Other finance costs								(19)
Loss before income taxes and share of (loss) income from equity method investments								(165)

December 31, 2022

Total revenue	\$	2,998	\$	42	\$	392	\$	3,432
<i>Workstation revenue</i>		2,212		-		-		2,212
<i>Fee income</i>		-		42		-		42
<i>Customer Service income</i>		786		-		392		1,178
Cost of sales		2,609		-		195		2,804
Gross profit	\$	389	\$	42	\$	197	\$	628
Sales and marketing								169
General and administrative expenses								320
Recovery of credit losses								(8)
Impairment of long-lived assets and goodwill								84
Gain on disposal of long-lived assets and other closure related credits								(33)
Depreciation and amortization								265
Operating loss								(169)
Interest expense								(34)
Foreign currency loss								(6)
Other finance costs								(21)
Loss before income taxes and share of (loss) income from equity method investments								(230)

Asset information

Total assets by Segment as of December 31, 2024 and 2023 were:

(in millions)	Networks			Digital and Professional Services	Total
	Company – owned	Managed & Franchised			
December 31, 2024	\$ 8,386	\$ -		\$ 726	\$ 9,112
December 31, 2023	\$ 9,189	\$ -		\$ 794	\$ 9,983

Total capital expenditures by Segment for the years ended December 31, 2024 and 2023 were:

(in millions)	Networks			Digital and Professional Services	Total
	Company – owned	Managed & Franchised			
December 31, 2024	\$ 155	\$ -		\$ 13	\$ 168
December 31, 2023	\$ 214	\$ -		\$ 19	\$ 233

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Geographic information

The table below disaggregates revenue by geographic region, determined by the location of the entity providing the related services:

	Years ended December 31,		
	2024	2023	2022
(in millions)			
Americas	\$ 1,455	\$ 1,468	\$ 1,406
EMEA	1,920	1,931	1,700
Asia Pacific	381	365	326
Total revenue	\$ 3,756	\$ 3,764	\$ 3,432

The table below disaggregates long-lived assets by geographic region:

	As of December 31,	
	2024	2023
(in millions)		
Americas	\$ 2,633	\$ 2,891
EMEA	3,046	3,486
Asia Pacific	266	423
Total long-lived assets	\$ 5,945	\$ 6,800

The Company has a diversified customer base and no single customer accounts for more than 10% of the Company's revenue for any of the periods presented.

Note 4. Income Taxes

The components of Income (loss) before income taxes and share of (loss) income from equity method investments are as follows:

	Years ended December 31,		
	2024	2023	2022
(in millions)			
Switzerland	\$ 99	\$ 89	\$ 116
Other	(41)	(254)	(346)
Total	\$ 58	\$ (165)	\$ (230)

The income tax (expense) benefit attributable to continuing operations is comprised of:

	Years ended December 31,		
	2024	2023	2022
(in millions)			
Current:			
Switzerland	\$ (14)	\$ (11)	\$ (11)
Foreign	(33)	(20)	(29)
	\$ (47)	\$ (31)	\$ (40)
Deferred:			
Switzerland	\$ (14)	\$ (2)	\$ 9
Foreign	21	(10)	70
	\$ 7	\$ (12)	\$ 79
Income tax (expense) benefit	\$ (40)	\$ (43)	\$ 39

The Company is domiciled in the canton of Zug in Switzerland. The difference between the Swiss statutory rate (8.5% federal and 3.35% cantonal) and the effective tax rate is as follows:

	Years ended December 31,		
	2024	2023	2022
(in millions)			
Income (loss) before income taxes and share of (loss) income from equity method investments	58	(165)	(230)
Income tax (expense) benefit at the Swiss statutory rate	(7)	20	28
Foreign rate differential	33	23	53
Non-deductible expenses	(46)	(33)	(9)
Closure costs	(2)	-	12
Income not taxable	5	2	1
Gain/loss on disposal	(1)	(10)	(1)
Valuation allowance	(8)	(51)	9

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Prior year adjustments	(4)	10	1
Withholding and other taxes	(7)	(5)	(19)
Uncertain tax positions	4	(1)	-
Other	1	4	(11)
Local taxes	(8)	(2)	(25)
Income tax (expense) benefit	(40)	(43)	39

Non-deductible expenses are primarily made up of non-deductible interest and waived deductions in the United States. It also includes various other categories of non-deductible expenses which are not as significant.

The deferred tax assets and liabilities included in the Consolidated Balance Sheets consist of the following:

(in millions)	Years ended December 31,	
	2024	2023
Deferred tax assets:		
Intangibles	\$ 542	\$ 568
Tax losses	2,858	1,060
Leases	554	539
Property and Equipment	162	115
Other temporary differences	53	43
Prepays	20	23
Provisions	7	7
Bad debt	63	64
Interest	20	23
Less: Valuation allowance	(3,692)	(1,832)
Total deferred tax assets	<u>\$ 587</u>	<u>\$ 610</u>
Deferred tax liabilities:		
Property and Equipment	55	74
Intangibles	78	77
Other temporary differences	21	12
Leases	76	94
Total deferred tax liabilities	<u>\$ 230</u>	<u>\$ 257</u>
Net deferred tax asset	<u>\$ 357</u>	<u>\$ 353</u>

As of December 31, 2024, the Company has gross net operating loss carry forwards of \$1,881 million that can be carried forwarded indefinitely and \$10,142 million of gross net operating losses that will expire between 2025 and 2044. As of December 31, 2023, the Company had gross net operating loss carry forwards of \$2,004 million that can be carried forwarded indefinitely and \$2,424 million of gross net operating losses that will expire between 2024 and 2043.

