The global leader in hybrid working

Annual Report and Accounts 2023

IWG International Workplace Group

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Hybrid working: A global mega-trend

Q Why are more companies and their employees working in the hybrid model than ever before?

A Academic studies from leading institutions have demonstrated that more than 30% of workers will adopt hybrid for the long-term and the reasons are simple. Being able to work close to home is freeing workers from the unproductive bind of long daily commutes, giving them a better work-life balance, while dramatically reducing real estate costs for employers, increasing productivity and giving them access to the best talent. Hybrid is also helping companies meet their ESG commitments with our latest research with Arup showing that emissions are lower by up to 87% in the model.

Q What stands IWG apart in the market?

A Our network reach and experience are unparalleled. IWG has 3,514 buildings globally in more than 120 countries, and with 867 new buildings signed to the global network in the last 12 months, we are growing rapidly, bringing advanced hybrid working facilities into the heart of local communities, where our customers need us. We have also been leading on innovation for the last three decades with our well-established R&D Team developing and bringing several innovative products to market.

Q Why is having a strong global footprint so important?

A Our customers are increasingly partnering with us across multiple locations in multiple markets giving their teams access to high-quality workspaces no matter where they are in the world.

They want one trusted provider that can meet their needs across all markets and with around eight times the number of locations compared to our nearest competitor, IWG is the only truly global platform.

> **Hybrid's the accelerant that's empowering IWG's rapid growth, right across the world. And its multiple benefits mean it's here to stay."**

Mark Dixon, Founder and CEO, IWG plc

System-wide revenue (£m)
£3,335

'23	3,335
'22	3,086
'21	2,498
'20	2,480
'19	2,648

Overhead as percentage of revenue (%)
15.0%

'23	15.0
'22	15.5
'21	14.7
'20	15.1
'19	10.8

Adjusted EBITDA[1] (£m)
£403m

'23	403
'22	311
'21	80
'20	134
'19	428

Network (locations)
3,514

'23	3,514
'22	3,345
'21	3,314
'20	3,313
'19	3,388

Net growth capital investment (£m)
£75m

'23	75
'22	141
'21	104
'20	177
'19	260

1. Adjusted EBITDA before the application of IFRS 16

* A glossary is included on page 185 which defines various alternative measures used to provide useful and relevant information.

Who we are

The idea of offering workspace solutions for the short and long-term has become a global success story and the Company, known as IWG plc since 2011, now covers every continent and every time zone across the globe.

The global leader in hybrid working

What we do

The world of work is changing. The old 9-5 model is over, with working from home, working from a hub, or working on-the-go the new normal. IWG is here to help you fully embrace this flexible, greener and more productive way of working.

8m+
People use our workspaces

Every day millions of people open their laptops at an IWG workspace. Whether they're working solo or part of a team.

3,500+
Workspace locations globally

Name a major city or town anywhere in the world and there's a good chance we're already there.

120+
Countries we're present in

We have workspaces of every size in every time zone across the planet. And we're growing by the day.

10,000+
Global team members

Our team members come from a truly diverse background, speaking over 50 different languages.

Our promises...

1
Here to help, every day

We're here to help people and businesses work however suits them best. Every day we enjoy engaging with and listening to our customers to put ourselves in their shoes.

2
Workspace innovators

We've spent over 30 years redefining how people and businesses work. Now we're shaping the workspace of the future. With energy, ambition and an innovative mindset, we're turning big ideas into reality.

3
A world of opportunity

On average, we add at least one new location to our network every day. The speed of our growth creates lots of opportunities – to explore new markets, relocate to another country or city, or scale your business.

4
The power to succeed

We're strong believers in empowering people to succeed. With us, you'll have the flexibility to work however you need to, supported by a committed team that cares about your success.

...Are delivered through our trusted brands

Our international brands

Regus
HQ
Signature
SPACES.

Our domestic office and coworking brands

BASEPOINT
BizDojo
stop&work by Regus
Openoffice
too THE OFFICE OPERATORS
No18
THE CLUBHOUSE
CENTRAL WORKING

Our digital businesses

worka
Home to work
Rovva
EasyOffices
Meetingo

Our managed conventional office space

Managed Office Solutions

Read more on pages 32 to 37

Hybrid works for business

Millions of businesses are already gaining from better agility, reduced costs, heightened productivity and the ability to attract the best talent the planet has to offer.

Freedom to grow

With thousands of locations globally, we give businesses everywhere the freedom to grasp opportunities wherever and whenever they occur. The ability to flex their footprint rapidly and easily is empowering them to implement growth-orientated real-estate strategies and ways of working that are truly fit for purpose.

Lower costs

Less fixed space means less cost. That's why over 80% of CFOs see hybrid as a money saver, and why 72% of companies are planning to reduce their traditional property spend. And it's why freedom from the constraints of the long-term lease is enabling our customers to focus their resources on growth.

More productive

Having access to a professional environment that's convenient and close to home is enabling people everywhere to work and be creative together. Right across our global network, businesses are reporting productivity boosts powered by engaged employees whose workstyle suits their lifestyle.

Attracting talent

Hybrid is changing the geography of work forever. Now, with no need for employees to be close to headquarters, businesses can hire talent from across the planet. And with 77% of employees saying a flexible workspace close to home is a must-have for their next job, hybrid's the magnet companies need to attract the best.

Hybrid working has unlocked a lot of benefits for our team, including happiness, productivity and work-life balance. It has lent an "extra sparkle" when it comes to recruiting and we've been able to open the door in more places, like Hungary and Romania, without the need to open a Mixbook office there."

Kim Colucci, Culture and Growth Director, Mixbook

Profit, people, planet

At IWG, we believe strongly that the hybrid working model is good for business, good for people, and good for the environment.

We don't only have our own experience, compelling though it is, to support this view. Countless studies from leading academic institutions including Harvard, Stanford, King's College London, Princeton, Columbia and other prestigious universities, as well as reports from organisations ranging from Ernst & Young to Arup and Cisco to Spotify, have endorsed the positive impact of hybrid across multiple criteria.

Business benefits

When it comes to the benefits for business, take the research of the academic credited as the world's leading expert on hybrid: Stanford economist Professor Nicholas Bloom. He highlights better productivity and lower attrition as key outcomes for businesses, based on several studies including measuring the impact of hybrid working on Trip.com, China's largest travel agency.

Fellow academic Dr Gleb Tsipursky has highlighted in Forbes magazine the significant annual cost savings of $1.2m made by one of his clients, a mid-size tech company, through cutting its office space by 30%.

And Kate Lister, President of Global Workplace Analytics, not only states that companies can save around $11,000 a year for every person who works remotely for half the time but also says that hybrid will "save U.S. employers over $30 billion a day in what would otherwise have been lost productivity during office closures due to COVID-19."

People power

Turning to people, Professor Bloom highlights the fact that quit rates are down by 35% in companies embracing hybrid, adding: "The number one biggest benefit is employees think of hybrid working as a 7% or 8% pay increase: a free pension plan is about the same value to employees."

Bryan Robinson Ph.D., Professor Emeritus at the University of North Carolina, raises further important benefits. He quotes studies that find remote and hybrid workers to be "22% happier than workers in an onsite office," and that say "remote workers had less stress, more focus and were more productive..."

He also reports key improvements in areas like job satisfaction, physical health, work-life balance, comfortable work environments and wellness programmes.

Cutting carbon

Much of this improved worker wellbeing is due to the greatly reduced need to commute, which the U.S. Environmental Protection Agency (EPA) identified as the world's biggest source of greenhouse gases in 2021, contributing 28% of the total.

Reduced commuting cuts carbon and boosts happiness. As a recent study from Arup in partnership with IWG shows, hybrid working has the potential to reduce urban carbon emissions by a massive 87% in the US and by 70% in the UK.

The study went on to find that switching to a 'close to home' working model could cut emissions dramatically in US cities including Atlanta (by up to 90%), Los Angeles (87%) and New York (82%), and in the UK by 80% in Glasgow, 70% in Manchester and 49% in London.

Read on to find out more about how hybrid is making the world of work better for everybody.

Hybrid working: Improved profitability and productivity for companies

Multiple studies have shown that companies can boost profitability through the adoption of the hybrid working model. Leading hybrid expert Dr Gleb Tsipursky has highlighted in an article for Forbes the significant cost savings made by his client, a mid-size tech company that has been able to save $1.2m annually by reducing office space by 30%.

Larger corporations have made even greater savings – a widely reported example is Cisco, which has saved $500m over the past five years through the shift to hybrid.

A significant proportion of this heightened profitability is being achieved by less reliance on expensive inner-city office rental. For example, a study by academics from the NYU Stern School of Business (Arpit Gupta) and Columbia Business School (Vrinda Mittal and Stijn Van Nieuwerburgh) has found that one of the most immediate and evident impacts of the shift away from the city-centre office to the hybrid model has been that on physical office occupancy levels and therefore rental costs.

The study found a direct correlation between the heightened use of hybrid working and a decline for office space in sync with the number of days a week people spend working away from the traditional office. This is clearly leading to some significant savings for businesses exercising the hybrid model, as it changes the business geography of entire regions and cities to significantly lighten the historic cost burden on companies.

Global Workplace Analytics, meanwhile, has stated that property and associated savings mean that "a typical employer can save about $11,000/year for every person who works remotely half of the time". Their President Kate Lister has also said it "will save U.S. employers over $30 billion a day in what would have otherwise been lost productivity during office closures due to COVID-19."

Enhanced productivity

Stanford-based economist Professor Nicholas Bloom is one of many academics to have identified better productivity as of one of several essential gains from the hybrid model. This conclusion is partly based on one of the most significant experiments designed specifically to measure the impact of hybrid working on a company's productivity and attrition levels.

As a project for Professor Bloom's graduate economics class at Stanford, he agreed to work with James Liang – CEO and co-founder of Trip.com (formerly Ctrip), China's largest travel agency – who was keen to offer his employees a flexible option due to the expense of Shanghai office space and the long commutes arising from the costs of city living.

Bloom devised a test for 500 of the Company's 16,000 employees, whereby a control group of 250 continued working at HQ, while the remainder worked from home. The results of the nearly two-year study were compelling:

The work-from-homers displayed a productivity boost equivalent to a full day's work, enabled by fewer distractions and time saved through not having to commute. Not only did employee attrition among this group fall significantly; workers also had fewer sick days and took less time off.

But perhaps the most important finding was this: more than half the work-from-home group felt isolated due to never going to the office. Bloom's recommendation was therefore that the ideal working model should also involve regular attendance at a flexible workspace for socialisation, brainstorming, team building, and variety.

The Company saved close to

US$2,000

per employee on rent annually

Following the experiment, in fact, Trip.com extended hybrid working across its entire workforce – an especially significant step in China, where full-time office work is still the expected norm.

Bloom also participated alongside academics from King's College London, Princeton University, and other leading institutions in a research exercise that highlighted the productivity benefits of remote working. More than half (56.4%) of the full-time workers surveyed in 27 countries said they were more productive remotely, with 18.6% saying they were more than 20% more productive.

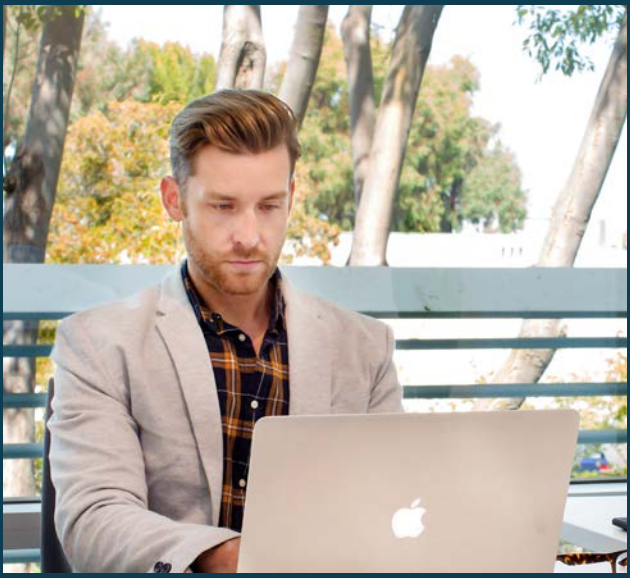
"IWG is very different from traditional coworking space companies. It is willing to work with us to design the fit-out that is exactly tailored to our needs."

Patricia Neo, Vice President, Global Contact Centers Operations, Hyatt Hotels Corporation

Hybrid working: Improved employee happiness, wellbeing and work-life balance

The hybrid model is regularly revealed by research as a significant driver of greater contentment, wellbeing and satisfaction among workers. A primary source of this important gain is the reduced need to commute to city centres that hybrid working allows.

According to a study led by Dr Kiron Chatterjee, Professor of Travel Behaviour in the Geography and Environmental Management Department at the University of the West of England, this offers considerable opportunities for improved subjective wellbeing (SWB).



According to the abstract of Dr Chatterjee's team's study on Commuting and Wellbeing, "Our assessment of the evidence shows that mood is lower during the commute than other daily activities, and stress can be induced by congestion, crowding, and unpredictability. People who walk or cycle to work are generally more satisfied with their commute than those who travel by car and especially those who use public transport."

But the end of the commute also has a much more important positive impact on happiness levels. As the study continues, "Satisfaction decreases with the duration of commute, regardless of the mode used, and increases when travelling with company. After the journey, evidence shows that the commute experience 'spills over' into how people feel and perform at work and home."

In other words, reducing the need to commute has the potential to improve human happiness by creating a better work-life balance.

Mental health conferred by hybrid

This is not the only source of improved happiness for hybrid workers. Writing on Forbes.com, Bryan Robinson Ph.D. – Professor Emeritus at the University of North Carolina at Charlotte, and author of Chained to the Desk in a Hybrid World (New York University Press, 2023) – quotes two studies, from Owl Labs and Ergotron, which highlight the improved happiness and mental health conferred by the hybrid model.

As he writes, the first “found that remote and hybrid employees were 22% happier than workers in an onsite office environment and stayed in their jobs longer. Plus, remote workers had less stress, more focus and were more productive than when they toiled in the office.”

The Ergotron research, he continues, “has empowered employees to reclaim physical health, and they are seeing mental health benefits too. A total of 56% of employees cited mental health improvements, better work-life balance, and more physical activity.”

He reports key improvements in the following areas: better job satisfaction (reported by 88% of the 1,000 full-time workers sampled), physical health (75%), work-life balance (75%), comfortable work environments (62%), and wellness programmes (76%).

Reduced attrition

Better productivity and performance are also essential aspects in increased happiness and job satisfaction among working people. As Professor Bloom puts it, “Quit rates are down 35%,” also significantly reducing recruitment costs and disruption for employers.

“

Employees think of hybrid working as a 7% or 8% pay increase perk. A pension plan is about the same value to employees.”

There are also, as Bloom points out, many surveys that show all demographics like hybrid working, meaning it is a positive factor in an organisation’s Diversity, Equity & Inclusion (DE&I) focus. “But,” he has said, “there is a slightly stronger preference for people with kids, for women, with minorities. And what that means is if you… force a full return to the office, you’re going to see a higher attrition of diverse employees.”

“

You can’t adapt to commuting because it’s entirely unpredictable. Driving in traffic is a different kind of hell every day.”

Daniel T. Gilbert, Edgar Pierce Professor of Psychology, Harvard University

Hybrid working and the environment: a greener, brighter future

The end of the commute

According to the U.S. Environmental Protection Agency (EPA), the transport sector – comprising cars, trucks, trains, planes, shipping, etc. – was the biggest source of greenhouse gases in 2021, contributing 28% of the total.

This placed it ahead of the electricity-production, industry/commercial, industry, and commercial/residential sectors.

So it's highly significant that a 2023 study by global engineering and design firm Arup has found that by reducing the need to commute, hybrid working can reduce urban carbon emissions by a staggering 70% in the UK – and by up to 87% in the US.

Citing car use and distance travelled as the main factors influencing the levels of transport-related emissions, this study established that a change to working closer to home has a proportionally greater effect on emissions. This means that cities in the US, where commuting by car is far more prevalent than in many other countries, show the largest potential carbon savings.

Driving down carbon emissions

The study found, in fact, that a switch to a 'close to home' working model could drive a potential reduction in traffic-related carbon emissions of up to 90% in Atlanta, 87% in Los Angeles, and 82% in New York. In the UK, both Glasgow (80%) and Manchester (70%) were close behind, while even London at 49% displayed great potential for improvement.

Commenting on these figures, Arup's Director of City Economics and Planning **Matthew Dillon** said:

"Changing our behaviour is key to achieving our transport targets. We must have more joined-up thinking when it comes to transport planning and land usage, the development of safe cycling networks, better public transport connectivity, faster adoption of electric vehicles, the accelerated production of renewable energy, retrofits of existing premises, and better energy-performance for new buildings."

Our value creation framework

The unique way in which we are structured, our highly efficient platform, our global reach, brands, service portfolio, technologies and outstanding people enable us to meet the needs of all stakeholders: customers, partners, employees, communities and shareholders.

Our business model

Our strategy

Our ESG ambitions

Our people and culture

Governance and risk management

Our purpose

Helping millions of people live a happier, healthier and more productive lifestyle.

For more than three decades, we have successfully developed and refined our business model to deliver excellent customer value and strong financial returns. Today, with our unmatched scale, multi-brand approach and highly efficient platform that delivers everything our partners and customers need, we are uniquely placed to meet the accelerating global demand for hybrid-working solutions.

Read more on page 24

1 Network **2** Partnership **3** Platform (technology)

Our three strategic priorities enable sustainable growth to achieve our purpose.

Read more on page 26

1 Reduce our carbon emissions

2 To be a socially responsible employer

3 Provide transparent and regular information

Read more on page 60

We recognise the critical importance of the value our diverse and passionate global workforce brings to our business. Our people are at the heart of our culture, which is based on our pioneering spirit, mutual empowerment, shared leadership and unified global network and is united by trust in one another.

Read more on page 66

Our operating model is underpinned and supported by strong and robust governance and a rigorous risk management model that ensures our business is always managed prudently, with all risks understood and appropriately assessed.

Read more on page 50

Increased demand for hybrid working has accelerated the growth of our global network

"We believe that the strengths which enabled us to deliver a successful 2023 will continue to keep us at the forefront of an exciting and fast-evolving global market."

Douglas Sutherland, Chairman

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

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

“Our championing of the hybrid working model has a significant positive effect on reducing carbon emissions across the planet due to the major cuts in commuting that it enables.”

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

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

Our people

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

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

Our strategy

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

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

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

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

The rapid uptake of the hybrid model is making it the preferred way of working for millions everywhere. This trend continues to gain momentum as ongoing societal and behavioural change, supported by ever-advancing technology, enables more and more people to work wherever and however they are happiest and most productive. "

Douglas Sutherland , Chairman

The Board

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

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

3500+ locations

World's largest supplier of carbon-neutral workspace

Our environmental journey

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

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

Looking ahead

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

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

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

Douglas Sutherland, Chairman

18 March 2024

The Global leader in hybrid working

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

Mark Dixon, Chief Executive Officer

$2 trillion

Our industry is expected to be worth more than $2 trillion.