A valuation allowance has been provided where it is more likely than not that the deferred tax assets related to those operating loss carry forwards and other temporary differences will not be realized. The valuation allowance increased by \$1,860 million and \$97 million in 2024 and 2023, respectively.

The Company is asserting indefinite reinvestment on foreign earnings. As of December 31, 2024 and 2023, the temporary difference arising from unremitted earnings of overseas subsidiaries were \$15 million and \$15 million, respectively. The only tax that would arise on these reserves if they were remitted would be non-creditable withholding tax.

The Company conducts operations globally, and, as part of their global business, files numerous tax returns. The Company is routinely examined by various taxing authorities. The Company's global tax positions are reviewed by management on a quarterly basis. Based on these reviews, the results of discussions and resolutions of matters with certain tax authorities, tax rulings and court decisions and the expiration of statute of limitations, unrecognized tax benefits are adjusted as necessary.

The following table summarizes tax years that remain subject to examination by tax authorities as of December 31, 2024:

Jurisdiction	Open Tax Years Based on Originally Filed Returns
Germany	2018-2024
Luxembourg	2020-2024
Switzerland	2020-2024
United States	2021-2024
United Kingdom	2023-2024

The Company recognizes benefits from tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the positions. The tax benefits recognized in

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the consolidated financial statements from such positions are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement.

The following table provides a reconciliation of the total amounts of unrecognized tax benefits:

(in millions)	Years ended December 31,		
	2024	2023	2022
Balance at beginning of year	\$ 28	\$ 26	\$ 28
Gross increases related to tax positions in a prior period	1	4	2
Gross decreases related to tax positions in a prior period	(3)	(4)	(3)
Gross increases related to tax positions in the current period	4	1	2
Gross decreases related to expiration of statute of limitations	(3)	-	-
Settlements with taxing authorities	(2)	-	-
Foreign exchange and others	-	1	(3)
Balance at end of year	\$ 25	\$ 28	\$ 26

At December 31, 2024 and 2023, \$25 million and \$28 million, respectively, of unrecognized tax benefits would favorably impact the effective tax rate if recognized.

The Company recognizes interest and penalties in the income tax provision in the Consolidated Statements of Operations. At December 31, 2024 and December 31, 2023, the Company had accrued interest and penalties \$2 million and \$4 million, respectively. For the year ended December 31, 2024 and 2023, the amount reported in income tax expense related to interest and penalties was \$(2) million and \$3 million, respectively.

Note 5. Earnings Per Share

The table below illustrates the calculation of basic and diluted earnings per share:

(in millions, except share and per share amounts)	Years ended December 31,		
	2024	2023	2022
Income (loss) attributable to ordinary shareholders - basic and diluted			
Net income (loss)	\$ 18	\$ (207)	\$ (188)
Weighted average shares outstanding used in computing earnings per share - basic and diluted			
Weighted average shares - basic	1,009,815,216	1,006,685,491	1,006,884,755
Weighted average shares - diluted	1,019,135,504	1,012,972,933	1,014,446,939
Basic and diluted income (loss) per common share	0.02	(0.21)	(0.19)
Antidilutive securities			
Weighted average number of share options	32,708,366	17,380,163	35,393,807
Weighted average number of share awards under the CIP, PSP, DSBP and One-off Award	2,824,696	2,210,401	1,776,964
Weighted average number of shares that would have been issued at average market price	(26,212,684)	(13,303,122)	(29,608,587)
Potentially issuable shares on convertible bonds	76,408,203	76,408,203	76,408,203

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. During the year ended 2024, 9,320,288 share awards had a dilutive effect with a negligible impact on the basic earnings per share. During the year ended 2023, all awards were considered anti-dilutive.

The Company issued £350 million of convertible bonds in December 2020. As of 1 January 2024, the Convertible bonds issue created 76,408,203 potentially issuable shares for bondholders. During 2024, the Company repurchased £192 million face value of the Convertible bonds, reducing the potentially issuable number of shares to 34,786,815 at December 31, 2024 (reference Note 13, *Debt*). The Convertible bonds had no dilutive effect in 2024 or 2023.

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Note 6. Other Current Assets

Other current assets consist of the following:

(in millions)	As of December 31,	
	2024	2023
VAT receivable	206	214
Corporate tax receivable	34	34
Landlord contributions receivable	35	32
Contract assets	10	18
Receivable from payment processors	15	19
Security deposits	8	9
Other current assets	83	62
Total other current assets	\$ 391	\$ 388

As of December 31, 2024 and December 31, 2023, the contract assets recorded in other current assets relate to office space subleased under the Digital and Professional Services segment. They are accreted over the lease term and one lump sum amount is invoiced at the end of the corresponding lease term.