Mark Dixon, Chief Executive Officer

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

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

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

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

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

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

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

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

Driving Positive Change

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

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

The Rise of Local Working

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

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

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

"This future world of work is one in which we thrive, as the global market leader of hybrid working products supplied from our platform."

The study's key finding is simply allowing people to work close to home, enabling them to split their time between a local workplace and home, has the potential to reduce an employee's work-related carbon emissions by between 49% and 90%. "

Strategy

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

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

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

Capital-Light Growth

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

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

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

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

Leading the Way in Innovation

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

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

Sustainable Growth

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

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

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

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

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

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

The Hybrid Boost to Local Communities

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

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

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

Our Financial Performance in 2023

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

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

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

Looking ahead

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

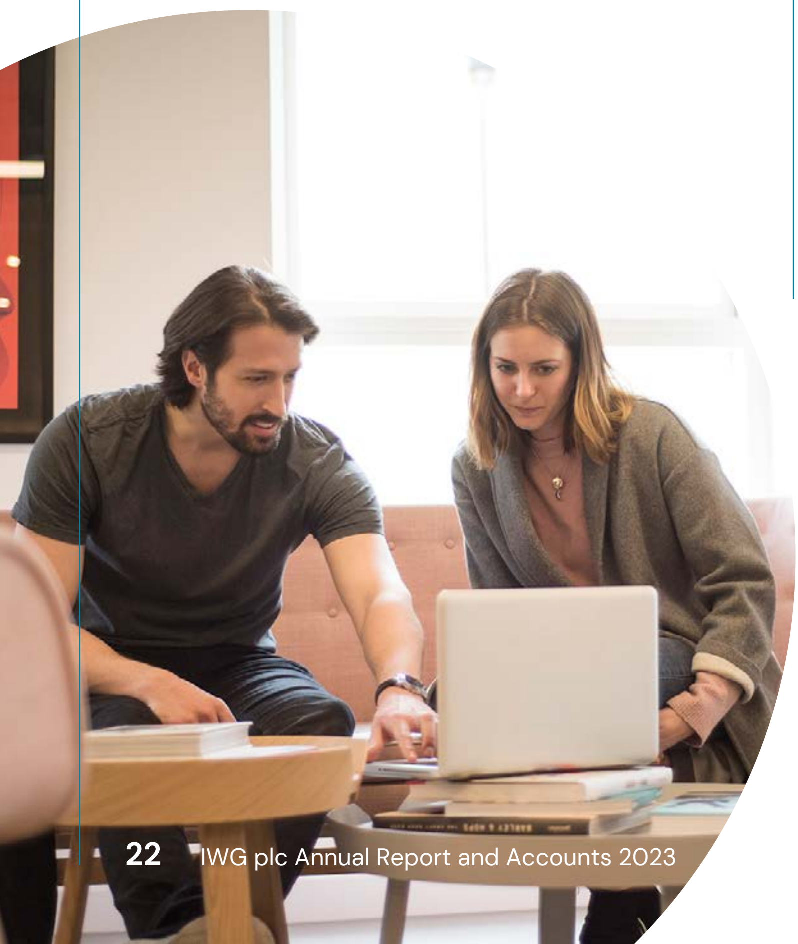
While 2023 was a record year for both revenue and network expansion, it is clear that we're only scratching at the surface of our growth potential. With the aforementioned 1.2 billion white-collar workers globally and a potential audience valued at more than $2 trillion, there is substantial room for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

Mark Dixon, Founder and CEO

18 March 2024

The growing flexible workspace market

Across the world, significant forces are influencing the future development of the flexible and hybrid workspace market. The underlying themes have been in place for a long time and accelerated dramatically over recent years leaving the structural growth drivers in the industry well underpinned. Here we reflect on how the ways we react to change are enabling us to strengthen our position as the global market leader.



Concern about the environment

By reducing commuting needs, continuing to support people working at or near home is the single biggest contribution organisations can make to reduce their carbon footprint. Taking positive action attracts talent who share an increasing sense of shared responsibility and global citizenship.

Societal change

Hybrid working is now a pre-requisite for many people. Research shows that the majority of workers want to work from an office, but they don't want the commute and they demand flexibility. Demand from companies of all sizes for high-quality accommodation and services in local markets continues to accelerate.

Evolving global economy

Corporates and consumers alike are aiming to increase flexibility in every facet of their lives. Companies across the world are aiming to reflect their business priorities in their real estate strategies. For many, this includes increasing operational flexibility while driving down overall costs, entering new markets, and initiating new ways of maintaining closer relationships with customers and suppliers alike.

Advancing technology

Historically, video conferencing and virtual meetings were the preserve of the few – they were expensive and temperamental. Advances in smart technology and universal connectivity have enabled people to choose how, when and where they work and recent shifts have made remote communication the norm. Advances in AI are further enabling the rise of hybrid working – billions are now connecting globally via the latest in video communications and virtual reality platforms – a shift that's being enabled by major improvements in technology and driving demand for hybrid workspaces.

Agile property models

Companies increasingly need to be poised for rapid reinvention in an ever-more complex and competitive environment. To support rapid shifts in strategy, scale and location, businesses are increasingly demanding highly efficient, green, intelligent buildings, high-quality services and portfolio solutions that extend far beyond single offices.

Impact on our industry	How we are responding
• Need to satisfy growing consumer, shareholder, employee, legislative and societal demand for reduced environmental impact. • Increased demand for flexible workspace solutions, close to and in the communities where people want and can afford to live. • Growing requirement for advanced tech solutions to support home working as individuals seek to enhance their lifestyles and reduce their carbon footprints.	• Investing in highly efficient, intelligent, green buildings, continuously upgrading our estate and enabling reduced commuting by opening more locations outside city centres. • Upgrading or closing inefficient centres to improve environmental performance across our portfolio. • Supporting new ways of working that allow people everywhere to contribute to the carbon-reduction agenda.
• To attract and retain the best talent, employers are seeking partners who can provide flexible space and services. • Workspace providers without diverse portfolios are struggling to meet emerging customer needs and remain competitive. • Communities that cannot provide high-quality workspace are finding it hard to meet the evolving needs of local employers.	• Our network expansion is focused on local markets, enabled and accelerated by our capital-light growth strategy that is driving our global presence towards our long-term aspiration of reaching 30,000 centres. • We ensure our customers gain from our scale, brand portfolio and service levels at every stage of their development. • We enable our customers to participate in our local social investment programmes across the world.
• Companies are increasingly taking a portfolio approach to real estate, taking on a hierarchy of sites from headquarters to local offices. • They are seeking new ways of building dispersed customer relationships while delivering a personalised service. • The need is growing for customers to understand and influence supplier behaviour in local markets.	• We provide 'hub-and-spoke' infrastructure to meet national and regional development plans. • Our sophisticated global platform allows immediate personalised support to meet emerging customer needs. • Our global network supports a worldwide, regional and local presence wherever required, allowing customers to make rapid shifts in location, scale, strategy and customer focus.
• The ability to offer, refresh, expand and manage an appropriate range of digital offerings is a key differentiator. • Companies are focusing their attention on identifying the right technological investments to make the moment they are required. • The need to maintain service provision is mission-critical, driving the often expensive requirement to keep pace with advances.	• We leverage our unmatched insight into the technological needs and expectations of businesses, delivered by millions of individuals who use our services every day. • We continually invest in world-class, resilient IT infrastructure, innovative digital offerings and services at all our centres. • With thousands of centres worldwide, we provide the resilience and global infrastructure to meet every flexible-working need.
• Fast-changing business needs mean that customer requirements are continuously evolving. • Companies are seeking partners who can meet increasingly rigorous and mission-critical demands, fast and efficiently. • Growing complexity is increasing the need for enterprise companies to have a single point of contact for their property requirements.	• We can respond quickly and fluidly to rapidly changing needs and demands by developing bespoke solutions that can be rapidly engineered for global uptake. • We have the experience, scale and investment power to deliver and continuously upgrade in line with individual expectations. • Our network comprises a wide variety of building types able to serve even complex business needs.

Creating value through our business model

What we do

We partner with property owners and investors across the world to provide the largest network of flexible workspace for businesses of every type and size. Through our unique global infrastructure, we deliver a comprehensive service that ensures our partners, franchisees and end customers have a great day at work.

Key inputs

Our partner relationships

Our success depends on the success of our partners and franchisees so we use all our experience and expertise to deliver the service and the support they need.

Our people

We employ great people and help them to achieve their full potential so they can drive our and our partner's success.

Our networks

It is our vision to have a centre serving every community to support the concept of the '15-minute city' so we and our partners can empower businesses and individuals to work flexibly and productively from anywhere in the world.

Our brands

Our unique approach to brands allows us to segment the market globally, and on a local basis enables us to offer a solution to all businesses, from a single person all the way up to the biggest companies on the planet allowing us to maximise uptake and create a unique growth opportunity.

Our formats

Versatile, green, inspiring, secure and practical, our formats drive employee satisfaction and productivity.

Our platform

Our flexible platform features world-class, easy-to-use infrastructure that delivers simple points of access and a great user experience.

How we do it

Creating access to the flexible workspace market

Property owners

Our unique portfolio of brands and formats lets building owners select the flexible workspace solution that will add the most value by meeting the needs of the local business community. Our platform and centralised support functions make implementation simple and efficient.

Our competitive operating model

Operational efficiency

We continuously optimise the performance and effectiveness of our locations. Combined with a disciplined approach to costs, this enables us to deliver long-term value. Our platform and centralised support functions underpin IWG's operational efficiency globally.

Centralised support functions

Centralised support functions maximise value for our partners, franchisees, customers and shareholders. From procurement to marketing, we, and our stakeholders, benefit from economies of scale and global reach to provide consistent support and service to the business.

Our strategic pillars

Our three strategic priorities enable sustainable growth to achieve our purpose.

See pages 26-29 to read more about our strategic priorities

Strong governance and risk management system

Robust governance and a rigorous risk-management model underpin our operating model to ensure the business is managed prudently and risks are assessed appropriately.

As we enter our 35th year, we have successfully developed our business model to deliver cash flow from our three divisions. Today, with our unmatched scale and network, our unique multi-brand approach and highly efficient platform, IWG is poised for unprecedented growth.

Managed & Franchise partners

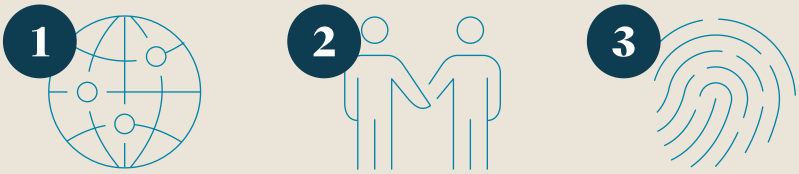
Our franchise partners find it easy to use our business model, brands and access the group's marketing support.

Scaled platform

IWG's different brands operate from a single, highly efficient global platform, enabling us to provide workplace solutions across the world that meet every customer's requirements.

Multi-branded

We recognise there is no 'one size fits all' solution, so we provide a choice of workspace formats through our different brands, formats and workspaces to accommodate our customers' varied needs and enable them to have a great day at work.



Network | **Managed & Franchise Partnerships** | **Platform (technology)**

See pages 50-59 for more on our approach to risk and governance

Value created

Customers

We help businesses perform better, with more flexibility and agility, staffed by more fulfilled, effective and loyal people.

Partners

We offer an exciting, sustainable business opportunity powered by our global leadership, unique experience and unrivalled operating platform.

Employees

We recognise the talents of our diverse and passionate workforce across the world, enabling our people to contribute to society while driving successful careers.

Communities

We bring employment opportunities to the heart of communities, attracting jobs, reducing unnecessary travel and encouraging social connection.

Shareholders

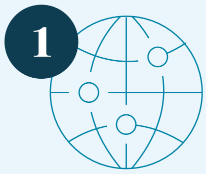
We deliver sustainable returns via a progressive dividend policy that's enabled by our prudent approach to investment.

A strategy to extend our global market lead

Our unique, capital-light and highly cash-generative strategy for growth is based on three essential pillars that are enabling us to simultaneously expand our market-leading global presence, drive significant increases in fee income, and create ever-closer customer relationships.

Delivering growth through our three strategic pillars:

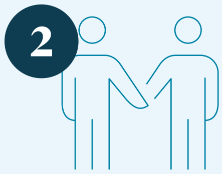
Market opportunity



Network

Our fast-growing, unique, global network, providing high-quality workspace wherever it is required, under a multiplicity of leading brands and in increasingly advanced buildings in cities, towns, suburbs and rural locations across the world.

See page 27 for more on our locations



Managed & Franchised Partnerships

Our unique approach to franchising and partnering with building owners, creating close, symbiotic relationships and driving significant revenue increases, now and into the future.

See page 28 for more on partners and franchising

Platform

Our approach to continuous-improvement of technological development, bringing our customers ever-better solutions that maximise workforce efficiency, flexibility and loyalty, no matter where their employees work.

See page 29 for more on our technology

Our global network:

World-leading, fast-growing and worker-focused

The worldwide hybrid working market is growing fast. We are seeking to grow our global network ahead of the curve to attract an ever-increasing share of the world's employers and their employees.

Including our pipeline, with over 4000 high-quality centres serving more than eight million members via 19 brands in over 120 countries worldwide, IWG is already the dominant force in the flexible workspace market globally.

And, by accelerating our expansion programme, we are continuously extending our lead, particularly in those local suburban and rural environments where people, enabled by technology, increasingly want to work.

Quite simply, it's a strategy of enabling employers and employees to work in the way they want by providing the solutions they want, wherever and however they want them...

Over **120** countries

8m Members

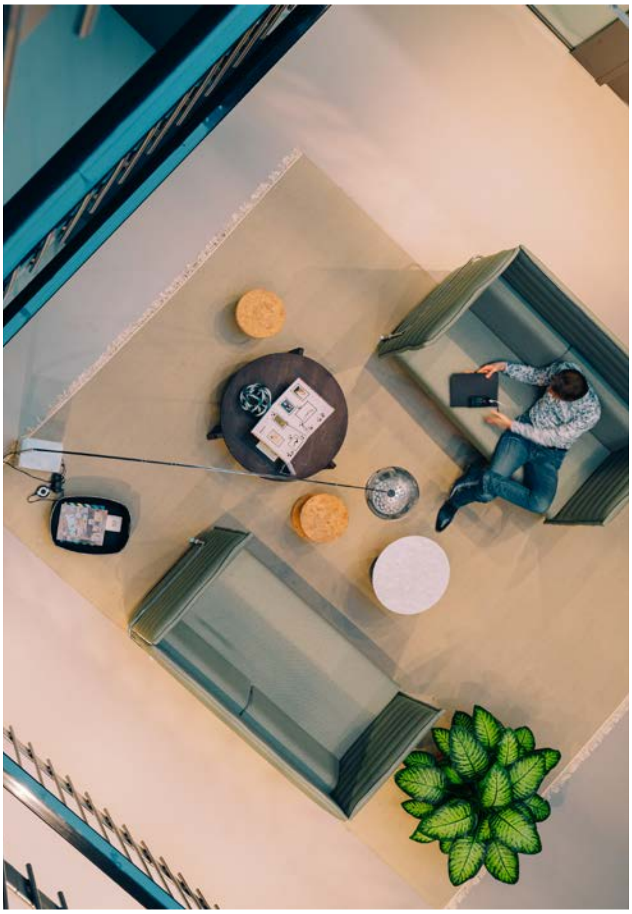
Empowering our partners:

Partnerships for shared success

Working with property owners, investors and franchisees across the world is central to IWG's capital-light growth strategy. It's an approach that benefits all parties, empowering our partners to turn today's surge in demand for hybrid working into valuable, cash-generating and profitable businesses.

We are the leading global provider of hybrid working solutions, the area of the global workspace market that's in most vibrant growth today – and predicted to show huge growth by 2030, with the long-term market opportunity ultimately forecast to reach $2tn. As such, we are uniquely well-positioned to help ambitious businesses diversify into this fast-growing sector, leveraging our 35 years of experience and our deep understanding of over 120 national markets.

"We are uniquely well-positioned to help ambitious businesses diversify into this fast-growing sector, leveraging our 35 years of experience."



Demand for our solutions is growing fast, supporting the acceleration of our network expansion over the next year. As a result, we can deliver sustainable demand and income for our partners and franchisees:

- **Building owners:** traditional building owners are taking a hit as companies cut back on conventional office space. As demand for hybrid grows, IWG can provide them with a route to higher income – immediately. With our turnkey services, including dedicated sales and marketing, design and fit-out support, we can radically accelerate and sustain their return to profitable occupancy.
- **Franchise investors:** we already work with many individual, multi-unit and regional franchise investors across the world to develop highly successful flexible-workspace locations. With the right vision for growth and the desire to seize the commercial opportunities facing them, they recognise IWG as the only true partner of choice. And growing numbers are joining them every day.
- **Institutional developers and investors:** with 88% of organisations adopting hybrid-working solutions for their people, business leaders are shrinking their traditional real-estate footprint at an accelerating pace. This is offering developers and investors with interests in commercial real estate a powerful opportunity to future-proof their investments. By removing dependence on a few large leases, the shift to hybrid enables diversification, mitigating risk and providing a route to long-term growth and stability. However, without the right partner providing the essential platform, network, scale and experience, making that shift will present significant challenges. As the market leader, only IWG provides a roadmap to success, helping to create amenities that benefit tenants while delivering premium income.

The technology gain:

Seamless end-to-end customer journeys

The way we develop and implement our technology offer is an essential component of our strategy to outperform our market. By ensuring that customers get the tools they need from us to fulfil their business goals, we ensure their, and our growth is seamlessly interconnected, maximising loyalty for long-term relationships.

With our global footprint of over 120 countries, the demands placed on the technology we use to support our customers are virtually unique. It must meet the needs at every touchpoint, for millions of people working in multiple languages, in multiple places – in the office, at home and on the move.

As a result, we invest nearly £40m annually in developing systems, automation and apps across many areas. These range from solutions supporting very large enterprise customers with tens of thousands of employees in multiple locations in many countries, to apps that help the smallest SMEs comply with local legislation.

Every country where we operate has a unique cultural and operating environment, and our ability to localise effectively is a key competitive advantage for us. We therefore integrate our detailed knowledge of the local requirements in all our markets into our digital operating platform, helping businesses operate safely and seamlessly, no matter where they are.

We have also continued to develop our solutions supporting hybrid working as it continues to become the normal way of working for millions. From cloud telephony and cloud printing to zero-touch internet around the world, we have continued to broaden and extend the services people need to work without barriers to productivity, wherever they are.

As part of this programme, we recently introduced enterprise employee solutions, which help large companies support their employees in every aspect of hybrid and flexible working.