Note 7. Prepaid Expenses

Prepaid expenses consist of the following:

(in millions)	As of December 31,	
	2024	2023
Other prepayments	57	61
Property Fees	71	67
Agents commission prepayment	18	21
Insurance and marketing prepayment	2	7
Legal and other professional fees	4	6
Total prepaid expenses	\$ 152	\$ 162

Other prepayments relate to the following types of expenses: center operating, credit cards, information technology, property & equipment, and utilities, among others.

Note 8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

(in millions)	As of December 31,	
	2024	2023
Corporation tax liabilities	40	26
Other accruals	405	420
Other current liabilities	37	31
Other payables	228	187
Other tax and social security	34	47
VAT payable	143	124
Total Accrued expenses and other current liabilities	\$ 887	\$ 835

Other accruals relate to the following types of accrued expenses: utilities, information technology, and insurance, among others.

Note 9. Acquisitions

2024 acquisitions

During the year ended December 31, 2024, the Company made various individually immaterial acquisitions for a total consideration of \$16 million, of which \$14 million related to the buyback of noncontrolling interest and \$2 million to other acquisitions.

2023 acquisitions

During the year ended December 31, 2023, the Company made various individually immaterial acquisitions for a total consideration of \$21 million.

2022 acquisitions

The Instant Group Acquisition

On March 8, 2022, the Company completed the acquisition of 100% equity interest in The Instant Group, a global business providing a flexible workspace platform and services, for total cash consideration of \$426 million. Net assets acquired was \$154 million, of which \$33 million was cash.

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The acquisition costs associated with this transaction were \$14 million, included in General and administrative expenses on the Consolidated Statement of Operations. The Company accounted for this acquisition as a business combination resulting in consolidation of The Instant Group within the Digital and Professional Services segment.

The following table represents actual revenue and net loss of The Instant Group included in the Consolidated Statement of Operations for the year ended December 31, 2022 was:

(in millions)		
Revenue	\$	188
Net loss		8

The following table represents supplemental pro forma consolidated revenue and net loss for the year ended December 31, 2022, as if the acquisition of The Instant Group had occurred on January 1, 2022:

(in millions)		
Revenue	\$	212
Net loss		7

During the year ended December 31, 2022, the Company also made various individually immaterial acquisitions for a total consideration of \$6 million.

Note 10. Goodwill and Intangible Assets

Goodwill, net

The following tables show the Company's goodwill balances as of December 31, 2024 and 2023:

	As of December 31, 2024		
	Gross Carrying Amount	Accumulated Impairment Losses	Net Carrying Amount
(in millions)			
Company-owned & Leased	\$ 882	\$ (16)	\$ 866
Managed & Franchised	-	-	-
Digital and Professional Services	307	-	307
Total goodwill	\$ 1,189	\$ (16)	\$ 1,173

	As of December 31, 2023		
	Gross Carrying Amount	Accumulated Impairment Losses	Net Carrying Amount
(in millions)			
Company-owned & Leased	\$ 901	\$ (16)	\$ 885
Managed & Franchised	-	-	-
Digital and Professional Services	312	-	312
Total goodwill	\$ 1,213	\$ (16)	\$ 1,197

The following table shows changes in goodwill period over period:

	Company – owned & Leased	Managed & Franchised	Digital and Professional Services	Total
January 1, 2023	\$ 817	\$ -	\$ 340	\$ 1,157
Transaction-related activity	2	-	2	4
Currency translation adjustment	66	-	(30)	36
December 31, 2023	885	-	312	1,197
Goodwill acquired	2	-	-	2
Currency translation adjustment	(21)	-	(5)	(26)
December 31, 2024	\$ 866	\$ -	\$ 307	\$ 1,173

There was no goodwill impairment recorded during the years ended December 31, 2024 and 2023. There was \$4 million of goodwill impairment recorded during the year ended December 31, 2022 related to the Company-owned & Leased segment due to the COVID-19 pandemic and linked restrictions.

International Workplace Group PLC
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Intangible Assets

The carrying amount and accumulated amortization of intangible assets consist of the following:

(in millions)	As of December 31,	
	2024	2023
Gross finite-lived intangible assets		
Tradenames	\$ 102	\$ 102
Customer relationships	138	141
Capitalized software	232	201
Total gross finite-lived intangible assets	472	444
Accumulated amortization		
Tradenames	\$ 62	\$ 61
Customer relationships	118	93
Capitalized software	130	106
Total accumulated amortization	\$ 310	\$ 260
Total finite-lived intangible assets, net	\$ 162	\$ 184
Indefinite-lived intangible assets		
Tradenames - Regus brand	\$ 14	\$ 14
Total indefinite-lived intangible assets	\$ 14	\$ 14
Total intangible assets, net	\$ 176	\$ 198

Intangible asset amortization expense was \$54 million, \$61 million and \$40 million in the years ended December 31, 2024, 2023 and 2022, respectively.