Maximising space utilisation

Our customers often need to respond quickly to fast-changing space requirements, especially at times of global uncertainty. IWG has built a full digital representation of its unique global estate, to help businesses adopt flexible planning strategies for the future. This enables real-time metrics from our existing IoT platform to be blended with AI-driven planning tools and demand forecasts, enabling us and our customers to plan the most efficient use of space at any point in time.

Optimising office locations

Our many decades of experience have given us a wealth of data on the key factors that underpin the successful location and design of our centres, including detailed information on sales, operating costs and space utilisation. This unique data set, and best in class AI tools, combined with an active feedback loop, is an enormously powerful resource for training machine-learning algorithms that will give us accurate projections of demand and profitability for optimised location selection as we extend our global network.

Blending the customer experience

We are bringing our customers' physical and digital worlds together to deliver a holistic working experience, whether in the office or online. By merging their physical and digital profiles, we can ensure all users' experience in both worlds precisely meets their needs thanks to the frictionless delivery of the right service, delivered in the right way and at the right moment.

Commercialising our technology platform

We have developed and refined our comprehensive 'Everyware' technology platform over many years and for tens of thousands of customers. And now we are commercialising it, making its benefits available to any company, workspace operator or property owner that wishes to use a true best-of-breed solution to streamline their own locations. We are confident there is a receptive market. Our ability to blend people, workspace and technology with local knowledge, enterprise experience and global scale presents a value proposition that we believe will persuade many companies to outsource to us.

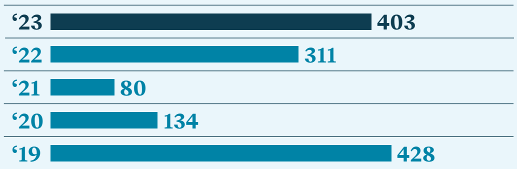
Sustainable growth

We aim to deliver sustainable profitable growth for our investors through providing customers globally with an unrivalled choice of convenient work environments that suit the full range of workspace and service needs.

1 Industry-leading profitable growth

Adjusted EBITDA[1] (£m)

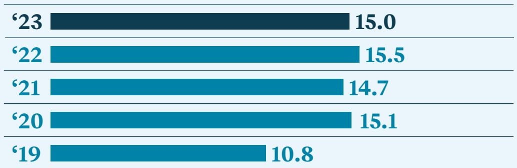
£403m



2 Best-in-class cost leadership

Overhead as percentage of revenue (%)

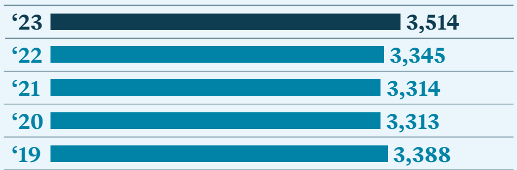
15.0%



3 Global multi-brand network

Network (locations)

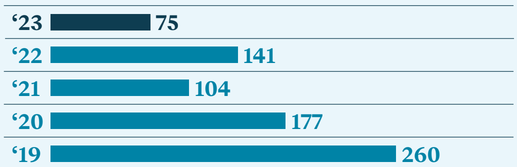
3,514



4 Capital-light growth

Net growth capital investment (£m)

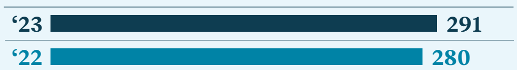
£75m



5 RevPAR

IWG Network RevPAR

£291



1. Adjusted EBITDA before the application of IFRS 16

Overview

Adjusted EBITDA (before application of IFRS 16) up 34% on a constant currency basis to £403m, reflecting the great progress we have made in focusing on driving revenue through our platform and a laser like focus on costs and efficiency.

Overheads as a % of revenue before adjusting items were well controlled at 15%. Group overheads for 2023 increased 5% at constant currency to £444m (2022: £428m). This increase reflects the successful investment in our Managed & Franchised sales team and our marketing to support our pivot to capital-light growth, yielding strong results with 867 new deals signed in 2023.

We continue to add quality, convenience and choice to our network in a carefully controlled and risk-managed way. Overall we rationalised 159 locations during 2023 with 328 new high-quality locations added to maintain the largest global and most widely distributed network.

As we continue our strategy of pivoting our growth and business to the capital-light Managed & Franchised segment, Group net growth capital expenditure fell to £75m. This investment resulted in our highest ever room count at 895,000 rooms and 3,514 locations.

At our Investor Day in December 2023, we announced that we will report a revenue KPI 'RevPAR' as a new monthly average KPI, defined as the system revenue of the IWG Network (excluding Worka and excluding centres opened and closed during the year), divided by the number of available rooms. RevPAR is a well-understood measure used across many industries and is particularly relevant to IWG as it incorporates all revenues received across IWG's expansive product portfolio. On a constant currency basis, RevPAR grew by 6% in 2023.

Future ambitions and risk

More companies are permanently embracing hybrid working and IWG, as the global industry leader, is set to benefit most from these fundamental changes to how work is conducted. We believe that maintaining our strong focus on capital-light growth, creating the world's largest digital workspace platform and continued cost discipline, together with increasing revenue, will drive improving profitability.

We will continue to focus on controlling overhead cost to deliver operational efficiency. This will be balanced with investments in overhead cost, where necessary, to improve the performance of our well invested operating platform, processes and people and delivery of the Group's capital-light strategy.

We remain clearly focused on accelerating growth through our capital-light strategy through Managed & Franchised locations. We will continue to rationalise certain locations where it makes sense – but given the time lag between signing and opening our managed partnership locations, growth in the network should accelerate from here. Simultaneously we will continue to develop our brands to enhance the choice available to more customers.

In 2023 we signed a total of 867 new centre deals (2022: 462 signed) - of which 839 were capital-light (2022: 421) which will be added to our global network in the future. Given the focus on Managed & Franchised, 97% of new signings were capital-light which will continue to significantly reduce our net growth capital expenditure in future years.

We are very focused on driving revenue through the system and will report the result as RevPAR for the Group, Company-Owned & Leased and Managed & Franchised. In 2023, IWG Network RevPAR increased by 6% to £291, Company-Owned & Leased increased by 6% to £280, and Managed & Franchised by 1%. RevPAR in Managed & Franchised was £381 in 2023 with an estimated RevPAR of c£250 once all rooms including the signed pipeline have opened and matured.

Adding value through our brands

At IWG, our brands form part of the largest workspace platform in the world. As we help businesses and people everywhere reimagine how they work, what empowers our customers the most is choice.

With a network of thousands of locations globally and a range of solutions, our portfolio of brands enable us to meet different design aesthetics, support different workstyles, while recognising that when it comes to workspace environment, one size does not fit all.

Approaching 35 years of experience, part of IWG's role is to help educate, inspire and enable our customers to navigate the world of work and find the right solution and space within our platform that supports their business. We also help our partners capitalise on the rapidly growing hybrid working market by unlocking the value in their empty spaces. They too benefit from a range of brands to choose from to suit their space and local demographic.

What makes us unique from any other workspace provider is our multi-brand approach. Through scale and choice, we are uniquely geared to help businesses of any size, from sole traders and start-ups to many of the largest house-hold names in the world. Our aim is to make workspace simple for everyone – one contract, one price, everything that's needed included.

Global operating brands

Including some of the world's most recognisable workspace brands, our global operating brands cover a range of price points and aesthetic requirements to meet the needs of our customers. These are the brands through which we grow our network, from high-end luxury workspace, to a practical and cost-effective fit-out and everything in between.

The world's flexible workspace experts

Regus was founded in 1989 to support any individual or business looking for a professional workspace environment that gives them the scale they need to succeed. With the largest network of workspaces, Regus enables everyone to find a workspace that's closer to home, so everyone can enjoy a happier, healthier and more productive lifestyle.

Beautifully designed collaborative workspace

Spaces was founded in 2006 in Amsterdam. It provides workers with beautiful and creative environments where they can be inspired and can connect. Each Spaces is designed to offer a professional and collaborative working environment full of timeless design classics, inspiring art and accessories combined with a thriving business community of like-minded professionals.

All the essentials in one workspace

HQ provides efficient, functional space, offering practical places with all the essentials businesses need, set up and ready-to-go. HQ appeals to businesses of all shapes and sizes, from large corporates to individual freelancers – everyone is welcome.

Your key to the world's ultimate business locations

Signature represents an exclusive selection of landmark buildings in the most sought-after locations in the world. Signature provides a premium working environment, with custom designs reflecting the quality and nature of the building. It provides businesses with ultimate prestige, offering an exclusive address and place to work that truly enhances their reputation, along with a community programme of partnerships, professional events and hospitality services.

Country brands

No two markets are the same and as our network spans across 120 countries, our country-level brands represent something unique tailored to the country they're in. They are often either well established existing brands that have been acquired and the brand equity has been preserved, or the brand is offering something distinct such as light industrial space as opposed to more traditional office space.

BASEPOINT

Basepoint Business Centres comprises a network of locations across England and Wales, providing multifunctional workspace to start-ups and SMEs. In addition to office space, virtual offices and meeting rooms, Basepoint offers practical business units which are ideally suited as studio or workshop space.

stop&work by Regus

Stop & Work is a flexible working brand operating in France. Throughout its locations, it provides a drop-in service and professional environment for telecommuters to use open-plan or private workspaces and meeting rooms. Customers can access the locations by the hour, day or longer as required.

too THE OFFICE OPERATORS

The Office Operators is based in the Netherlands and Belgium, specialising in flexible office space, reception services and conference products. As an organisation, it aims to unburden its customers as much as possible in all facility and operational matters.

CENTRAL WORKING

Central Working provides flexible and scalable spaces, fully tailored to match customer needs. More than just an office space, it helps advance business by providing access to training, networking events and a supportive community.

THE CLUBHOUSE

The Clubhouse is a leading business club in London, providing offices, lounge and meeting space. Designed to meet the requirements of growing businesses, The Clubhouse provides a luxurious, professional space where customers can meet and work in an inspiring and productive environment.

Openoffice

This flexible workspace brand has locations exclusively in Japan. OpenOffice provides office space, virtual offices and meeting rooms in a productive, self-service office environment.

BizDojo

More than just a desk, BizDojo is a coworking and collaboration network operating in New Zealand. It is passionate about supporting its diverse community with an active and collaborative culture of events, projects, programmes and networking.

No18

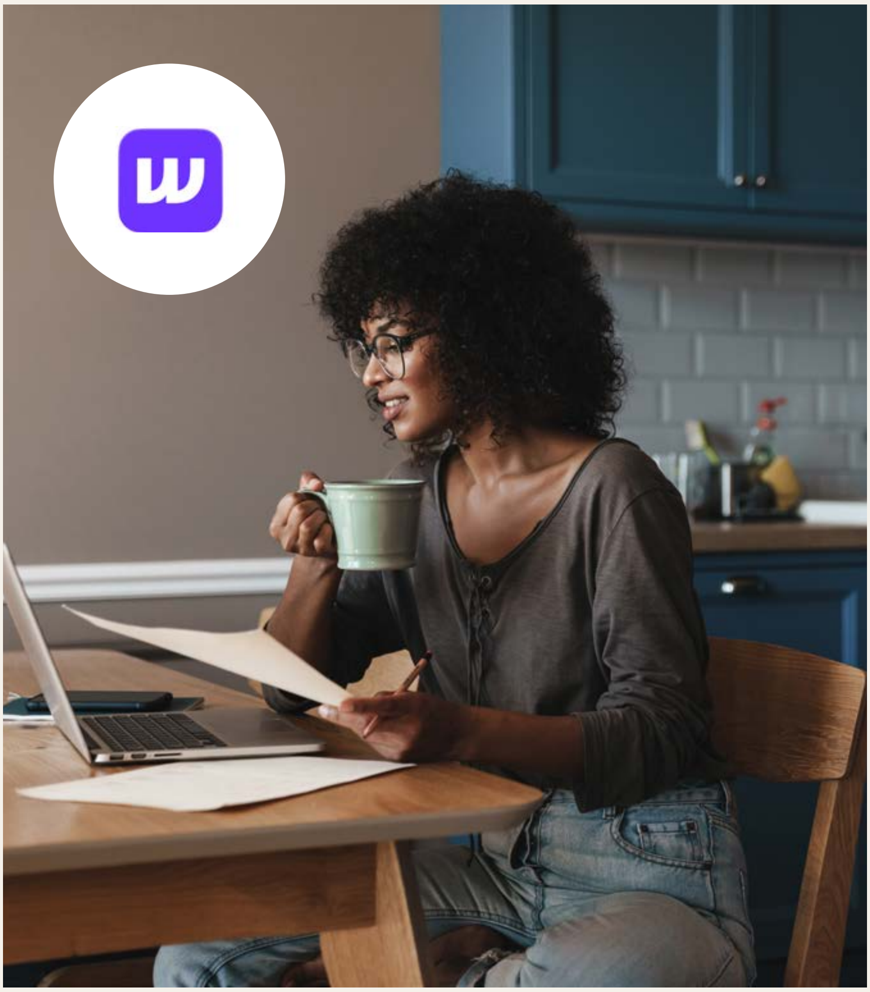
No18 is a blend of curated business club environments in the best locations, with first-class service and expansive member benefits. It's a workplace where people do business and socialise, moving from premium offices to restaurants and collaborative workspaces.

COPERNICO

Copernico provides smart working environments across Italy with the aim to change how work is done. It has created an ecosystem that accommodates businesses of any size with solutions ranging from coworking to office lounges. It also provides users with events, workshops and informal meetings, fostering new knowledge and local excellence.

Digital brands

With the advance of 'on-demand' platforms ranging from instant travel to instant accommodation, our digital brands have been built and developed to meet the demand for 'instant workspace'.



Worka

The app containing every hybrid work solution, Worka, will bring together every type of flexible workspace in one easy-to-use app. Users will be able to search and compare over 30,000 global locations and instantly book a range of hybrid working solutions including office space, coworking and meeting rooms. With the largest offering of flexible workspace and real-time availability, Worka will meet the needs of all hybrid workers globally.

EasyOffices

EasyOffices is an online broker that makes it easier for people to find great places to work. It provides a powerful online search and comparison tool to help people find their perfect workspace. Customers can also contact the team directly for impartial advice and support.

Home towork

HomeToWork improves the homeworking experience by providing everything needed to stay connected and productive and enjoy working from home. Our leading homeworker platform provides access to useful daily content, a carefully curated programme of events and resources, and valuable benefits from industry-leading companies. HomeToWork provides an immersive experience which enables members to make home a great place to work.

Rovva

Rovva is an online toolkit which provides a range of products and services to help people take their businesses further – whether they're just getting started, trying to improve efficiency or exploring new markets. From virtual offices to telephone answering, Rovva makes it easy for people to do better business.

Meetingo

Meetingo is a digital platform that offers everything customers need for a successful meeting, all in one place. With thousands of meeting rooms to choose from, Meetingo provides the right space, in the right place and at the right price. There's a location for every need, from team trainings to five-star board meetings, from city centres to business parks. Customers can compare features, locations, pricing and style of meeting rooms, and can book and pay in moments.

Managed conventional office space

Managed Office Solutions

Whether it's a new workspace brief or an adaptation to an existing office, IWG's Managed Office Solutions (MOS) can provide customised workspaces designed to match any client's unique requirements. MOS can provide additional revenue opportunities for businesses' surplus space with the flexibility to re-occupy that space in the future.

Adding value for our stakeholders

At IWG, we have a strong record of delivering value to our key stakeholders, comprising the five groups that mean most to us: customers, partners, employees, communities and shareholders.

Scope 3
reduction through improved supply chain

Partners

Partners and franchisees seeking opportunities to diversify into an exciting and fast-growing market, and building owners and developers wishing to drive the best possible return on investment.

Why are they important to us?
They not only own or manage the buildings where our customers work, they also bring us the benefits of their experience across a range of niche and local markets to deepen our understanding of specific customer needs.

What do they want from us?
Our partners need flexible, bespoke relationships based on shared trust, enabling them to maximise the benefits of our proven business model, our experience, the power of our brands and our global leadership position.

How do we engage with them?
We provide established international sales and marketing channels and comprehensive training from the outset, as well as ongoing support and training from an experienced global team.

Customers

Businesses of all sizes across the world are seeking flexibility, quality and value from their workspace to boost their agility, competitiveness and the commitment of their people.

Why are they important to us?
IWG exists to serve its customers. By paying for our services, they enable us to consistently improve our global offering with ever-better property models, working environments, value, service and business solutions that collectively add up to a great day at work.

What do they want from us?
Our customers need us to understand their changing needs, responding fast and with precision. This means giving them the flexibility to achieve rapid shifts on cost, location and scale, while providing the great working environments, world-class IT and admin support they need to achieve their business goals.

How do we engage with them?
We empower our customers to choose from a wide range of leading brands, so they can find the precise solution that works best for their business. We also give them and their people all the support they need, wherever they are: in the office, at home and on the move.

Employees

The heart of our business: the people who – in growing numbers of neighbourhoods across the world – do most to ensure our customers have a great day at work.

Why are they important to us?
They are the public face of IWG. They ensure we deliver customer value and drive our growth, attract new business and deliver the returns our shareholders want.

What do they want from us?
Like everybody else, they want a great day at work, based on mutual loyalty, exciting rewards, effective development opportunities and the benefits associated with working for a global leader.

How do we engage with them?
Our People Promise commits us to delivering interesting and achievable work, together with sensitive management, a company that cares, and the opportunity to advance and develop their careers with us.

>400
investor
meetings

Shareholders

The individuals and institutions who own our shares and provide the support we need to deliver sustainable stakeholder value.

Why are they important to us?
They give us the financial support and authorisation we need to continue our unique strategy for growth and strengthen our leadership position in the global flexible-workspace sector.

What do they want from us?
Our investors want us to continue articulating and following a consistent strategy, communicating with them clearly and regularly, and giving them the opportunity to comment on our progress. Above all, they want us to grow the value of our shares.

How do we engage with them?
In 2023, our Investor Relations function held more than 400 meetings with investors and analysts. These meetings were held both virtually and in person. Additionally the Investor Day in December 2023 was attended by 75 people in person with a further 200 virtual attendees.

Communities

The places where our centres are based, increasingly home to where our own people and customers' employees live and wish to work.

Why are they important to us?
They are increasingly the source not only of our employees but our customers too, enabling us to grow at scale in multiple local markets across the world.

What do they want from us?
They want us to help them thrive, attracting new employment and enabling local people to work closer to home.

How do we engage with them?
We are a part of the community, and are heavily involved in community projects from education to health-related and other initiatives.

We have continued to grow rapidly and profitably

"2023 has been a good year for the Group, delivering both its highest-ever system-wide revenue of £3.3bn in IWG's 35-year history whilst simultaneously growing adjusted EBITDA and cash generation, all of which were significantly higher than in 2022."

Charlie Steel, Chief Financial Officer

Charlie Steel, Chief Financial Officer

Combining the Group's unique brand strategy and unrivalled global network with an innovative new route to market has enabled us to grow with far less capital intensity, leaving the business well positioned for 2024. We have delivered growth, cashflow, lower capex, debt paydown, and we are delighted to reinstate the dividend, as a demonstration of our financial strength and confidence in future delivery.

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

Financial Performance

The Group reports results in accordance with IFRS. Under IFRS 16, while total lease-related charges over the life of a lease remain unchanged, the lease charges are characterised as depreciation and financing expenses with higher total expense in the early periods of a lease and lower total expense in the later periods of the lease.

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

1. Rationalisations include charges related to closures, one-off impairments and other one-off items (see p. 42)

Additions to segmental reporting

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

Revenue

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

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

Revenue KPIs – RevPAR

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

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

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

Rationalisation impact

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

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

These items refer to the impairment of PPE of £(57)m (2022: reversal of £82m), closure costs (the actual costs of closing centres, including non-cash write-downs) of £(58)m (2022: £(59)m), asset impairment related to Russia & Ukraine of £(4)m (2022: £(9)m) and other one-off items including legal, acquisition and transaction cost as well as obsolete desktop phone write-offs of £(26)m (2022: £(26)m).

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

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

Gross Profit

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

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

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

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

Overheads and Joint-Ventures

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

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

Operating Profit

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

Adjusted EBITDA

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

The Group reports results in accordance with IFRS. Under IFRS 16, while total lease-related charges over the life of a lease remain unchanged, the lease charges are characterised as depreciation and financing expenses with higher total expense in the early periods of a lease and lower total expense in the later periods of the lease. Results are additionally presented before the application of IFRS 16 (in accordance with IAS 17 accounting standards) as it provides useful information to stakeholders on how the Group is managed, as well as reporting for bank covenants and certain lease agreements. The primary difference between the two standards is the treatment of operating lease liabilities. There is no difference between underlying cash flow.

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

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

Adjusted EBITDA by segment

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

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

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

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

Foreign exchange

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

Network growth

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

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

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

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

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

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

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

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

Finance costs and taxation

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

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

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

Earnings per share

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

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

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

Cashflow

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

1. Includes capitalised rent related to centre openings (gross growth capital expenditure) of £(2)m (2022: £(12)m).
2. Cash flow before growth capex, corporate activities, tax and finance cost on bank & other facilities.

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

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

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

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

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

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

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

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

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

Risk management

Effective management of risk is an everyday activity for the Group, and crucially, integral to our growth planning. A detailed assessment of the principal risks and uncertainties which could impact the Group's long-term performance and the risk management structure in place to identify, manage and mitigate such risk can be found on pages 50-58 of the 2023 Annual Report and Accounts. With the exception of the exchange rate risk which was downgraded due to the change of the reporting currency to USD as of 1st January 2024, the other principal risks and uncertainties are unchanged.

Related parties

There have been no changes to the type of related party transactions entered into by the Group that had a material effect on the financial statements for the year 2023. Details of related party transactions that have taken place in the period can be found in note 31.

Dividends

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

Financing

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

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

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

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

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

At December 2023 the Group complied with all facility covenants.

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

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

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

"Combining the Group's unique brand strategy and unrivalled global network with an innovative new route to market has enabled us to grow with far less capital intensity, leaving the business well positioned for 2024. We have delivered growth, cashflow, lower capex, debt paydown, and we are delighted to reinstate the dividend."

Charlie Steel, Chief Financial Officer

Going concern

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

1. The Group had funding available under the Group's £(875)m revolving credit facility of £219m (31 December 2022: £173m) which was available and undrawn at 31 December 2023. The facility's current maturity date is November 2025;
2. A significant proportion of the net current liability position is due to lease liabilities which are held in non-recourse special purpose vehicles but also with a corresponding right-of-use asset. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred revenue of £433m (2022: £455m) which will be recognised in future periods through the income statement. The Group holds customer deposits of £459m (2022: £447m) which are spread across a large number of customers and no deposit held for an individual customer is material. Therefore, the Group does not believe the net current liabilities represents a liquidity risk; and
3. The Group maintained a 12-month rolling forecast and a three-year strategic outlook. It also monitored the covenants in its facility to manage the risk of potential breach. The Group expects to be able to refinance

external debt and/or renew committed facilities as they become due, which is the assumption made in the viability scenario modelling, and to remain within covenants throughout the forecast period. In reaching this conclusion, the Directors have assessed:

- the potential cash generation of the Group against a range of illustrative scenarios (including a severe but plausible outcome); and
- mitigating actions to reduce operating costs and optimise cash flows during any ongoing global uncertainty.

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

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

Charlie Steel

Chief Financial Officer

18 March 2024

Managing our risks

Risk management is an integral part of IWG's operational practices and strategic planning process. Having efficient and robust enterprise risk management is vitally important to the achievement of our strategic objectives. As such, we conduct regular enterprise-wide risk reviews to identify and consider potential risks to the Group and its strategy. We calculate their possible impact and implement strategies to protect the interests of IWG and all its stakeholders.

The Board has overall responsibility for ensuring that IWG has an appropriate risk management framework in place. This includes approving the risk appetite for the Group. Our risk appetite outlines the extent to which we are willing to take measured risks in pursuit of our strategic objectives.

Three lines model

IWG operates the Three Lines model to manage risk, endorsed by the Board.

See diagram on page 51.

Three lines model

IWG's risk management framework is designed to reduce and manage, rather than eliminate risk through disciplined and practical risk identification, assessment and mitigation. Through this process, we are able to fully understand the risks and opportunities present in our day-to-day operations and in our business objectives. Our enterprise-wide risk management process allows us to understand the nature, scope and potential impact of our key business and strategic risks, enabling us to manage them effectively. IWG has a comprehensive approach to risk management, as set out in more detail in the Corporate Governance report on pages 80 to 89.

In 2023, our risk work incorporated ongoing economic disruption, market changes, climate change considerations and supply chain transparency impacts on our principal risks.

In particular, external risks, and those outside of the Group's control were considered and included as part of scenario testing relevant to our Viability Statement.

Supply chain transparency

Supply chain transparency became a stand alone principal risk to the business in 2023. Conducting our business in a responsible manner is an important value for IWG. As such, it's vital that our supply chain demonstrates responsible practices. We note the risks associated with transparency and have put in place a number of measures to manage this risk, including, but not limited to, a centralised global supply chain that enables enhanced transparency and reporting.

Principal risks to the achievement of our strategy

Our principal risks are linked to our key business objectives and overall strategy and were considered in the context of the ongoing economic downturn as well as market and competition changes.

A critical component of the risk management process is to assess the impact and likelihood of risks, allowing determination to be made over the current level of controls in place versus future controls and risk status. All our principal risks are managed in accordance with our Group risk appetite and mitigated as far as reasonably practical. We have zero tolerance of financial and ethical non-compliance, and aim to have our health, safety, environmental and security risks managed to levels that are as low as reasonably practicable.

Effective risk management requires awareness and engagement throughout IWG to provide a top down and bottom up view of risk. At IWG, risk management is embedded into operational decision-making and reflected in the Group's key processes and controls.

- Risk management takes place at various levels across the business, including;
- monthly performance reviews for all countries and Group functions;
- individual reviews of every new location investment and all acquisitions;
- an annual budgeting and planning process for all markets and Group functions;
- Audit Committee review of our principal risks, their mitigation and status;
- an annual review of all risks in our risk register, updated regularly for significant changes between annual reviews.

Three lines of defence

Board

Sets the strategy

Defines IWG's risk appetite

Monitors risk management process

Assesses overall effectiveness of risk management

Audit Committee

Reviews effectiveness of internal controls

Monitors progress against internal and external audit recommendations

Approves the annual internal audit plan

Assurance, risk and internal control reports

1st Line

- Front line business operations
- Strategies, policies, procedures and controls in day-to-day activities
- Daily management of risk in line with functional objectives
- Responsible for compliance with Group policies, procedures and internal controls

2nd Line

- Corporate functions
- Sets policies and procedures
- Monitors risks and internal controls
- Accountable for the design and implementation of risk management processes and controls
- Accountable for the regular review and appraisal of key risks
- Contributes to the identification and assessment of key risks

3rd Line

- Independent assurance
- Tests the design and operation of controls in place including policies, and procedures implemented by the 1st and 2nd lines
- Assists management and the Board in conducting risk studies
- Advises and guides on policies and internal controls framework
- Drives implementation of recommendations in the business
- Tests compliance with internal controls

Strategic risks

Risk description	Mitigation	Progress in 2023
Growth risk		
IWG continues to undertake significant global growth. There are increasing growth opportunities available to the Group. Mismatches between network growth and demand growth could lead to under or over supply which could impact competitive position, profitability and cash generation.	IWG mitigates this risk as follows: 1. A strong capital-light growth structure is implemented, enabling low-cost and high-margin investment. 2. All investments or acquisitions are subject to review and approval by the Investment Committee. 3. New leases are required to be variable in nature. 4. A robust business planning and forecasting process is in place to provide timely and reliable information to address short- and mid-term opportunities and risks to performance. 5. Monthly Business Reviews take place to rigorously monitor spend and profitability. A quarterly review process is in place to monitor new centre performance profitability. As part of the annual planning process, a growth plan is agreed for each country which clearly sets out the annual growth objectives and means to achieve those goals.	Throughout 2023, additional resource investment took place for network development teams. Strong growth plans were implemented and monitored. New centre opening strength continued throughout 2023.
Transformation risk		
Execution and delivery of programmes are not achieved within desired timelines or do not meet the desired outcomes.	This risk is mitigated as follows: 1. Governance Committee in place for all transformation programmes. Clear timelines and expected outcomes are monitored and managed. 2. Programme management team is in place to ensure programmes are monitored and properly managed. 3. Dedicated resources are recruited to ensure programme requirements are met. External expertise utilised where required. A Resource Committee is established to manage resource requirements needed for the execution of this.	We have recruited a number of senior roles to provide additional expertise, and have a co-ordinated transformation programme in place to align multiple transformational activities. External expertise is called on as and when required to assist in the delivery of our transformation. A number of the transformational programmes have been delivered in 2023, and are planned for 2024.
Lease obligations		
The Group's portfolio of leases gives rise to an inherent risk in relation to lease obligations and associated financial commitment. The life of the Group's leases are, on average, significantly longer than the average terms of customer contracts, which creates a potential for mismatch if revenues fall significantly, which can impact profitability and cash flow.	This risk is mitigated in a number of ways: 1. Almost all of our leases are 'flexible', meaning that they are either terminable at our option within six months and/or located in, or assignable to, a standalone legal entity, which is not fully cross-guaranteed. In this way, individual centres are sustained by their own profitability and cash flow. 2. In the Company-Owned & Leased segment 28% of our leases are based on either full or partial variable rental payments. In this way the 'risk' to profitability and cash flow of that centre from fluctuations in market rates is softened by the consequent adjustment to rental costs. The sheer number of leases and geographic diversity of our business reduces the overall risk to our business. Additionally, our capital-light growth model, together with Increased partner agreements, reduces the overall risk to the Group. Each year, a significant number of leases in our portfolio reach a natural breakpoint, further reducing the risk.	Approximately 91% of our leases are flexible giving the Group the agility to change to economic conditions. In the Company-Owned & Leased segment 28% of our leases are based on either full or partial variable rental payments. Developing the network through our Managed & Franchised segment allows us to grow fast and without any financial commitments. At the end of 2023, we were operating 3,514 locations in 1,244 towns and cities across 119 countries.

Risk description	Mitigation	Progress in 2023
Prolonged economic downturn		
A prolonged economic downturn in key and emerging markets, or changes in market conditions could adversely impact our global market share, operating revenue and profit performance.	The Group has taken a number of actions to mitigate this risk: 1. The Group has a strategy in place, which is reviewed and approved by the Board. 2. In the Company-Owned & Leased segment 28% of our leases are based on either full or partial variable rental payments.. 3. Lease contracts include break clauses when leases can be terminated at our behest. 4. We review our customer base to assess exposure to a particular customer or industry group and take action where necessary to manage any risk. 5. The geographic spread of the Group's network increases the depth and breadth of our business and provides better protection from an economic downturn in any single market or region.	The number of 'flexible' leases as a percentage of the total remained at 91%. Our monthly business performance reviews provide early warning of any impact on our business performance and allow management to react with speed. The Board reviewed the potential impact of an economic downturn and addressed a range of potential impacts when making its annual Viability Statement.
Innovation and competitive advantage		
Failure to innovate and respond to market demand could result in IWG's global leading market share being compromised.	IWG's strategy includes investment in innovation to develop new products and services to further increase its competitive advantage, protect current revenue and unlock potential new sources of revenue.	IWG is adopting a suite of Microsoft ERP products that underpins a digital operating platform which supports business agility and flexibility. The Company remains focused on using emerging technology to improve the customer experience and achieve operational efficiency. We are continuously looking at every aspect of our business for opportunities to leverage technology to automate, simplify and future-proof our platform.
Increased competition		
The residual impact from the pandemic and the 'great resignation' has solidified hybrid working as the "new normal". As such, more service office offerings are likely to emerge and dilute IWGs leading market share. An inability to maintain sustainable global competitive advantage could result in a loss of market share and impact on profitability for the Group.	While physical barriers to entry into the flexible workspace market at a local level are low, the barriers to establishing a national or international network are much higher. As market leaders, IWG responded quickly to the pandemic and offered clients its unique "hub and spoke" model. IWG also offers a diverse product range under its different brands to cater to multiple customer segments. This allows us to capture and maintain market share across the flexible workspace market. We explore new and emerging markets to ensure our supply of products meets demand. We continuously review our portfolio to provide products and services that are aligned to customer expectations and requirements combined with an active investment programme.	The competitive landscape continued to shift in 2023. A decrease in uneconomical competition based on cheap funding is expected, however an increase in very small operators will likely occur as flexible space increases its share of the overall office market. We continue our efforts to offer an unrivalled global network and varied product range to suit the different requirements of our customers.

Strategic risks

Risk description	Mitigation	Progress in 2023
Geopolitical Instability		
Increasing geopolitical instability and conflicts are directly impacting some of our markets. Continued escalation and sanctions could lead to broader economic impacts.	The geographies most directly impacted to date will not have a material effect on our global operations or results and we have exited some markets impacted. Our broader economic downturn scenario planning considers the impact from a range of economic downturns, irrespective of the cause.	IWG has taken concerted effort during 2023 to reduce risk relating to geopolitical conflict and in ensuring there is a robust KYC process in place along with improved processes. However, the risk of broader economic impacts from geopolitical instability, economic warfare, conflict and sanctions is increasing. The Group continues to monitor the impact and takes action accordingly.
Climate Change		
Inadequate Environmental Strategy would mean that IWG is unable to manage climate-related exposures and our external commitments.	IWG manages this risk In the following ways: 1. Environment issues are firmly on the agenda for the Board. 2. IWG is exposed to physical and transitional climate-related risks which are assessed throughout the year. 3. Achievement of carbon neutrality in 2023 for Scope 1 and 2. 4. Detailed multi-year environmental plans with target to achieve Net Zero emissions by 2040. 5. Established Green Certified electricity target by 2030. This will reduce overall carbon footprint. 6. Environmental considerations are an integral part of our businesses, and our strategy will continue to evolve to address climate-related risks and opportunities. The Group continually reviews its product offering to provide low carbon services, and to change asset allocations towards decarbonising operations and value chains.	The Group adopted greenhouse gas emission reduction goals and achieved carbon neutrality in 2023 for Scope 1 and 2, ahead of its target. Significant progress made towards the Green Certified Electricity goals during 2023.

Financial risks

Risk description	Mitigation	Progress in 2023
Funding		
The Group relies on external funding to support a net debt position of £608m at the end of 2023. Any change to this support would result in liquidity risk for the Group.	This risk is mitigated in a number of ways: 1. The Group continually monitors its cash flow and financial headroom development and maintains a 12-month rolling forecast and a three-year strategic outlook. The Group also monitors the relevant financial ratios against the covenants in its facilities to manage the risk of breach. 2. The Group also stress tests these forecasts with downside scenario planning to assess risk and determine potential action plans. 3. The Board intends to maintain a prudent approach to the Group's capital structure and constant review of the maturity profile of external funding is in place. 4. Part of the annual planning process is a debt strategy and action plan to ensure that the Group will have sufficient funding in place to achieve its strategic objectives.	The Group has a £350m of convertible bonds at a fixed rate and the remainder in a Revolving Credit Facility provided by a group of prime banks, which is committed and available until 2025, with an option to extend until 2026, given certain conditions are met. We expect to be able to refinance external debt and/or renew committed facilities as the become due, which is the assumption made in the viability scenario modelling, and to remain within covenants throughout the forecast period. Continued strong cash generation, before investment growth, and reduction in net debt of £104m.

Risk description	Mitigation	Progress in 2023
Business planning and forecasting		
The Group is exposed to constantly changing external environment (e.g.: Geopolitical risks and global Inflation rises) which can impact business planning and forecasting.	IWG maintains a three-year business plan which is updated and reviewed on an annual basis. We also use a 12-month rolling forecast which is reviewed every month based on actual performance. Business plans, forecasts and review processes are embedded into the Group to provide timely and reliable information for short-, mid- and long-term opportunities. Any risks to performance will be identified by early warning indicators so that they can be addressed on a proactive basis.	The forecasting process is continuously enhanced and adapted to changing scenarios as the economic environment evolves. The focus remains on cash generation and cost control.
Inflation risk		
Increasing global inflationary pressures may impact the Group's costs, including financing charges, impacting profitability and cash flows.	Mitigating actions include: 1. The short-term nature of most customer contracts allow the possibility for prices to be adjusted in consideration of the evolution of costs. 2. The Group's capital-light strategy includes a focus on flexible leases and management contracts which reduce the negative impacts of inflation. 3. The Group constantly monitors interest rates exposure and has a fixed rate coupon on its £350m convertible bond up to 2027.	Inflationary pressures are expected to continue in 2024. The continued focus on cost and efficiencies along with active pricing management are largely mitigating inflationary pressure.
Partner Portfolio		
The continued expansion of our franchising and managed partnerships is key to the Group's capital-light growth strategy. Achieving our partner model objectives will require the continued development of our skills, services and resources. Agreements were signed with partners	This risk is mitigated as follows: 1. A Partner Committee oversees key programmes connected with the franchising model and the managed partnership model and ensures that significant risks are identified and mitigated. 2. We have regular communications with franchise partners including sharing best practice to drive performance and deliver consistent service to our customers.	During 2023, the acceleration of our capital-light growth strategy continued with 839 capital-light deals signed and 301 capital-light centres opened. Partner development and support teams were further strengthened in 2023 with the increased recruitment of dedicated sales and development and support personnel in key markets. We have implemented hands-on targeted support for our partners with monthly reviews to drive performance, and identify improvement opportunities.