The estimated future annual amortization expense for the Company's intangible assets at December 31, 2024 is as follows:

(in millions)	
For the year ended	
2025	50
2026	27
2027	16
2028	10
2029	6
Thereafter	53
Total future amortization expense	<u>\$ 162</u>

Note 11. Leases

The Company has operating leases for rental of commercial office real estate premises globally. The following table details the components of lease cost:

(in millions)	Years ended December 31,		
	2024	2023	2022
Operating lease cost ¹	\$ 1,394	\$ 1,444	\$ 1,436
Short-term lease cost	-	1	-
Variable lease cost	162	107	103
Sublease income	(66)	(75)	(61)
Total lease cost	<u>\$ 1,490</u>	<u>\$ 1,477</u>	<u>\$ 1,478</u>

¹ During the years ended December 31, 2024, 2023, and 2022, the total operating lease cost was offset by the wind-down of previously capitalized lease incentives of \$37 million, \$34 million, and \$33 million, respectively.

The Company's weighted-average remaining lease term and discount rate for operating leases are as follows:

	December 31, 2024	December 31, 2023
Weighted-average remaining lease term (in years):	6.7	7.2
Weighted-average discount rates:	5.5%	5.0%

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Maturity of the Company's operating lease liabilities as of December 31, 2024 are as follows:

(in millions)	<u>Operating lease payments</u>	
2025	\$	1,665
2026		1,554
2027		1,382
2028		1,216
2029		1,034
Thereafter		4,080
Total minimum undiscounted lease payments		10,931
Less: imputed interest		4,788
Total lease liabilities	\$	6,143

As of December 31, 2024, the Company had no significant rights and obligations from lease agreements that have not yet commenced.

Impairment of right-of-use assets was \$54 million, \$100 million, and \$52 million for the years ended December 31, 2024, 2023, and 2022, respectively. The recorded impairment related to the Company-owned & Leased segment and was due to underperforming business centers.

Of the impairment recorded during the year ended December 31, 2024, \$11 million related to the March 31 assessment, \$9 million related to the June 30 assessment, \$12 million related to the September 30 assessment and \$22 million to the December 31 assessment. Of the impairment recorded during the year ended December 31, 2023, \$30 million related to the June 30 assessment and \$70 million to the December 31 assessment. Please reference Note 14, *Fair Value Measurements*, for more information regarding the underlying impairment assessments.

Note 12. Property and Equipment, net

Property and equipment, net consisted of the following:

(in millions)	<u>As of December 31,</u>	
	<u>2024</u>	<u>2023</u>
Land and buildings	\$ 202	\$ 204
Leasehold improvements	1,889	1,979
Furniture and equipment	973	1,000
Computer hardware	155	165
Total property and equipment, gross	3,219	3,348
Less: accumulated depreciation	2,435	2,429
Total property and equipment, net	<u>\$ 784</u>	<u>\$ 919</u>

Depreciation expense was \$199 million, \$232 million, and \$225 million for the years ended December 31, 2024, 2023, and 2022, respectively. These expenses include the offset by the wind-down of previous landlord contributions recognized as reimbursements for costs of \$80 million, \$93 million, and \$104 million, respectively.

Impairment of property and equipment was \$29 million, \$43 million, and \$28 million for the years ended December 31, 2024, 2023, and 2022, respectively. The recorded impairment related to Company-owned & Leased segment and was due to underperforming business centers.

Of the impairment recorded during the year ended December 31, 2024, \$9 million related to the March 31 assessment, \$5 million related to the June 30 assessment, \$9 million related to the September 30 assessment and \$6 million to the December 31 assessment. Of the impairment recorded during the year ended December 31, 2023, \$15 million related to the June 30 assessment and \$28 million to the December 31 assessment. Please reference Note 14, *Fair Value Measurements*, for more information regarding the underlying impairment assessments.

For the years ended December 31, 2024, 2023 and 2022, the Company recognized losses of \$14 million, \$58 million and \$21 million, respectively, on the sale of property and equipment related to network rationalizations that occurred, including the write-off of the book value of assets and direct closure costs related to these centers. The losses are recorded in the (Gain) loss on disposal of long-lived assets and other closure related (credits) costs of the Consolidated Statement of Operations.

International Workplace Group PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Asset Retirement Obligations

The following table presents the change in balance for asset retirement obligations:

(in millions)	As of December 31,	
	2024	2023
Beginning balance	\$ 26	\$ 28
Liabilities settled in the current period	(1)	-
Liabilities incurred in the current period	-	1
Accretion of liability	3	2
Revisions in estimated cash flows	(1)	(5)
Ending balance	<u>\$ 27</u>	<u>\$ 26</u>

Note 13. Debt

The carrying value of debt as of December 31, 2024 and 2023, is as follows:

(in millions)	As of December 31,	
	2024	2023
Short-term debt:		
Bank overdrafts	\$ 15	\$ 13
Convertible bonds ¹	197	2
Others ²	-	2
Total short-term debt	\$ 212	\$ 17
Long-term debt:		
Revolving credit facility (RCF)	-	478
Euro bonds	629	-
Convertible bonds ¹	-	439
Others ²	4	4
Total long-term debt	\$ 633	\$ 921

¹ Unamortized discounts, premiums, and debt issuance costs were \$1 million and \$5 million for the years ended December 31, 2024 and 2023, respectively.

² Other debts represent working capital facilities denominated in various currencies.

As of December 31, 2024, the future maturities of long-term debt, excluding debt issuance costs consisted of the following:

(in millions)	
2025	2
2026	-
2027	-
2028	-
2029	-
Thereafter	631
	<u>\$ 633</u>

Euro Bonds

The Company issued a €575 million corporate bond on June 28, 2024 at a fixed coupon rate of 6.5% and a bullet maturity of June 2030. An additional €50 million was issued on September 10, 2024. The Bonds are traded on the London Stock Exchange's International Securities Market.

Convertible Bonds

The Company issued £350 million of convertible bonds in December 2020, raising £343 million, net of transaction fees, 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 Company. The Bonds carry a fixed coupon of 0.5% per annum.

During 2024, the Company repurchased £192m face value of the Convertible bonds, valued at its amortized cost of \$244 million, at a weighted average price of £0.926, including accrued interest, representing a consideration of £178 million, or \$228 million, resulting in a gain on settlement of \$16 million.

In December 2024, the Convertible bonds were reclassified from non-current liabilities to current liabilities due to the fact bondholders have the option to cash settle in December 2025 at par, which the Company expects to settle in cash. The table below summarizes information about interest recognized:

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The fair value of contingent consideration is based on contractually defined targets of financial performance in connection with earn outs and other considerations. The fair value of the convertible bonds is based on its published price on the open market. There were no transfers between levels for the years ended December 31, 2024 and 2023.

During January 2024, the Company entered into a series of forward exchange rate contracts related to its convertible debt, contracting to purchase £350 million for \$445 million in 2025. These contracts were designated as cash flow hedges. The fair value of the foreign exchange contracts were based on a combination of forward pricing and swap models. From June to October 2024, due to the partial repurchase of the convertible bonds, £192 million of the forward exchange rate contracts entered into were closed out. As of December 31, 2024, the fair value of the forward exchange contract was a \$3 million liability.

Simultaneous to the closing of the Euro bonds (reference Note 13, *Debt*) during 2024, the Company entered into a hedging arrangement to swap €400 million of the issuance and the related interest into \$428 million, with a weighted-average fixed coupon of 8.153%. On September 12, 2024, the Company entered into arrangements to swap an additional €50 million and the related interest into \$55 million, with a weighted-average fixed coupon of 7.820%.

On October 29, 2024, the Company entered into hedging arrangements to swap an additional €75 million of the Euro bonds notional plus interest into \$81 million, with a weighted-average fixed coupon of 8.264%. At the end of the period, a total of €525 million of the issuance was hedged, with arrangements to swap into \$564 million with a weighted-average fixed coupon of 8.137%. The hedge will remain in place for the life of the bonds and has been designated as a cash flow hedge.

As of December 31, 2024, the fair value of the swap contract was a \$6 million asset. The remaining of the €100 million issuance and the related interest at a fixed coupon of 6.50% will remain in euros as these amounts are anticipated to be covered by a natural currency hedge due to the anticipated geographic diversity of operations of the Company and have been designated as net investment hedges.

Fair Value of Derivative Instruments

Derivative instruments were recorded at fair value in the consolidated balance sheets as follows:

(in millions)	As of December 31, 2024	
	Other assets	Other liabilities
Cash flow hedges:		
Forward exchange contract – Convertible bonds £158 million	\$ -	\$ 3
Cross-currency interest rate swap – Euro bond €525 million	6	-
Net investment hedge:		
Euro bond €100 million	\$ -	\$ 111

\$2m (2023: \$nil) of the forward exchange contract – Convertible bond liability and \$19m (2023: \$nil) of the cross-currency interest rate swap – Euro bond liability related to the principal component of the hedged debt.

Derivative Volume

The gross notional values of our derivative instruments were:

(in millions)	As of December 31, 2024	
Cash flow hedges:		
Forward exchange contract – Convertible bonds £158 million	\$	201
Cross-currency interest rate swap – Euro bond €525 million		564
Net investment hedge:		
Euro bond €100m	\$	104

Cash Flow Hedges

Cash flow hedge activity, net of taxes, is recorded within accumulated other comprehensive earnings/(losses). Refer to Note 16, *Accumulated Other Comprehensive Income/(loss)*, for further information.

Net investment hedges

Part of the Company's net investment in its European subsidiaries is hedged by the portion of the Euro bonds that is not subject to the cross-currency interest rate swap. As of December 31, 2024, the aggregate notional value of the Net

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investment hedges derivative contracts was \$104 million and their impact on other comprehensive earnings during the years amounted to \$3 million (2023: \$0 million).

Non-recurring fair value measurements

During the years ended December 31, 2024 and 2023, the long-lived assets held and used in certain centers warranted nonrecurring fair value measurements due to the existence of qualitative and quantitative impairment indicators. The fair value of the center was derived based on the expected future cash flows of the center as outlined in Note 1, *Description of the Business and Summary of Significant Accounting Policies – Impairment of Long Lived Assets and Finite-Lived Intangible Assets*.