Operational risks

Risk description	Mitigation	Progress in 2023
High level recruiting and succession planning		
To achieve its strategic objectives, the Group needs to increase its management capabilities through the continued development of existing talent supplemented by the hiring of experienced professionals. This will support our strategic execution and enhance succession planning throughout the Group.	Mitigating actions include: 1. Resource Committee in place for all resource positions. 2. Succession planning discussions are an integral part of our business planning and review process. 3. Part of the annual planning process is the Human Resources Plan, and performance against this Plan is reviewed through the year. 4. Regular external and internal evaluation of the performance of the Board, including succession planning.	Recruitment channels are constantly under review to continue offering opportunities to as wide a population as possible in each market. Key hires in 2023 met demand, and the Group has implemented a comprehensive strategy to address talent resource requirements and meet the growing needs of the business.
Employee engagement and retention		
As a serviced-based business, the strength and capabilities of our geographically-diverse team are critical to achieving our strategic objectives, including delivering outstanding customer service. The increased competition for talent impacts retention at all levels, from executives to centre staff.	One of the key items in the Human Resources Plan is the Global Induction & Training Plan, which sets out the key objectives for the forthcoming year. Performance against these objectives is reviewed through the year. Strong ESG and a remote working Human Resources strategy on recruiting and salary banding, including benchmarking, are in place across the globe to ensure that salaries and benefits are competitive. All new employees are surveyed in the first three months to ensure they have been trained and are receiving effective support.	The Group has in place a comprehensive training programme for all levels and functions. The significant investment in our Group's Learning and Development programme continues to provide a means to engage with our colleagues through e-learning, videos, webinars, case studies and coaching. Our Management Skills Training Programme and Sales and Customer Service Training Academy are carried out virtually throughout the globe to support continuously giving customers a great day at work.
(NEW) Supply Chain transparency		
Increasing regulatory requirements focus on the ESG credentials of our supply chain. IWG has an obligation to mitigate ESG-related risks stemming from its suppliers.	IWG manages this risk through: 1. A centralized global supply chain enabling enhanced transparency across the broad supply chain 2. Consolidation of supply chain to national and regional suppliers where possible 3. IWG's Code of Conduct and Terms and Conditions are sent to all suppliers clarifying expectations 4. Global ESG framework for suppliers includes a detailed questionnaire which large suppliers (over £1m) are required to complete	Roll out of Supplier Questionnaire to existing suppliers, and analysis and follow ups completed. Procurement tender process improved to include ESG framework as a critical part of supplier selection. Audit programme defined and scheduled for roll out in 2024, to provide independent assessment of responses. IWG Purchase Order portal system enhanced to improve transparency and approvals internally.

Risk description	Mitigation	Progress in 2023
Ethics and compliance		
Ethical misconduct by our employees or non-compliance with regulation either inadvertently, knowingly or negligently could lead to financial loss/penalties, reputational damage, loss of business and impact on staff morale.	IWG manages this risk through: 1. Visible ethical leadership. 2. A robust governance framework including a detailed Code of Conduct and other mandatory training for all employees (e.g.: gifts and hospitality, anti-bribery and corruption). 3. Centralised procurement contracts with suppliers for key services and products. 4. Standardised processes to manage and monitor spend including controls over supplier on-boarding and payments approval. 5. Regular reviews to monitor effectiveness of controls. 6. Independent and confidential ethics hotline available to employees, contractors and third parties. 7. Independent investigation of fraud incidents and allegations of misconduct with Board level oversight.	We continue to actively monitor and respond to reports in our whistleblowing hotline. A robust supplier selection and evaluation process continues to be in place with a view to enhance controls to address the risk of fraud. In 2023 a new Global ESG Framework was introduced where all large suppliers are expected to complete a detailed questionnaire. IWG's Code of Conduct is in place for employees, partners and suppliers. All projects are monitored and evaluated by a centralised capex finance team and the Investment Committee presides over key decisions. A dedicated cost function to review spend across all categories and detect anomalies or exceptions is in place.
Data protection and privacy		
IWG is required to comply with legislation in the jurisdictions in which it operates including the General Data Protection Regulation (GDPR) and other local data privacy laws. Non-compliance and breaches could result in significant financial penalties and reputational damage.	IWG mitigates this risk as follows: 1. IWG operates a comprehensive programme that covers all aspects of data privacy and data protection. 2. Our strategy is to process minimum amounts of personal data, which are kept only to the extent necessary to provide a service to our customers. 3. We apply the principle of 'least access' privilege and separation of duties to safeguard our data. 4. All credit card data is stored on PCI accredited payment service providers and not on IWG systems.	We continue to remain compliant with data protection and privacy regulations across the business, continuously monitoring and enhancing our privacy and security controls. We also continue to comply with PCI and Swift standards. In instances where specific countries implement stringent new Cyber Security & Privacy laws which could threaten our operations if IWG is found to not be compliant, the Information Security team works with in country experts to ensure we remain compliant.

Operational risks continued

Risk description	Mitigation	Progress in 2023
Business continuity		
Business continuity covering systems, regional hubs and operations. Should the data centres, sales call centres, regional hubs and centres be impacted as a result of circumstances outside the Group's control there could be an adverse impact on the Group's operations and therefore its financial results.	IWG manages this risk through: 1. The implementation and regular testing of its business continuity plans for different parts of the organisation, which includes business processes, personnel knowledge of manual procedures and disaster recovery procedures for our technology systems. 2. All critical applications have been migrated to the cloud with high availability and geo-redundancy, allowing availability of critical systems and providing employees access to the systems from any location, a critical element of our business continuity plans. 3. A robust managed services and managed security services agreement in place with leading vendor. 4. The Group uses a risk-based approach to determine additional redundancy requirements across its entire technology platform, including the global telephony infrastructure critical for continuity of its sales and call centre environment. 5. Appropriate business interruption insurance is in place. 6. Country Business Continuity Plan and Centre Disaster Recovery Plan are in place and regularly reviewed.	Our cloud migration project has been completed and all critical systems have disaster recovery plans in place. All new systems development includes high availability & disaster recovery built into the initial design phase. For our voice communications platform, we have built in additional redundancy in countries where we experience minor disruption due to external factors. We have further implemented a daily process to ensure critical data is stored securely off-site. This is data that would be needed to run our business for several days should the worst case scenario of both production and DR sites simultaneously being rendered inaccessible.
Cyber security		
The continued integration of the digital economy and use of external cloud services, combined with a rise in phishing attempts and malicious attacks could result in additional costs and damage.	This risk is mitigated as follows: 1. IWG's Information Security Steering Committee reports regularly to the Board of Directors and has wide representation from business operations, risk assurance, legal, IT and Non-Executive Board members. 2. IWG runs a world-class Information Security programme with ISO/IEC 27000 adopted as its charter to establish, operate and monitor its Information Security Management System. 3. The programme is delivered in collaboration with external specialists across our environments. 4. Using a risk-based approach, IWG continuously identifies, evaluates and applies remediation controls to threats that could impact the security, confidentiality and integrity of its assets. 5. IWG transfers residual risk through its comprehensive cyber insurance coverage provided by a global leader in cyber insurance. 6. We have a robust security incident management process which facilitates and coordinates our response in the event of a security incident. 7. Security awareness training, covering information security, PCI and Privacy, is mandatory for all employees.	IWG has developed a security roadmap to carry out information security best practices, strengthen controls and implement security operations to detect potential incidents. All critical systems have been migrated to the cloud with high availability and geo-redundancy for disaster recovery. As part of this cloud migration, IWG has implemented best practice cloud security controls. The entire environment is managed by a world- leading security managed services provider. Information Security gates have been established for all new projects which require conformance to our cloud security blueprint. In our application development area, we have implemented market-leading static code analysis tools which ensures that all code developed follows global secure code best practices. A programme is in place to continuously implement new security features to improve our processes and controls in this area, keeping pace with the ever-changing best practices. In our business centre environment, we have a security blueprint for all centres. We perform penetration testing in this environment to ensure that our blueprint remains up to date as either technology changes, or new risks emerge. All findings from these penetration tests are used to update the blueprint with which all centres need to comply.

Viability Statement

In accordance with the UK Corporate Governance Code published by the Financial Reporting Council in July 2018, and considering the Group's current position and prospects as outlined in the Strategic Report and its principal risks for a period longer than 12 months as required by the going concern statement, the Board has a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due, for the next three years.

The Board's consideration of the long-term viability of the Group is an extension of our business planning process which includes financial forecasting, a robust enterprise-wide risk management programme, regular business performance reviews and scenario planning.

For the purposes of assessing the Group's viability, the Board identified that, of the principal risks detailed on pages 68 to 74, the following are the most important to the assessment of the viability of the Group:

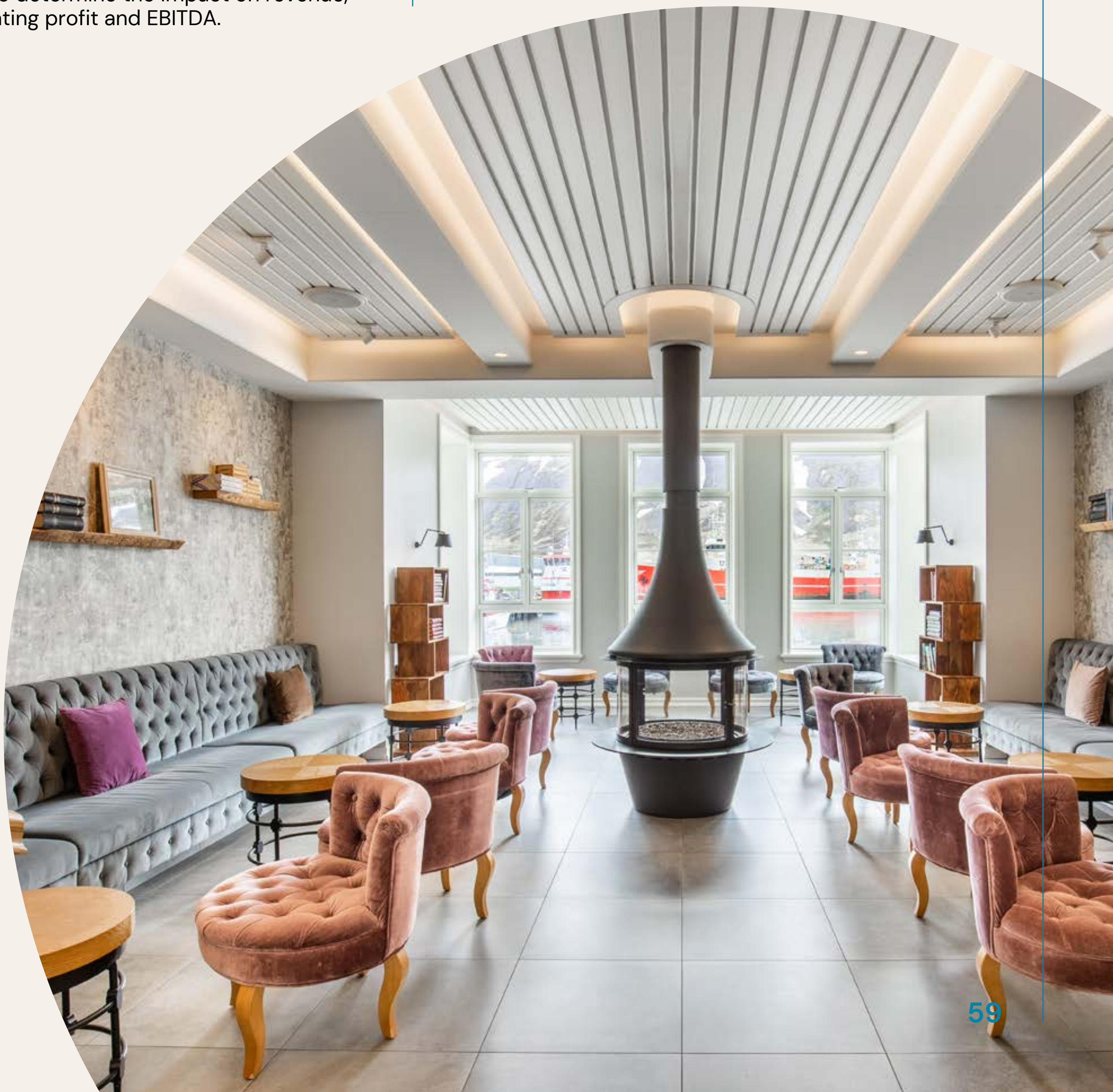
The following principal risks were modelled to support the Viability Statement

- revenue shortfall;
- USD appreciation;
- a significant cybersecurity or data breach event.

Two scenarios (likely-case and worst-case) were modelled for sterling appreciation and cybersecurity or data breach event using assumptions derived from historical data or based on case studies/available market research to determine the impact on revenue, gross profit, operating profit and EBITDA.

The impact on performance was assessed over a three-year period (2024-26) and on account of individual risks as well as a combination of risks materialising.

The potential impact of each scenario was modelled on the Group's revenue, gross profit, operating profit, net debt and debt covenants over the three-year forecast period. The Board subsequently considered the viability of the Group both in the context of the individual risks listed above and in combination of two or more risks over a range of assumptions. The stress testing showed that the Group would be able to withstand any of the severe but plausible scenarios by taking management action in the normal course of business.



Sustainable workspaces for all

At IWG we have set clear targets and 2023 key milestones have been delivered and we remain on track for our long-term commitments.

IWG seeks to help customers reduce their carbon emissions and is the world's largest provider of carbon neutral workspace.

By offering hybrid working and continuing progress toward long-term, sustainable goals, both IWG and our customers do their part in tackling the global climate challenge.

"We hear it from our customers all the time: where you work matters. IWG is proud to offer genuinely flexible workspaces that are better for people and planet."

Mark Dixon, Chief Executive Officer

Target	2023 Progress Update
Net Zero by 2040	**3%** reduction in carbon footprint per sqm
100% Green Electricity by 2030	**900+ centres** utilising green electricity
Carbon Neutral by 2025	**Achieved** carbon neutrality for Scope 1 and 2

Scores and ratings:

AA
Rated by MSCI

B
CDP score for Climate Change

B
CDP score for Water Security

9.2
Rated by Sustainalytics

TOP 1%
Won the UK Leading Employer Award

£589k
donated to charitable organisations

“By offering hybrid working and continuing progress toward long-term, sustainable goals, both IWG and our customers do their part in tackling the global climate challenge.”

Our carbon reduction journey

The reduction of carbon emissions is core to our business model and integral to how we tackle climate change. IWG's workspaces continue to tackle daily carbon emissions by supporting the transition to hybrid working, which supports changing how people commute and occupy buildings[1]. As an organisation, we ensure our own business activities are aligned with a high standard of environmental sustainability by setting clear reduction targets and improving performance annually.

In 2023, we have progressed the key milestones agreed in our Net Zero transition plan, and are aligning to the International Organisation for Standardisation (ISO) Net Zero Guidelines. Additionally, this year, IWG reduced emissions and purchased carbon removal credits to achieve carbon neutrality for Scope 1 and 2. We are proud to be the world's largest supplier of carbon neutral workspace.

Progress towards Net Zero

The priorities for this year were to improve on the totality and accuracy of our Scope 1 and 2 carbon footprint and remain on track with our Net Zero transition plan.

A key success this year has been our investment in an ESG platform to support us with improved data governance and accuracy of our carbon footprint. This enabled a significant improvement in the volume of data calculated with actual usage rather than extrapolating averages by region. We continue to seek further improvements to the accuracy of our carbon footprint.

Our reported consumption of gas reduced through improved accuracy of data and implementation of new IWG Operating Standards which focus on preventing energy waste.

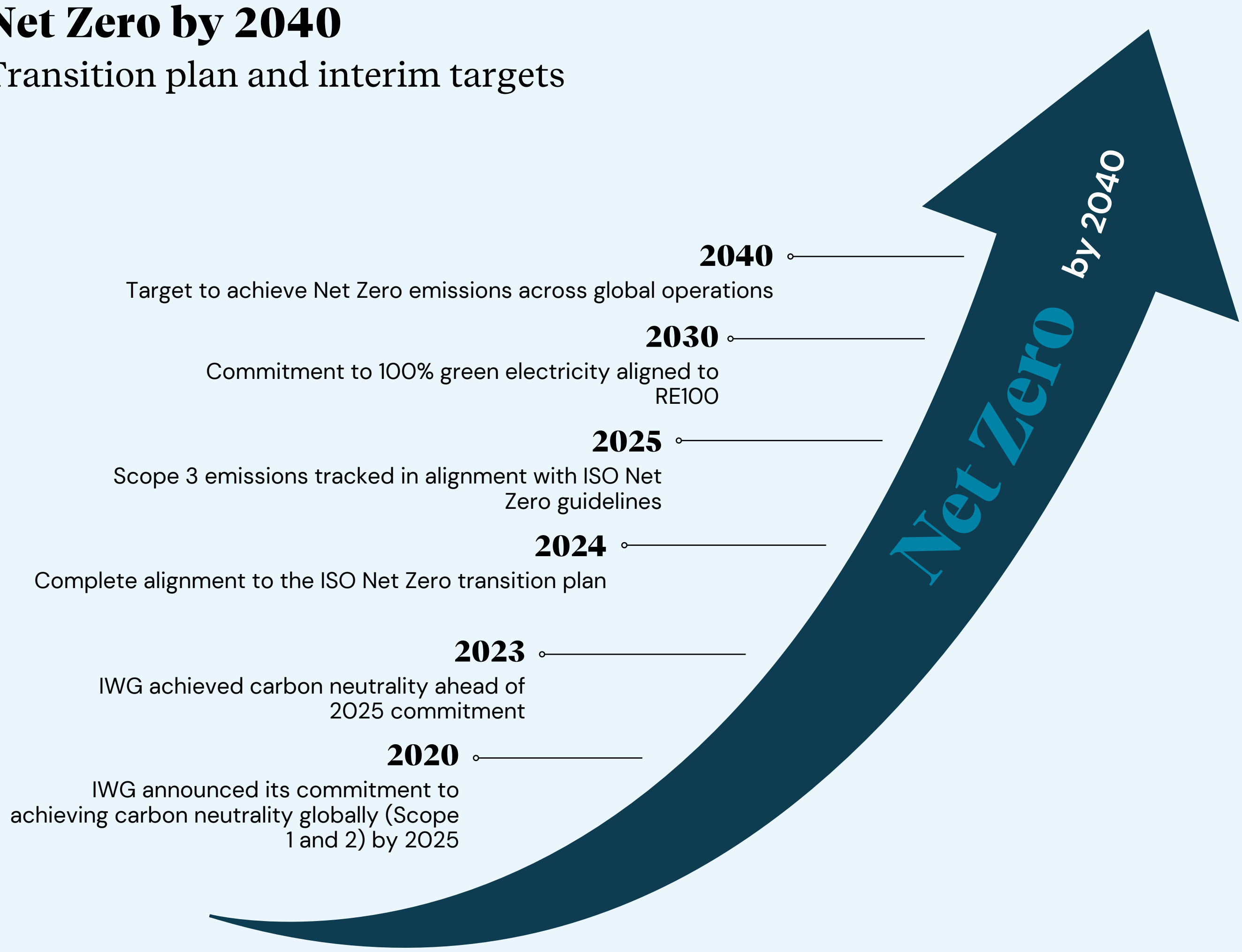
Additionally, we achieved strong traction towards our interim target of 100% renewable electricity by 2030. We have transitioned 900+ centres to certified green electricity and continue to identify further opportunities across the portfolio. These actions met our Net Zero milestones and drove a 3% reduction in our carbon footprint per sqm.

Footnotes

1. IWG collaborated with renowned consultancy, Arup, to independently verify the impact of hybrid working on carbon emissions. This analysis demonstrates that hybrid working reduces carbon emissions through improved commuting options and building efficiency – the impact per person can drive a 70% reduction in carbon emissions (ARUP, 2022).

Net Zero by 2040

Transition plan and interim targets



We continue to engage our customers and teams in the day-to-day changes that can support our Net Zero programme through protecting natural resources and reducing waste.

Further, this year we have invested in certified green electricity through identifying all markets where IWG directly purchases electricity and where possible we seek to move to 100% renewable electricity. Where a green tariff is unavailable, we have sought Renewable Electricity Certificates (RECs) (or local equivalent) to the value of our total consumption for 2023. We seek to continue progress towards 100% renewable electricity each year. IWG's leases now request energy consumption data quarterly and green electricity as standard for all new landlord leases. During 2023, IWG joined RE100[1] as part of our commitment to progress to renewable electricity and to report annually on this via the Carbon Disclosure Project (CDP).

Where there are emissions IWG is unable to eliminate, we will continue to compensate through investments in carbon removal solutions. For further information, see page 65.

Further, we continue to expand sustainable practices across the organisation. We continue to localise and further roll out our cleaning programme which includes increasing sustainable products, reducing waste and improving recycling options. We are proud of the partnership we have built with Lyreco with 70% of our spend on cleaning products now categorised as a green product (e.g recycled plastic, low toxicity etc). We have also launched a programme focused on e-waste to increase donations of electronic waste that can't be reused in centre. This supports our goal of reducing landfill waste and enables donations to worthy causes across the globe.

"Seeking opportunities in green buildings is integral to our ESG plan. IWG are proud to occupy over 300 green certified buildings, and look forward to progressing this number across our portfolio."

1. Renewable Electricity 100 – https://www.there100.org/

Promoting green buildings

As part of our commitment to increase the number of green buildings across our portfolio IWG continues to seek innovative solutions to add to our network, such as the first ever wooden hybrid office.

The Cradle, in Dusseldorf, was constructed in accordance with the Cradle-to-Cradle principles to create an office space using timber as the main construction material. All materials were optimised to reduce lifecycle carbon emissions. Purposeful selection of materials allowed for a less pollutant-intensive construction process and for end of life management (design for destruction) due to high recyclability.

In addition to the environmental benefits, having a wooden office space brings further health benefits to our customers. For example, the replacement of plastic and concrete materials with wood helps regulate air humidity and temperature, creating a more comfortable environment for customers. Additionally, research has found using wood in building materials helps calm cardiovascular and nervous systems, improving the well-being of customers using our centre.

We are working with our suppliers to embed sustainability into the value chain and seeking to encourage a transition away from fossil fuels for all."

Understanding our Scope 3 emissions

Our goal for Scope 3 emissions is to ensure we have a reliable and responsible supply chain. As guided by the ISO Net Zero Guidelines we have engaged a broader set of stakeholders to develop a Scope 3 strategy to reduce emissions by 95%. To achieve this, we are working with our suppliers to embed sustainability into the value chain and seeking to encourage a transition away from fossil fuels for all. As part of our strategic review of our supply chain a collaboration of decision makers across IWG have improved our selection framework to consider the cost of carbon within supply chain decisions. This has led to more sustainable decision-making, for example, having regional hubs thereby reducing logistics related carbon emissions as well as improving lead times for customers.

Following on from the launch of our Supplier Code of Conduct last year, in 2023, IWG carried out an internal audit of the sustainability credentials of our major global suppliers. During 2023, the ESG Supply Chain Framework was completed by suppliers and the results were analysed and validated to confirm suppliers met with IWG expectations. Where suppliers do not align to mandated requirements, the ESG team collaborated with the Audit and Procurement teams to assess risk and engage suppliers to evolve their practices. For non-mandated requirements, we will seek to engage suppliers through training and support.

The ESG Supply Chain Framework and Supplier Code of Conduct compliance is mandated during procurement tenders for new suppliers. We seek to ensure our supply chain shares our ambition and commits to a science based Net Zero target. We aim to align 90% of our supply chain with our environmental goals (where IWG spends over £1m annually).

IWG acknowledges the need to disclose our full Scope 3 emissions and activity is underway to accurately baseline per supplier category. A partial disclosure was completed in 2023 through CDP.

Addressing lifetime carbon

As part of our Net Zero transition plan, we seek to reduce IWG's lifetime carbon emissions. A materiality assessment identified fit out of new centres as the key factor to influence and therefore IWG has developed a strategy which focuses on: innovation to transform fit out for sustainability, seeking low carbon product swaps and activating the circular economy (whereby reuse of products is prioritised).

IWG partners with landlords and fit out suppliers to drive innovation, for example in 2023 The Cradle the first ever wooden hybrid office. These market leading implementation projects provide learnings to feed into the continuous improvement of the sustainability of our design guides. Design guides are updated annually and support our growth partners to embed sustainable principles into their fit out projects.

IWG consistently reviews products used within our fit out projects to seek low carbon, sustainable raw materials and low energy manufacturing. We continue to partner with strategic suppliers such as Tarkett who have introduced a guaranteed take back programme. Moving to reuse products such as Tarkett's EcoBase carpet tile can have substantial impact. This low carbon product results in a reduction of carbon footprint from 15kg CO_2e per sqm to only 1kg CO_2e per sqm.

A further example of reuse is within IWG's own circular economy. IWG's market leading furniture reuse programme enables customers to select their own furniture from an IWG design catalogue. Unused furniture is stored in central warehouses and repaired for reuse by the next customer. This 'closed loop' economy reduces waste and supports IWG's growth through rapid provision of furniture within the existing network.

Achieving carbon neutrality

While IWG has made progress in reducing its total carbon footprint, we recognise the need to account for the emissions we can't yet avoid.

As part of this commitment, we carefully selected a nature based carbon removal with Bio Assets, which supports Amazon Rainforest protection and development and is independently verified by renowned standards, Verra and Social Carbon.

IWG seeks to support the United Nations' 17 Sustainable Development Goals and our carbon removal solution is an example of this. Our selected project invests in improved economic growth and opportunities (goal #8) through developing commercial berry farming and supports species protection (goal #15) through a biodiversity focused programme including reintroduction of native species lost through deforestation.

Making our global office spaces sustainable

To embed sustainability in our capital allocation and long-term investment decisions, we introduced IWG's Centre Sustainability Assessment Framework. This year, all IWG landlords have been requested to complete the framework to help baseline our portfolio for sustainability credentials. This insight is critical to enabling decision-making for investments and renewal going forward.

Today IWG has over 300 green certified buildings, with the majority of these certified as LEED or BREEAM. IWG actively seeks to engage more landlords with green certified buildings in addition to establishing an ongoing programme to achieve new certifications for our Operational Standards (e.g BREEAM In-Use).

IWG also has 58 centres with WELL certification that include building features with wellness rooms, gyms and air purification technology. During 2023 IWG began research and trials into future design features such as air purification, ergonomic workstations and EV charging. We will continue to seek partners to innovate and provide customers with sustainable solutions.

Additionally, analysis of our Centre Sustainability Framework has identified a number of centres with solar panels, EV charging stations and other sustainable solutions. The impact of these sustainability features has been analysed and IWG recognises the importance these features have for customers, employees and energy cost efficiency. Therefore, considering IWG's global reach, we will actively seek partners investing in critical sustainable infrastructure.

Protecting natural resources

During 2023, we completed an initial assessment of IWG's impact on natural resources to identify actions to support the protection of biodiversity and pollution, in alignment with Task Force on Nature-related Financial Disclosures (TNFD) and International Sustainabiilty Standards Board (ISSB). IWG intends to complete a biodiversity baseline in line with ISO Net Zero Guidelines and continue progress on actions to reduce our impact on natural resources.

IWG believes protection of natural resources needs to be embedded into all elements of our business. Alongside setting clear policies to clarify our Environmental and Water protection expectations, IWG has taken several actions to lead to operational change[1]. An example of this is the updating of repairs and maintenance guidelines to prioritise activity where energy or water is being wasted, for example water leaks. This simple action will support our target of 20% reduction per sqm whilst reducing cost of wasted water.

300

LEED or BREEAM buildings in IWG portfolio

1. For more information on our Environmental and Water policies, visit iwgplc.com.

A talent strategy for transformational growth

Growth

Deliver a high performing network development team to drive our global growth of new locations with investment partners, landlords and organic growth.

Customers

Structure the customer operational teams to focus on existing and new customers via a new city structure, harnessing the abilities of all our team members in a city to look after customers rather than centre by centre.

Innovation

IWG has a new strategy and innovation team, who are consultants, planning and researching IWG 2.0 in terms of new products, efficient ways of working, automation and new services, to enhance the work life of our customers and to provide continuous improvement to the IWG platform for our network partners, suppliers and our own IWG team.

IWG Team Members

Our IWG people promises:

- Interesting work
- A manager & company that cares
- An opportunity to develop & grow your career

In addition, our continuous need to recruit new talent with exciting reward and recognition plans for everyone at all levels underpins the IWG team member talent strategy.

HR Platform & Data

The development of our HR platform with fast self-service knowledge transfer for team members, combined with AI automation of key HR processes, is an ongoing plan for 2024 and 2025, to streamline core HR activity such as on and off boarding and support our growth plans.

Dynamic Recruitment

The IWG recruitment model delivered over 4,000 people starting new careers with IWG around the world. Whilst we partner with the world's leading search firms to deliver Board and executive talent, we have an in-house recruitment team who are finding talent around the world, largely via the research team that we have developed in-house. A key focus for the recruiters was to build an entirely new network growth team of more than 250 professionals delivering in offering a new investment partnership to landlords and investors whilst welcoming new customer service talent into the organisation in every market.

Learning & Development supporting the IWG Careers Framework

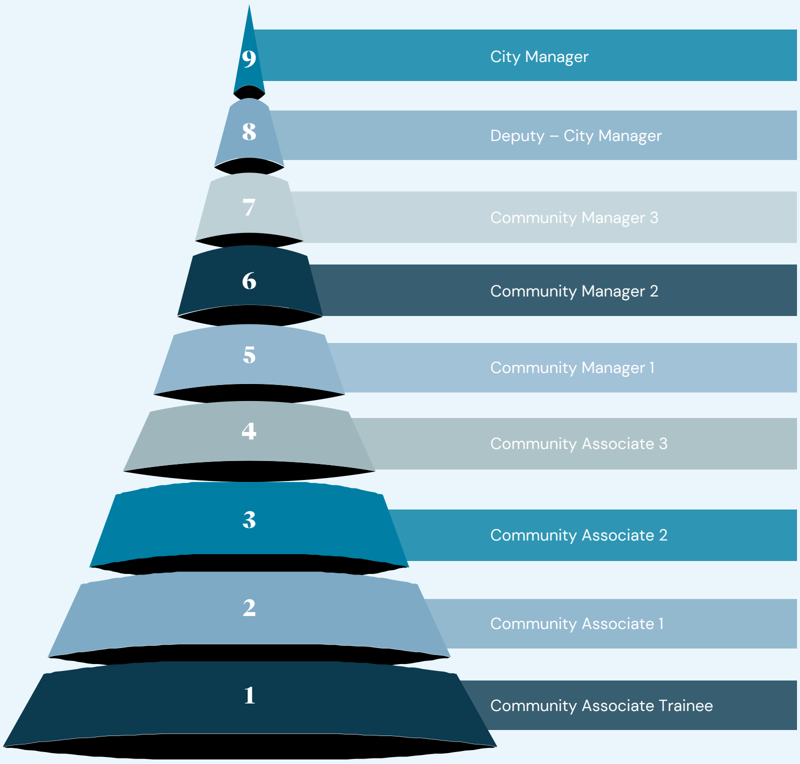
With many new starters joining IWG each week, onboarding and induction has been entirely re-engineered. This resulted in over 97.5% of employees successfully completing and passing their induction in 2023. The IWG induction programme was recognised by The Learning and Performance Institute (LPI) who awarded IWG the gold medal for their new induction. The LPI is a global organisation recognising leading-edge learning and development around the world in over 80 countries.

For existing team members, we filled 31,500 individual seats on live training courses and webinars on skills development in key areas like partnership network growth, customer service, sales and team engagement. We continued our core programmes on important topics such as health and well-being, compliance and IT security. We launched new programmes for the first-time manager and also for our leadership cadre, all of which gives team members the opportunity to develop their career with IWG supported by a professional manager.

Additionally, our customer facing teams have a defined career path with multiple opportunities in front of them to retain the best talent whilst we give every customer "a great day at work". This career path has defined curriculums to enhance the depth of expertise required to move to the next level, with accreditation at each step of the way.

Rising at IWG

Progression from Trainee to City Manager



Overall, our IWG Academy had 2.5 million views and 98% of the IWG workforce used the platform in 2023.

HR Platform & Data

As our team grows in numbers across the world, we continue to build on the global HR platform that is accessible to all team members 24/7, 365 days a year, so that employees and partners get immediate answers on all topics from global policies, processes and information for speed and consistency.

All our team members use a unique app that they can access on any device, day or night, called TeamHub. This app has broad functionality from resource allocation to absence management and mobile access to the IWG Academy.

Diversity, Equity and Inclusion

Our diversity statistics based on voluntary survey responses are as follows:

White	52%
Hispanic	19%
Black	18.5%
Asian	6.3%
Mixed	2.5%
Pacific/Islander	1.5%

Within Senior Leadership our gender split is 21% female and 79% male, and our Board diversity split is 37.5% female and 62.5% male. Across all employees, we have a gender split of 67% female and 33% male.

We also continued our series of 'Affinity Groups' in the US. Made up of team members, these work with the Company to make and consider recommendations on how best to ensure we remain fair and equitable in our day-to-day business operations.

In 2023 we started our new Women in Business forum, and we launched this formally on International Women's Day on the 8th of March 2024.

We also continue to operate our confidential 'Right to Speak' reporting helpline for all members of our extended team across the world. In addition, we have various programmes in place to provide employees with confidential counselling services, 24/7 and 365 days a year.

Communication & Recognition

Communication and connectivity in a globally dispersed workforce are critical agenda points.

A cadence of business reviews from a centre level right through to a leadership level are the backbone of driving margin and customer service.

Continued investment in leadership meetings and functional monthly town halls create a drum beat for the organisation that gives absolute focus on performance and objectives.

Intertwined with this are initiatives on staying healthy; career opportunities and charity events combine driving performance with a sense of pride and return on investment.

We overlaid the full global engagement survey that we did in 2022 with specific new starter and leaver surveys and we are thrilled with the results.

93% of new IWG employees said they would recommend IWG as an employer to friends and family, endorsed by our Leading Employer Award.

94% of new people said their induction has helped them to be successful in their role.

90% of new hires said their role and what is expected of them is very clear.

We held four regional Leadership Conferences in North America, UK, Europe and Africa, Middle East and Asia/Pacific to set the strategic objectives for 2024. It is in these events we celebrate the best performers in the business with annual awards during each conference.

Ongoing recognition programmes for the field team members continue with recognition pins and accreditation certificates. We have exciting international incentive trips to give our colleagues real recognition for exceptional behaviours and performance where they get to bring their partners or a family member to share in their commitment to delivering outstanding results.

Teams across the globe came together to celebrate at our regional conferences.

Reward

IWG reviewed salary bands for customer facing employees on a continuous basis throughout 2023, increasing base pay and salary bands accordingly. In some high inflation markets this required several reviews throughout the year.

Variable incentives are a key part of the compensation reward at every level of the organisation and our field team members looking after customers and landlords have a quarterly incentive programme to recognise and reward performance.

The Remuneration Committee also reviewed total leadership compensation, and a new grant of options was made to high-potential executives around the world.

Benefits such as the opportunity to buy an electric car or a bicycle through salary sacrifice programmes are supporting team member requests for different, more interesting benefit packages. Pre-employment health checks, on site doctors, health seminars, annual medical check-ups and occupational health checks are some of the initiatives we have in place to assist in keeping our team healthy and happy.

"To be successful at IWG you have to be passionate, curious, tenacious and highly commercial. Alongside this is the dedication to customers to enable their team to work anywhere and anytime. Team members at IWG can also do the same."

Francesca Peters, Chief Talent Officer

Contributing to local communities across the world

IWG's collective spirit continues to make a difference in the lives of our customers and communities.

This year, IWG invested in more events to raise funds for local communities than ever before. To support our teams to contribute even more, this year IWG Operations launched an aligned Networking and Fundraising toolkit to enable all business networking events to have a social or well-being impact.

Given our global scale, IWG empowers teams on the ground to choose how they wish to collaborate with our clients and suppliers to have an impact to the causes that matter to them. Additionally, as part of our mission to give everyone a great day at work, this year, IWG has developed a policy for discounted space offering for registered charities across the world.

"Our team had fun supporting Breast Cancer Awareness. It's always great to see teams unite behind a cause they are passionate about and support local charities that mean something to our customers."

Fiona Uhe, Glasgow Team Lead

Raising awareness

Our teams and customers across Glasgow, Scotland joined together to raise awareness for Breast Cancer. Fundraising events included raffles and bake sales, helping to raise £1,171 in total. Both customers and teams shared their personal experiences with cancer, and reflected on the success of the event and its impact on spreading awareness to other women who may be impacted.

Additionally, in aid of the mental health charity, Mind, our communities in the UK held mental health awareness events and raised funds with regular quizzes and networking events. On World Mental Health Day, IWG hosted bake sales to raise money for Mind. The event presented a great opportunity for open conversations with customers about mental well-being in the workplace, as well as how we can better support colleagues and destigmatise the cause.

"It was great to partner with IWG for World Mental Health Day given the clear link between safe workspaces and mental health. Increasing awareness of mental health challenges and creating opportunities to discuss this in the work environment is key to the mission of Mind."

Holly Mugnaioni,
Corporate Partnership Manager at Mind

Supporting our communities

Our colleagues in Houston, Texas served over a million underprivileged people through the Food Bank. Steve Ganji and Harold Shultz organised 16 staff and customers to volunteer, and in total accumulated 39 volunteer hours between the two employees. As a result of their efforts, the team bagged 4 pallets and supported 4,266 meals.