During 2024, the corresponding measurements, which occurred as of March 31, June 30, September 30, and December 31, respectively, derived fair values of \$162 million, \$200 million, \$159 million and \$73 million, respectively, for the affected centers. During 2023, the corresponding measurements, which occurred as of June 30 and December 31, respectively, derived fair values of \$211 million and \$335 million, respectively, for the affected centers.

The categorization of the framework used to value the assets is considered Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value. Such judgments and estimates included within the cash flow forecasts include assessment of the location of the center, the local economic situation, competition, local environmental factors, the management of the center, and future changes in occupancy, customer pricing and costs of the center. While center costs remain relatively stable, revenue is a function of the expected levels of occupancy and the corresponding pricing achieved. In assessing any impairment, the derived fair value is 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 incremental borrowing rates associated with center leases). The fair value 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.

As a result of the non-recurring fair value measurements, the Company recognized property & equipment and right-of-right-of-use assets impairment. Please reference Note 11, *Leases*, and Note 12, *Property and Equipment, net*, for more detail.

Note 15. Equity

Cash Dividends

On May 31, 2024, the Company approved and paid out a dividend of \$13 million (£0.01 per ordinary share). On October 4, 2024, the Company approved and paid out a dividend of \$4 million (\$0.0043 per ordinary share). No other dividends were declared or paid during the other reporting periods presented in the consolidated financial statements. The consolidated shareholders' deficit does not impact the Company's ability to make dividend payments.

Treasury Stock

During the years ending December 31, 2024, 2023, and 2022, the Company repurchased 118,054, 399,158 and 2,174,738 shares, respectively, of its common stock to support the exercise of share awards by employees. Shares totaling \$0 million, \$1 million and \$6 million, respectively, were purchased during the years ended December 31, 2024, 2023, and 2022.

Note 16. Accumulated Other Comprehensive Income/(loss)

The changes in the components of accumulated other comprehensive income/(loss), net of taxes, were as follows:

(in millions)	Foreign Currency Translation Adjustments	Cash Flow Hedge Adjustment	Net Investment Hedges, Adjustment
Balance as of December 31, 2021	\$ (300)	\$ -	\$ -
Current-period other comprehensive income (loss)	(33)	-	-
Amounts reclassified from accumulated other comprehensive income (loss), net of taxes	-	-	-
Balance as of December 31, 2022	\$ (333)	\$ -	\$ -
Current-period other comprehensive income (loss)	(12)	-	-
Amounts reclassified from accumulated other comprehensive income (loss), net of taxes	-	-	-
Balance as of December 31, 2023	\$ (345)	\$ -	\$ -
Current-period other comprehensive income (loss)	6	44	3
Amounts reclassified from accumulated other comprehensive income (loss), net of taxes	-	(21)	-
Balance as of December 31, 2024	\$ (339)	\$ 23	\$ 3

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Note 17. Stock-based Compensation

The Company provides stock-based compensation to certain of the Company's directors, officers and employees under three plans; the IWG Group Stock Option Plan, the Performance Stock Plan and the Deferred Stock Bonus Plan.

The Company recognized stock-based compensation expense of \$2 million, \$8 million, and \$5 million during the years ended December 31, 2024, 2023, and 2022 and the related tax benefit recognized was \$1 million for each reporting period.

IWG Group Stock Option Plan

During 2004, the Company established the IWG Group Stock Option Plan that entitles eligible employees to purchase shares in the Company. In accordance with this program, 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 Company 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.

The IWG Group Stock Option Plan grants stock options to eligible employees and entitles the grantee to receive shares of the Company's common stock at the end of a performance period of three to seven years if the applicable performance goals are achieved and generally subject to continued service through the applicable performance period.

The following table provides information about the IWG Group Stock Option Plan grants:

	Years ended December 31,		
	2024	2023	2022
Number of options granted (in thousands)	9,341	3,986	18,603
Weighted average grant date fair value per share	157p	151p	131p
Aggregate intrinsic value of options exercised (in millions)	£ -	£ 0.04	£ 0.62

The weighted average grant date fair value per share of the option grants for each year was determined using the Monte Carlo simulation or Black-Scholes option-pricing model with the following weighted-average assumptions:

	Years ended December 31,		
	2024	2023	2022
Expected volatility ¹	38.28% - 51.43%	40.64% - 60.04%	53.30% - 59.92%
Dividend yield ²	0.32%	-	-
Risk-free rate ³	3.7% - 4.47%	3.12% - 4.61%	1.41% - 3.24%
Expected term (in years) ⁴	3 - 5	3 - 5	3 - 5

¹ Expected volatility is based on the historic volatility, adjusted for any abnormal movement in share prices.

² The expected dividend yield assumption is based on the expected annualized dividend payment at the date of grant.

³ The risk-free interest rate was estimated based on U.K. Treasury instruments with similar expected life.

⁴ Expected term in years was calculated using vesting periods and the contractual terms of the options as we do not have sufficient historical share option exercise data to estimate the term of our option grants.