In September 2023, the earthquakes in Morocco claimed over 3,000 lives and left thousands injured. In light of this event, the IWG Global Recruitment Team committed to walking, running or jogging 150 km per person. The dedication of the team helped in raising £3,137 to support those communities who were impacted.

"We always knew that coming together as a globally dispersed team to raise money would feel great for team engagement. What we hadn't expected is the impact all of us focussing on taking time out to exercise would have."

Merisha Leelodharry, UK field recruitment IWG

Spreading joy

For the third successive year, the UK-based IWG team took part in the Giving Tree initiative to buy gifts and raise money for the KidsOut Foundation.

This non-profit organisation makes Christmas wishes for underprivileged children come true – many of whom have escaped domestic violence, being forced to flee their homes quickly and leave all possessions behind. As a result of this outstanding partnership, our people raised an amazing £60,000 and donated over 4,000 physical toys.

In South Africa, the IWG local team supported 64 centres to participate in the Santa Shoebox Project. The efforts from this project included a total of 512 volunteering hours to collect and drop boxes. As a result, a total of 619 boxes were collected and distributed, containing essential items and treats for children throughout South Africa.

"Delighted that IWG chose to support KidsOut for the third year running. The impact is phenomenal."

Sam Johnson, KidsOut CEO

"It is an honour to be part of something that touches the lives of so many young children. The passion shared among the team was phenomenal, and seeing all of the gifts donated by our amazing clients and staff was heartwarming."

Ray Keen, Deputy City Manager

Transparent information for investors

IWG seeks to consistently comply with regulation and disclosures and share relevant information for investor transparency.

We continue to benchmark our progress against our peers and note external ratings remain above average for our industry. We have retained a strong AA rating from MSCI and a negligible risk score of 9.2 from Sustainalytics. This year our investment in data platforms enabled IWG to disclose water data and develop a water policy for the first time. This supported a strong B rating for our Water Carbon Disclosure Project (CDP) score. Additionally, we have retained a B score in our submission for Climate Change CDP.

In order to drive progress in 2023, we have prioritised data quality improvement particularly in relation to our carbon footprint for Scopes 1 and 2. Investment in a data platform has improved the transparency and accuracy of our carbon footprint. We have utilised benchmarking and analysis of this carbon footprint to assess energy performance of centres and utilised this to engage our customers, employees, suppliers. We have also progressed our Scope 3 strategy to enable a full footprint disclosure.

Climate-related Financial Disclosure

We have progressed our approach to the Task Force on Climate-related Financial Disclosures (TCFD) to continuously improve our reporting on climate-related risks and opportunities. IWG has adopted the following key themes: (i) Governance; (ii) Strategy; (iii) Risk Management; and (iv) Metrics & Targets.

This year we have implemented actions, based on our findings in the 2022 Climate Risk assessment, and have further strengthened our understanding of the potential impacts of climate change on our business.

Governance

Successful implementation of our approved sustainability and climate change strategies is a critical element of IWG's growth plan. The Chairman of the Board has overall responsibility for sustainability supported by the Board with clear roles and responsibility assigned, see pages 80 and 81 for further detail.

Having noted a key risk in the importance of achieving externally stated commitments (2022 Climate Scenario Analysis), IWG has evolved our reporting to the Board and key decision-making committees. Progress against key climate objectives is regularly reported to the CEO and addressed at Board meetings. Additionally, the Board and Audit Committee provide oversight across our ESG activity, for further information see pages 88, 89, 96 to 99.

For further information see pages 78 to 117.

Risks & opportunities

A summary of six most material risks and opportunities.

Risks		Category	Impact	Impact Rating*
Physical	• **Extreme weather** impacting IWG centres, resulting in loss of customers and certain markets	Acute/Chronic	Revenue	**L** M H
	• **Operating costs** (including insurance costs) rising due to increased frequency of extreme weather	Acute/Chronic	Cost	L **M** H
Transition	• Rising **carbon tax** increasing IWG's operational cost	Regulation/ Compliance	Cost	**L** M H
	• IWG not meeting **externally stated commitments** (including meeting existing and emerging regulations) resulting in reputational damage	Reputation	Market cap. Revenue	**L** M H
	• **Supply chain disrupted** due to climate-related risks impacting operations and increased costs	Supply Chain/ Market	Ops. disruption Cost	**L** M H
Opportunities		**Category**		
Transition	• Establish **market leadership** in providing **green buildings** and **sustainable hybrid working**	Reputation	Revenue	L M **H**

* Impact Rating

(Project Management Institute – risk analysis & management for financial impact)

Based on estimated % impact on cost or revenue, against 2023 revenue and cost.

Rating:	Financial impact:
L	Low 0-5%
M	Medium 5-10%
H	High >15%

Strategy

Climate-risk analysis

In 2022, the IWG Board approved the Climate Scenario Analysis conducted. This included engagement of stakeholders, detailed assessment of 3 plausible climate scenarios (1.5°C, 2°C and 2.5°C) and support from an independent consultancy with climate experience.

Our five climate-related risks and one opportunity are key pillars of activity and progress for IWG's ESG strategy. Progress on mitigating actions is monitored by the internal audit team and Board.

The table summarises the findings of our scenario assessment which has been reviewed and updated for 2023. No new risks or opportunities have been identified, however, risk 5 Supply Chain Disruption has been classified as a standalone risk within the IWG Risk Management process, providing appropriate regular scrutiny and monitoring. See pages 50, 51 and 56 for further information.

Scenario analysis findings

In 2023, we engaged with stakeholders across the business to enhance our risk management strategies for each risk. We are on track against plans to mitigate based on a risk based approach and prioritisation.

We will continue to update climate risks annually as we recognise this is a dynamic process and IWG will need to evolve.

Actions to mitigate risk

Physical Risk: Extreme weather

Extreme weather is a risk factor for IWG's existing portfolio and new site identification. This year IWG has continued to strengthen our Business Continuity plan and displacement procedures to protect from the risk of revenue loss due to extreme weather disruption (see page 58).

Additionally, the Network Development team has embedded the Centre Sustainability Assessment criteria into the Investment Committee process enabling enhanced information for decision-making, such as identifying green certified buildings and investments in urban areas. Further, our capital-light growth model will reduce the severity of this risk going forward.

"We are on track against plans to mitigate based on a risk based approach and prioritisation."

Physical Risk: Operating costs

Some climate scenarios will continue to present operational cost risk, for example energy price volatility and insurance costs. IWG maintains stringent cost management across all lines which mitigates this risk. See pages 40 to 43 for further information.

Transition Risk: Carbon tax

Carbon taxation remains a potential risk to IWG and to ensure IWG is at the forefront of regulation we have completed an initial Corporate Sustainability Reporting Directive (CSRD) disclosure this year.

There are currently no mandated carbon taxes, however to mitigate against future risk, IWG has continued to prioritise and invest in carbon footprint reduction. This is visible through efforts to transition away from fossil fuels to green certified electricity and efforts to clarify and reduce Scope 3 carbon emissions. This year IWG saw a 3% reduction in carbon footprint per sqm and will continue progress towards Net Zero.

Transition Risk: Failing to meet externally stated commitments

IWG takes it commitments seriously and prioritisation of achieving these is overseen by the Board and Senior Leadership Team. This year, IWG met all key Net Zero milestones and achieved carbon neutrality for Scope 1 and 2 two years earlier than planned. See page 62 for further detail. In order to increase confidence in delivery of our Net Zero by 2040 target IWG has invested in technology to improve data visibility; transitioning to green electricity; and further developed our detailed transition plan.

Additionally, we believe it is critical we continue to develop further standards and these are set out in our new Water and Environmental policies[1]. These policies guide activity and decisions across IWG, for example encouraging the selection of products that support biodiversity.

Transition Risk: Supply chain disruption

Improving our engagement with suppliers allows IWG to better understand and manage future risks which may impact our supply chain. This year we have reviewed suppliers for environmental risk management; strength of strategic relationships; and ongoing cost management.

Supplier transparency has been improved through the improved risk management process, see pages 50 to 59 for more information on how we manage supply chain risk.

A key action which reduces the risk of supply chain disruption is the strategy to consolidate our supply chain by region. By having numerous suppliers able to deliver key products and services across the globe, we reduce logistics related carbon footprint and provide optionality for key purchases.

1. Our Environmental and Water policies are publicly available and can be found at iwgplc.com.

Evolving our business to maximise opportunity

Opportunity: Establish market leadership in providing green buildings and sustainable hybrid working

Given IWG's leading position in hybrid working and existing investment in sustainable work spaces, we are well-positioned to align with emerging regulations, drive relevance and growth in both existing and new markets – particularly in urban and rural areas.

The announcement of our Net Zero target and announcement of carbon neutral work spaces was positively received, especially by companies with Net Zero targets.

Additionally, the activity to increase the number of green buildings in our portfolio supports market leadership and our Net Zero targets. See page 65 for more information on green buildings at IWG.

Risk management

IWG operates an enterprise-wide risk management process in order to identify and report key business and strategic risks. Since 2022 climate risk has been a standalone principle risk and this year we added a risk regarding supply chain transparency. This risk is managed through the three lines of defence, to ensure robust oversight and alignment to the IWG risk management framework.

As part of our wider strategic process, we continue to carry out risk assessments throughout the year. Annual disclosures to frameworks, including CDP, allows risk management processes to be captured, and mitigation measures assessed.

For more information on IWG's risk management, please see pages 50 to 59.

Metrics and targets

IWG measures progress against key metrics to support the delivery of all targets.

I was pleased to see IWG meeting key environmental targets during 2023, and seek to ensure we continue to make continuous meaningful progress on our journey towards Net Zero."

Douglas Sutherland, Chairman

Net Zero

A key metric for tracking our progress to Net Zero is our carbon footprint. Accurate and timely carbon footprint reporting will help IWG mitigate identified risks including missing external commitments and managing our operating costs (e.g. electricity).

This year IWG has invested to improve our data quality and our 2023 carbon footprint has received limited assurance from an independent third party.

Our methodology remains aligned with the Greenhouse Gas Protocol. We utilise available data from Scope 1 and 2 activities to develop energy consumption averages per built sqm. These averages are extrapolated across IWG's operational boundary to estimate our carbon footprint. This year the process was improved through using a data platform which improves the volume of raw data included in our estimations. This led to a reduction in reliance on regional averages.

For the year 2023, we have calculated our Scope 1 emissions to be 78k tCO_2e representing an 11% reduction. Our Scope 2 emissions amounted to 147k tCO_2e representing a 6% increase, due to the rise in country level emission factors utilised. Energy efficiency actions have included implementing new operating standards focused on energy waste; transitioning to green certified electricity and seeking energy efficient buildings.

IWG Carbon Footprint	2021	2022	2023
Energy consumption (MWh)	940,910	943,641	884,192
Scope 1 emissions (tCO_2e, k)	86	87	78
Scope 2 emissions (tCO_2e, k)	154	138	147
Total carbon emissions (tCO_2e, k)	240	225	225
Emissions (tCO_2e) per sqm	0.042	0.041	0.040

We also calculated our Scope 3 for joint ventures gas and electricity emissions and shared a partial Scope 3 disclosure in CDP. In 2024, our focus will transition to further understanding our indirect emissions, enhancing our supply chain engagement, and better reporting on potential supply chain risk. IWG will begin to disclose Scope 3 by 2025, in alignment with the ISO Net Zero Guidelines.

Additionally, IWG's target of 100% renewable electricity has progressed with 900+ centres transitioned to certified green electricity. Next year we will continue to invest in green electricity, including exploring further options such as solar panels and driving change with landlords through embedding green clauses (e.g. utility data sharing mandates) into our lease framework. Achievements in green electricity will support our goal of Net Zero operations and enhance transition opportunities.

This year we continued to disclose and comply with existing recommendations and for the first time are sharing an initial viewpoint of IWG's response to the EU's Corporate Sustainability Reporting Directive (CSRD). We intend to comply with the disclosure by 2025.

Information related to our overarching Governance, Strategy, Risk Management and Metrics is documented within the TCFD section of our report, see pages 72 to 74.

In addition to this, IWG conducted a double materiality assessment following European Financial Reporting Advisory Group (EFRAG) guidelines and additional evaluations. Interviews were conducted to evaluate ESG impact areas, strengths, and development areas. Topics were systematically scored based on impact and financial implications, including metrics like scale, scope, remediability, resource utilisation dynamics, market conditions, and stakeholder relationships. The following topics have been deemed to be material through stakeholder engagement and analysis and we have outlined our policies and actions to manage these areas. The omitted topics were not deemed material as part of the materiality assessment, with minimal impact on the business's financial position, operational performance, or stakeholders' decision-making processes.

Topic Area	ESRS Topic	Governance, Strategy & Risk	Metrics & Targets
Environment	Climate change mitigation	Documented in our TCFD section of this report.	IWG continues to set targets aimed at carbon reduction and climate resiliency. We measure progress against key metrics to support delivery of these targets. This includes monitoring and reporting global Scope 1 and 2 emissions, committing to obtaining 100% renewable electricity by 2030, disclosing Scope 3 emissions by 2025, baselining our supply chain for nature-based impact by 2025, reducing water per sqm by 20% and achieving Net Zero emissions by 2040.
	Resource use and circular economy: resource inflows, resource outflows, waste	To reduce waste within our business processes, we are developing relevant criteria to assess development projects from the beginning of design, to construction, through to in-use building.	IWG has programmes in place to reduce resource use and support the circular economy, for example, through our furniture recycling initiative. Within this programme, we use centralised warehouses to store unused furniture for reuse or refurbishment to extend end-of-life. This results in reduced requirements for newly manufactured furniture and supports IWG's rapid growth rate.
Social	Own workforce: working conditions, health & safety	We prioritise compliance with local health and safety laws and regulations in every country where we conduct business. All our principal risks are managed in accordance with our Group risk appetite and mitigated as far as reasonably practical.	IWG seeks to ensure health, safety, environmental and security risks are managed to levels that are as low as reasonably practicable. IWG has documentation of policies and key control procedures for Health and Safety which have group wide application and completion of training is mandated for all employees.
	Workers in the value chain: Secure employment, adequate wages, health & safety	Two core principles articulated in our Supplier Code of Conduct emphasise the importance of lawful and ethical business practices, as well as the provision of a safe and healthy work environment. The former stipulates that suppliers must adhere to all relevant laws, regulations, and standards concerning employment security, fair wages, and workplace health and safety in the jurisdictions where they operate, especially in relation to their activities for IWG.	All suppliers are requested to confirm compliance with the IWG Code of Conduct. The ESG Supply Chain Framework is rolled out to suppliers to request confirmation of adherence to key principles.
	Consumers and end-users: Information-related impacts, personal safety	Information security is a top priority for IWG and the Board. IWG is required to comply with legislation in the jurisdictions in which it operates including the new General Data Protection Regulation (GDPR) and other local privacy laws.	IWG has business objectives in place to manage associated risk, including robust policies related to how data is processed.

Topic Area	ESRS Topic	Governance, Strategy & Risk	Metrics & Targets
Social *continued*	Affected communities: Communities' economic, social & cultural rights	Our Directors are required to act in good faith and in the best interests of the Company and in doing this, our directors have regard to the impact of the Company's operations on the community and the environment.	We are a part of the community, and are heavily involved in community projects from education to health-related and other initiatives including fundraising. IWG has a policy for discounted space offering for registered charities. Further, this year we continued to localise and further roll out of our cleaning and recycling programme which includes sustainable products, energy efficiency and reduced landfill within the constraints of local markets.
Governance	Risk management, internal control	The Board defines IWG's risk appetite and tolerance and annually reviews the principal risks the Group faces and the plans for mitigating them. IWG operates an enterprise-wide risk management process in order to identify and report key business and strategic risks.	As part of our wider strategic process, we continue to carry out risk assessments throughout the year. Annual disclosures to frameworks, including CDP, allows risk management processes to be captured, and mitigation measures assessed.

CSRD Table of Contents

Topic Area	CSRD metric(s)	IWG response
Climate change mitigation	Monitoring and reporting global Scope 1 and 2 emissions	Detail of our Scope 1 and 2 emissions can be found on page 74
	Net Zero emissions by 2040	Detail of our Net Zero commitment, alignment with ISO Net Zero Guidelines, and progress on pages 62, 73 and 74
	Committing to obtaining 100% renewable electricity by 2030	See details of our commitment and target progress on pages 62, 73 and 74
	Disclosing Scope 3 emissions by 2025	See details of our commitment on page 64 and 74
	Baselining our supply chain for nature-based impact by 2025	See details of our commitment on pages 64, 65 and 73
	Reducing water per sqm by 20%	See details of our commitment on page 73
Resource use and circular economy	Circular economy	Reference our section on "Addressing lifetime carbon" to learn more about or furniture recycling initiatives; pages 63, 64 and 65 and supplier partnerships; pages 63, 64 and 65
Own workforce: working conditions; health and safety	Documentation of policies and key control procedures for Health and Safety which have group wide application	See reference to our Health and Safety policy on pages 50, 87 and 99
	Completion of training is mandated for all employees	Training of our workforce is completed on our internal IWG Academy platform. For more information, see pages 66 and 67
Working in the value chain: secure employment, adequate wages, health and safety	Suppliers are requested to confirm compliance with the IWG Code of Conduct	To access our Code of Conduct, please visit iwgplc.com
	The ESG Supply Chain Framework is rolled out to suppliers to request confirmation of adherence to key principles	For more information on the ESG Supply Chain Framework, see pages 64 and 74
Consumers and end-users: information-related impacts, personal safety	IWG has business objectives in place to manage associated risk, including robust policies related to how data is processed	See details of our strategy and risk management framework on pages 50-59. For detail on our data protection and privacy see page 57
Affected communities: communities' economic, social & cultural	Involvement in community projects from education to health-related and other initiatives including fundraising	For more detail about our community initiatives, please see our Social section, pages 70 and 71
	Our Human Rights policy sets out expectations against all forms of forced and child labour, and protection of all workers	Our Fair Treatment policy can be found on the company website: www.iwgplc.com. For more information about our Board Diversity policy and data, see pages 90 to 95
Risk management, internal control	Annual disclosures to frameworks allows risk management processes to be captured, and mitigation measures assessed	IWG disclose against a number of frameworks: TCFD – see pages 72 to 74 CDP, MSCI & Sustainalytics – see page 72 To reference our strategy and risk management framework see pages 50 to 59

Leading the way

Douglas Sutherland

Chairman

N

Appointment*

27 August 2008

Nationality

American and Luxembourgish

Experience

Douglas was Chief Financial Officer of Skype during its acquisition by eBay. Prior to this, Douglas was an Arthur Andersen Partner with international management responsibilities. He has served as a director of companies in multiple jurisdictions and was the founding Chairman of the American Chamber of Commerce in Luxembourg.