The following table summarizes the activity for the IWG Group Stock Option Plan during the year ended December 31, 2024:

	Number of Shares in 000's	Weighted-average Exercise Price
Balance as of December 31, 2023	53,483	170p
Granted	9,341	157p
Exercised	(292)	171p
Forfeited	-	-
Expired	(8,391)	183p
Balance as of December 31, 2024¹	<u>54,141</u>	165p
Exercisable as of December 31, 2024 ²	23,536	194p

¹ The aggregate intrinsic value was \$0 million and the weighted average remaining contractual term was 6 years.

² The aggregate intrinsic value was \$0 million and the weighted average remaining contractual term was 4 years.

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Performance Stock Plan (“PSP”)

The Remuneration Committee of the Board has authority to grant standalone awards, based on normal plan limits, up to a maximum of 250% of base salary. The number of awards that vest is dependent upon the Company’s achievement of certain specified financial performance criteria over a three year period. Awards entitles the grantee to receive shares of the Company’s common stock, which vest over a five year service period, subject to continued service through the performance period.

The following table provides information about the Performance Stock Plan grants:

	Years ended December 31, 2024	
	Grant 1	Grant 2
Number of shares granted (in thousands)	1,826	91
Weighted average grant date fair value per share	159.01p	159.63p
	Years ended December 31,	
	2023	2022
Number of shares granted (in thousands)	1,712	1,289
Weighted average grant date fair value per share	169.64p	225.34p
Aggregate intrinsic value of shares vested (in millions)	£ 0.09	£ -

The Aggregate intrinsic value of shares vested during the year ended December 31, 2024 totaled \$0 million. The weighted average grant date fair value per share of the option grants for each year was determined using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Years ended December 31,		
	2024	2023	2022
Expected volatility ¹	51.90%	52.70%	54.50%
Dividend yield ²	-	-	-
Risk-free rate ³	3.97%	3.12%	1.45%
Expected term (in years) ⁴	5	5	5

¹ Expected volatility is based on the historic volatility, adjusted for any abnormal movement in share prices.

² The expected dividend yield assumption is based on the expected annualized dividend payment at the date of grant.

³ The risk-free interest rate was estimated based on U.K. Treasury instruments with similar expected life.

⁴ Expected term in years was calculated using vesting periods and the contractual terms of the options as we do not have sufficient historical share option exercise data to estimate the term of our option grants.

The following table summarizes the activity for the Performance Stock Plan during the year ended December 31, 2024:

	Number of Shares in 000's	Weighted-average Grant Date Fair Value per Share
Balance as of December 31, 2023	3,418	204p
Granted	1,918	159p
Vested	(118)	167p
Forfeited	(638)	277p
Balance as of December 31, 2024¹	4,580	176p
Exercisable as of December 31, 2024 ²	92	

¹ The weighted average remaining contractual term was 8 years.

² The weighted average remaining contractual term was 4 years.

Deferred Stock Bonus Plan

The Deferred Bonus Share Plan, established in 2016, enables the Board to award stock options to selected employees on a discretionary basis. Stock awards vest over a three year period and are subject to continued service by the grantee.

The following table provides information about the Deferred Stock Bonus Plan grants:

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	Years ended December 31,		
	2024	2023	2022
Number of options granted (in thousands)	471	181	683
Weighted average grant date fair value per share	179p	191p	162p
Aggregate intrinsic value of options exercised (in millions)	£ -	£ 0.07	£ -

The weighted average grant date fair value per share of the option grants for each year was determined using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Years ended December 31,		
	2024	2023	2022
Expected volatility ¹	40.50%	60.00%	52.90% - 57.30%
Dividend yield ²	-	-	-
Risk-free rate ³	4.08%	3.21%	1.41% - 3.24%
Expected term (in years) ⁴	3	3	3 - 5

¹ Expected volatility is based on the historic volatility, adjusted for any abnormal movement in share prices.

² The expected dividend yield assumption is based on the expected annualized dividend payment at the date of grant.

³ The risk-free interest rate was estimated based on U.K. Treasury instruments with similar expected life.

⁴ Expected term in years was calculated using vesting periods and the contractual terms of the options as we do not have sufficient historical share option exercise data to estimate the term of our option grants.

The following table summarizes the activity for the Deferred Stock Bonus Plan during the year ended December 31, 2024

	Number of Shares in 000's	Weighted-average Grant Date Fair Value per Share
Balance as of December 31, 2023	956	180p
Granted	471	179p
Exercised	-	-
Forfeited	-	-
Expired	-	180p
Balance as of December 31, 2024¹	1,427	292p
Exercisable as of December 31, 2024 ²	92	

¹ The weighted average remaining contractual term was 8 years.

² The weighted average remaining contractual term was 5 years.

As of December 31, 2024, compensation costs related to unvested awards not yet recognized is approximately \$25 million. The weighted average remaining term for awards outstanding was 7 years.

Note 18. Commitments and Contingencies

Contingencies

From time to time, the Company is party to litigation and other legal proceedings in the ordinary course of business. The Company accrues for loss contingencies when it is both probable that it will incur the loss and when the Company can reasonably estimate the amount of the loss or range of loss. If an unfavorable outcome was to occur, there exists the possibility of a material adverse impact on the results of operations in the period in which the outcome occurs or in future periods. The Company expenses legal costs relating to its lawsuits, claims and proceedings as incurred.

Commitments

The Company has contractual obligations related to center fit outs wherein the Company has to finish or improve the interior space of a leased property. Capital commitments in respect of center fit-out obligations that are not offset by contractually committed landlord contributions are immaterial at December 31, 2024.

The Company has bank guarantees and letters of credit held with certain banks, predominantly in support of leasehold contracts with a variety of landlords. As of December 31, 2024 and 2023, the guarantees were \$332 million and \$389 million, respectively.

International Workplace Group PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19. Related Party Transactions

During the years ended December 31, 2024, 2023 and 2022, the Company acquired goods and services from an entity indirectly controlled by a Director of the Company amounting to \$0.1 million, \$0.1 million, and \$0 million respectively. As of December 31, 2024 and 2023, the Company had an outstanding balance of \$0 million, and \$0.1 million, respectively.

Equity Method Investments

As of December 31, 2024 and 2023, the Company had 78 and 81 equity method investments, respectively, all of which related to business centers.

The Company owned approximately 50% of H&I GBA Investment Limited (“Hysan”) as of December 31, 2024 and 2023. Hysan has investments in various leasing and management operating centers. The Company’s other equity method investments relate to investments in joint ventures which relate to various leasing and management operating centers and the Company’s ownership percentages ranged from 25-60% as of both December 31, 2024 and 2023.

The Company had the following related party balances on its Consolidated Balance sheets as of December 31, 2024 and 2023:

(in millions)	As of December 31,	
	2024	2023
Accounts receivable, net:	\$ 48	\$ 49
Accounts payable:	\$ 45	\$ 46

During the years ended December 31, 2024, 2023 and 2022, the Company recorded revenue transactions with related parties of:

(in millions)	Years ended December 31,		
	2024	2023	2022
Revenue:	\$ 9	\$ 9	\$ 8

The Company had no expense transactions with equity method investees during the periods presented.

Note 20. Subsequent Events

The Company evaluated subsequent events through June 20, 2025, which is the date the consolidated financial statements were available to be issued.

Treasury stock program

On March 4, 2025, the Company entered into a share repurchase program with Barclays Bank PLC (“the Broker”) to purchase, prior to the expiration of the Company’s current buyback plan (a) 105,724,865 ordinary shares in the Company (“Shares”); and (b) following such expiration, the aggregate number of Shares authorized to be purchased by the Company under any subsequent buyback authority granted during the arrangement. Shares will be repurchased from March 4, 2025 to March 4, 2026. The aggregate purchase price under of the arrangement will not exceed \$50.0 million.

Proposed dividend

On March 4, 2025, the Board of Directors proposed a final 2024 dividend of \$0.90. The dividend was paid during May 2025 to shareholders on the register at the close of business on May 2, 2025.

Convertible bonds repurchase

On March 11, 2025, the Company repurchased £18 million (\$23 million) face value of the Convertible bonds at a weighted average price of £0.965, including accrued interest, representing a consideration of £17 million (\$22 million).

Acquisition of noncontrolling interests – The Instant Group

On April 30, 2025, the Company completed the acquisition of the remaining noncontrolling interests in the Digital and Professional Services operating segment in exchange for 23,095,239 common shares of International Workplace Group plc.

Euro bonds issuance

On May 14, 2025, the Company issued €300 million corporate bonds at an issuance price of 99.369%, a fixed coupon rate of 5.125% and a bullet maturity of May 14, 2032. The bonds are traded on the London Stock Exchange’s International Securities Market.

International Workplace Group PLC
SUPPLEMENTARY UNAUDITED FINANCIAL INFORMATION

Reconciliation for alternative performance measures

The Company reports certain alternative performance measures (APMs) that are not required under US GAAP which represents the generally accepted accounting principles (GAAP) under which the Company reports. The Company believes that the presentation of these APMs provides useful supplemental information, when viewed in conjunction with our US GAAP 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 Company'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.

Adjusted EBITDA:

(in millions)

		Years ended December 31,		
		2024	2023	2022
Operating income (loss)		\$ 142	\$ (98)	\$ (169)
Add back:		333	386	369
<i>Depreciation and amortization</i>	Consolidated Statements of Operations	253	293	265
<i>Wind down landlord contributions</i>	Note 12, Property & Equipment, net	80	93	104
Adjusting items:		26	175	51
<i>Impairment of long-lived assets and goodwill</i>		83	143	84
<i>(Gain) loss on disposal of long-lived assets and other closure related (credits) costs</i>	Consolidated Statements of Operations	(57)	32	(33)
Adjusted EBITDA		\$ 501	\$ 463	\$ 251

Net Debt:

(in millions)

		As of December 31,	
		2024	2023
Cash and cash equivalents		\$ (137)	\$ (130)
Short-term debt, net	Consolidated Balance Sheets	212	17
Long-term debt, net		633	921
Cash flow hedge liabilities	Note 14, Fair Value Measurements	21	-
Net Debt		\$ 729	\$ 808