External appointments

Douglas is currently also the Chairman of Socrates Health Solutions Inc., a Director of Medtop Group S.A., and a member of the board of managers of Al Monet Parento S.àr.l.

* Independent on appointment as Chairman on 18 May 2010.

Mark Dixon

Chief Executive Officer

Founder

1989

Nationality

British

Experience

Mark is one of Europe's best-known entrepreneurs and since founding the Regus Group in Brussels, Belgium in 1989, he has achieved a formidable reputation for leadership and innovation. By understanding the way that globalisation, personal mobility and digital technology have enabled new ways of working, Mark has overseen the growth of IWG into the world's largest workspace provider.

Prior to Regus and IWG he established businesses in the retail and wholesale food industry.

Mark has received many awards for enterprise and is widely acknowledged as one of the pioneers of the workspace industry who revolutionised the way business approaches its property needs with his vision of the future of work.

Laurie Harris

Independent Non-Executive Director

A R N

Appointment

14 May 2019

Nationality

American

Experience

Laurie was a global engagement audit partner with PricewaterhouseCoopers LLP, advising large public companies, including Fortune 100 financial services companies, in the US and internationally over her 38-year career. Laurie is Chair of the Audit Committee as the Board considers her to have recent and relevant financial experience.

External appointments

Laurie serves as an Independent Director and Audit Committee Chair of QBE North America, an integrated specialist insurer which is part of QBE (ASX: QBE); Synchronoss Technologies, Inc. (NASAQ: SNCR), a global leader and innovator in cloud, products; Hagerty Inc (NYSE: HGTY), an automotive lifestyle company and the world's largest provider of specialty insurance for enthusiast vehicles; and Everlake Insurance Company, a US-based insurance company specialising in life assurance and annuities which is owned by an affiliate of an investment fund managed by the Blackstone Group (NYSE: BX).

Nina Henderson

Independent Non-Executive Director with oversight of employee engagement and CSR

A R N

Appointment

20 May 2014

Nationality

American

Experience

During her 30-year career with Bestfoods and its predecessor company CPC International, Nina held a number of international and North American general management and executive marketing positions, including Corporate Vice President of Bestfoods and President of Bestfoods Grocery. She has also served as a director of numerous companies including AXA Financial Inc., Royal Dutch Shell plc, Del Monte Food Company and Pactiv Corporation.

External appointments

Nina is a Non-Executive Director of Hikma Pharmaceuticals plc and Chair of their Remuneration Committee. She is also Director of CNO Financial Inc. (Bankers Life, Washington, National and Colonial Penn insurance companies) and Chair of their Human Resource Compensation Committee. Nina is also Vice Chair of Drexel University's Board of Trustees, Commissioner of the Smithsonian National Portrait Gallery and a Director of the Foreign Policy Association and VNS Health. Nina holds a Bachelor of Science with honours from Drexel University.

Committee membership key

- A Audit
- R Remuneration
- N Nomination
- Chair

Tarun Lal

Independent
Non-Executive Director

A N R

Appointment
10 May 2022

Nationality
American

Experience
Tarun, born in Bhagalpur and raised in Delhi, India, brings extensive franchising expertise to the Board from over 25 years with Yum! Brands, Inc., where he currently serves as President of KFC U.S. and has previously held executive roles, including KFC's Global Chief Operating Officer and Managing Director – KFC Middle East, Pakistan, Turkey, Africa, and India.

External appointments
Tarun Is the President of KFC U.S.

Sophie L'Hélias

Independent
Non-Executive Director

A R

Appointment
1 December 2022

Nationality
French

Experience
Sophie is President of LeaderXXchange™ which advises investors and companies on diversity, sustainability and ESG. She initially practised as a M&A lawyer and later specialised in finance as Managing Director of a New York-based investment fund. She also launched a consulting business focused on sustainability and corporate governance strategies and is a co-founder of the International Corporate Governance Network. She has served as Chair of Suez SA and Lead Independent Director of Kering.

External appointments
Sophie serves as Non-Executive Director on the Boards of: Herbalife (NYSE); Africa50; Agence France-Locale; Echiquier Positive Impact Europe funds; and the ECGI (European Corporate Governance Institute). She is a member of the HCGE (Haut Comité de Gouvernement d'Entreprise), Vice President, Ideas and Prospective at the MEDEF, and a Senior Fellow at The Conference Board ESG Center in New York.

François Pauly

Senior Independent
Non-Executive Director

A R N

Appointment
19 May 2015

Nationality
Luxembourgish

Experience
François was CEO of the Edmond de Rothschild Group in Geneva until March 2023 and has over 30 years of management experience in the banking sector. Until April 2016 François served as Chief Executive and Chairman of the Management Board of Banque Internationale à Luxembourg. Previous management experience includes executive appointments at BIP Investment Partners S.A., Dexia Group and at Sal. Oppenheim Jr. & Cie. S.C.A. He was also Senior Advisory Partner at Castik Capital Partners.

External appointments
After stepping down as CEO of the Edmond de Rothschild Group in March 2023, François serves as Non-Executive Chairman of Compagnie Financière La Luxembourgeoise SA and as Non-Executive Director of Cobepa SA. François also serves on the Board of several charitable organisations.

Charlie Steel

Chief Financial Officer

Appointment
1 November 2022

Nationality
British and Irish

Experience
Prior to joining IWG, Charlie was Chief Financial Officer of Babylon, a US-listed digital-first, value-based healthcare provider, Global Head of Corporate Development at CMC Markets, a retail-focused financial services business, Vice President at Deutsche Bank AG and held positions at Lehman Brothers and IBM. Charlie holds a degree in Economics and Management from the University of Oxford.

External appointments
Charlie is a Non-Executive Director and Chair of the Audit Committee at the Department of Work and Pensions in the UK Government, and a Non-Executive Director of AICPA which is the world's largest accounting body and represents Chartered Professional Accountants (CPAs) in the United States and Chartered Institute of Management Accountants (CIMA) globally.

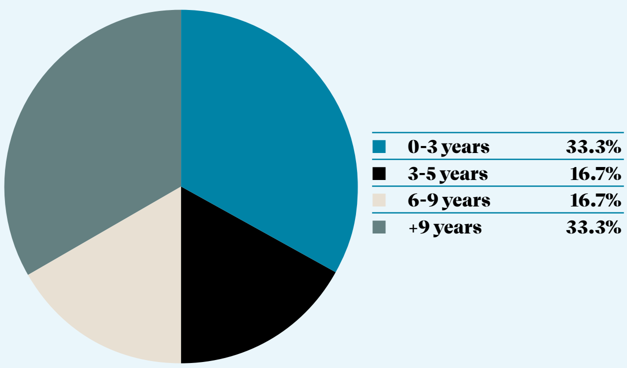
Managing our business responsibly

Sustainability and social responsibility underpin our strategy and are an integral component of Board decision-making.”

Douglas Sutherland, Chairman

Members	Attendance (out of possible maximum number of meetings)
Douglas Sutherland, Chairman	8/8
Mark Dixon	8/8
Laurie Harris	8/8
Nina Henderson	8/8
Tarun Lal	8/8
Sophie L'Hélias	8/8
François Pauly	8/8
Charlie Steel	8/8

Length of tenure of Non-Executive Directors



Douglas Sutherland, Chairman

Dear Shareholder,

I am pleased to introduce the Corporate Governance report for 2023. This report explains our approach to corporate governance and details the governance structure we have implemented to facilitate an effective Board and entrepreneurial management whilst ensuring the long-term sustainable success of the Company for the benefit of our stakeholders.

Sustainability and social responsibility

Delivering a sustainable business for the benefit of our customers, employees, partners, investors and society is a critical element of IWG's purpose and drives our culture and values. Sustainability and social responsibility underpin our strategy and are an integral component of Board decision-making.

As Chairman, I lead the Board in its oversight of corporate sustainability. The Board and Management are focused on ensuring that IWG makes continuous progress in its carbon reduction journey towards our target of achieving Net Zero carbon emissions by 2040. As part of that journey, during 2023 we achieved carbon neutrality (for Scope 1 and 2) and converted more than 900 centres to certified green electricity, an important step towards achieving our Net Zero carbon emissions target. Further details of our carbon reduction journey are detailed on pages 62 to 65. Information on the Audit Committee's role in monitoring implementation of our policies and targets on climate change can be found in the Audit Committee Report on pages 96 to 101.

10% of our Executive Directors' bonus for 2023 was subject to achievement of targets related to the adoption of green electricity and we are delighted with the results from the significant effort that went into accelerating the conversion to certified green electricity during 2023. For 2024 targets related to achieving our environment and climate change objectives have again been included in our annual bonus plan. Further information can be found in our Directors' Remuneration report on pages 102 to 114.

Diversity and Inclusion

During 2023, we maintained a level of 37.5% female Directors on our Board and between 40% and 60% female membership on our Audit, Nomination and Remuneration Committees. Both our Audit Committee and our Remuneration Committee continue to be chaired by women.

Whilst we did not meet the new Listing Rules guidelines in respect of gender diversity in 2023, it is notable that from May 2019 until May 2022 we had a level of 43% female representation on the Board, which dropped below 40% when we increased the size of our Board.

Our Board and Committee membership consists of Directors from two ethnic groups. Whilst we are pleased to report our compliance with the Listing Rule guidelines on ethnic diversity, we are aware that there is more work that needs to be done to increase the representation of different ethnic groups and all aspects of diversity on our Board and Senior Leadership Team. We have continued at Board level to lead the way, this has included extending our Board Diversity Policy to include the Board Committees and including diversity as a key factor in our succession planning for senior roles both within the Board and on our Senior Leadership Team.

Our process for identifying and engaging potential new directors as part of our current Board succession activities incorporates our gender and ethnic diversity objectives. Information on our Board and Committee Diversity Policy, our succession planning, the diversity of the Board and the statistical information required by the Listing Rules in respect of gender and ethnic diversity at Board level can be found in the Nomination Committee Report on pages 90 to 95. In addition, information on the gender and ethnic diversity of our Committees has been included at the start of each of our Committee reports.

Board Membership

The current composition of the Board reflects the decision to maintain relevant experience in the Board through the transformational period which the Company and the flexible workspace market have been experiencing. We have three Board members with extensive enterprise and business knowledge directly applicable to IWG's important near-term strategic decisions and objectives. This includes the Nomination Committee Chair and Senior Independent Director, the Remuneration Committee Chair, and myself as Chairman, who are approaching or past the term guidelines recommended by the 2018 UK Corporate Governance Code. At the same time, we have recently refreshed the Board, with three of our Board members having less than two years' tenure on the Board. We are addressing our Board succession activities keeping this in mind. Nina Henderson and François Pauly have agreed to remain on the Board as a near-term solution to facilitate our Board succession activities.

As we continue to implement value enhancing activities, including determining the appropriate stock exchanges for listing the Company's shares, the impact such decisions may have on the future structure and composition of the Board is integrated into our Board succession planning. We are conducting a search process for identifying and engaging with potential new Directors to assure we will have the necessary profiles for the refreshment of senior Board roles from within the existing Board as well as new Board members.

Stakeholder Engagement

During 2023 your Board has supported a number of measures to improve stakeholder engagement and ensure that our strategy and director incentives are clearly aligned with those of our stakeholders. As announced at our 2023 Investor Day, this has included a decision to present our business as three distinct but complementary business units with associated KPIs; a focus on growth through the capital-light business ensuring that growth capex requirements will be dramatically lower in the future, generating more free cash flow for shareholders; and the resumption of our progressive dividend policy, with a final dividend of one pence per share recommended for approval by shareholders at the 2024 annual general meeting. Further information on Board decision-making and stakeholder engagement is detailed on pages 86 and 87.

Corporate Governance Code

During 2023 we have complied with the UK Corporate Governance Code published by the Financial Reporting Council in July 2018 (the "Code"), except for provision 19. My time as Chairman has exceeded nine years from the date of my first appointment to the Board. My appointment is regularly reviewed by the Nomination Committee which, as further explained on page 95, has concluded that in consideration of the Group's near-term strategic objectives, it remains in the best interests of our stakeholders that I currently continue in the Chairman role for the near-term, subject to regular review by the Nomination Committee.

A copy of the Code is available on www.frc.org.uk.

Annual Report

Your Board and the Audit Committee have reviewed this Annual Report and consider that it provides the information necessary for you to assess the Company's position and performance, business model and strategy.

We consider the Annual Report, taken as a whole, to be fair, balanced and understandable and seek your approval of the Annual Report at the Company's annual general meeting which will be held on 21 May 2024.

Douglas Sutherland,

Chairman

In this section

Board effectiveness

Our governance framework aims to ensure the Board is effective and able to provide leadership and oversight of the Company within a framework of effective controls that enables risk to be assessed and managed and where assumptions and ideas can be challenged and debated. Our framework enables the Board to function as an effective team in order to develop and promote its collective vision of the Company's purpose, its culture, and the behaviours that the Board wishes to promote in conducting business.

Board composition

Our Board is made up of eight members consisting of five men and three women across two ethnic groups. Each Board member is valued for the unique combination of skills, drive, beliefs, knowledge, personal attributes and experiences they bring to the boardroom. Individual biographies can be found on pages 78 and 79 and information on the diversity of our Board can be found on page 94.

The benefits of having a strong and diverse Board are clear and in its regular review of Board composition the Nomination Committee considers how new appointments can strengthen our decision-making by increasing Board diversity and ensuring we have the expertise needed to meet our strategic ambitions.

Further information on the work of the Nomination Committee, including our Board Diversity Policy, succession planning and annual performance review, can be found in our Nomination Committee report on pages 90 to 95.

Board meetings

The Chairman and the Company Secretary plan an annual schedule of matters to be considered by the Board, ensuring all key issues are covered and that topics are discussed at appropriate times.

Initially seven meetings were scheduled for 2023 with additional meetings to be arranged as needed to ensure the Board was kept abreast of our strategic projects and to respond to business challenges and opportunities in a timely manner.

In total the Board met eight times during 2023 including a detailed strategy session in September. When time-sensitive approvals were anticipated between meetings the Board delegated its authority to a committee to be convened as appropriate.

The Chairman and the Company Secretary ensure that our Board meetings are structured to ensure time for in-depth discussions on key issues and to allow time for the Chairman to meet with Non-Executive Directors without the Executive Directors present. They ensure that the Board receives clear, concise and timely information on all relevant matters so that discussions are well-informed.

Board papers are made available in advance of meetings on a secure board portal. This portal is also used to distribute relevant reference material, including the monthly Board Report and Business Review. Minutes are taken of all Board discussions and decisions.

In the event that a Director has a concern about the running of the Company or a proposed action, such concerns are recorded in the Board minutes or can be recorded by Non-Executive Directors who are resigning, in a written statement which is circulated to the Board. No such concerns were raised in 2023.

Matters reserved for the Board

Matters that are considered sufficiently material that they can only be decided by the Board as a whole and cannot be delegated include:

- approval of long-term objectives and commercial strategy;
- approval of the annual plan;
- approval of regulatory announcements including the interim and annual financial statements;
- approval of terms of reference and membership of the Board and its Committees;
- appointment and removal of the Company Secretary;
- approval of risk management strategy;
- changes to the Group's capital structure;
- changes to the Group's management and control structure;
- capital expenditure in excess of £5m; and
- material contracts (with an annual value in excess of £5m).

Full details of the matters reserved for the Board are available on: www.iwgplc.com.

Development and support

To ensure continuing development and provide appropriate support, all Directors have:

- a customised and comprehensive induction programme prepared by the Chairman with the support of the Company Secretary, ensuring they can quickly and effectively contribute to discussion and decision-making on the Board and in respect of any Board Committees to which they are appointed;
- the opportunity to meet with major shareholders;
- access to the Company's operations and employees;
- access to training which is provided and reviewed on an ongoing basis to meet particular needs;
- access to the advice and services of the Company Secretary; and
- access to independent professional advice at the Company's expense.

Conflicts of interest

Directors are required to notify the Company as soon as they become aware of a conflict of interest or a potential conflict of interest. At the start of each Board meeting the Chairman requires each Director to confirm that they do not have a conflict of interest with any of the matters to be discussed; if a conflict does arise the Director is excluded from that discussion.

Time commitment

Directors are required to have sufficient time to meet their Board responsibilities; this is considered when making new appointments. Following their appointment Directors are required to seek Board approval before taking on additional external appointments.

Insurance and indemnity

Appropriate insurance cover is obtained to protect the Directors in the event of a claim being brought against them. In accordance with our articles and to the extent permitted by law, an indemnity is provided to Directors of the Company in respect of liability incurred as a result of their office.

Purpose and strategy

The Board is responsible for reviewing and approving the Group's purpose and strategy as further detailed in our value creation framework on pages 12 and 13. Our purpose underpins everything we do and is closely aligned with our three-year plan and strategy which is reviewed annually by the Board.

The Board meeting held in September focused on strategy and allowed the Board to make its annual deep-dive strategic assessment. This included a review of performance, purpose and culture, personnel and ESG as well as presentations from key areas of the business.

The Board is also responsible for approving the Group's operating model and annual plan, ensuring that the right structure, talent and resources are available to implement its strategy and long-term objectives.

Full details of our approved strategy can be found in our Strategic Report on pages 1 to 77.

Culture, values and ethics

Our people are at the heart of our culture which is based on our pioneering spirit, mutual empowerment, shared leadership and unified global network that is united by trust in one another.

Your Board is committed to doing what is right, ensuring that we do what is right for the environment and for our people and ensuring that our people act ethically and without bias or discrimination in all our business activities.

As a Board we are very aware of our impact on the climate and the importance of our climate policy. We continue to identify climate change as a standalone principal risk and in 2023, we carefully monitored the achievement of our carbon neutrality goal as well as the continued steps being taken across the Group to reduce our emissions and achieve Net Zero carbon emissions by 2040. Further information on our carbon reduction journey can be found on pages 62 to 65.

As a Board we aim to balance the benefits of meeting in person with our environmental goals and accordingly we use commercial flights, avoid unnecessary air travel and choose environment-friendly options for travel where possible.

To support our culture, values and ethics we provide access to the IWG Learning Academy to all employees. The platform includes training on our Code of Conduct, compliance policies and approach to diversity and inclusion.

Our "Right to Speak" policy encourages employees to speak out without fear of repercussions or retaliation. We have implemented a robust and confidential whistleblowing procedure where issues can be raised anonymously; this is operated by an independent third party ensuring protection for whistleblowers against retaliation. Information on the reports received during 2023 can be found in the Audit Committee Report on page 100.

We maintain a zero-tolerance policy both to bribery and corruption and to slavery and human trafficking. Training is provided to all employees and our statements on these are reviewed annually and made available on www.iwgplc.com.

All instances of bribery and corruption are investigated and reported by our Audit Committee and further information can be found on pages 99 and 100.

Performance monitoring

The Board monitors performance through a regular report covering key performance indicators, profitability and cash flow, operating unit updates, costs, treasury and investor relations. Trading and finance updates as well as updates on strategic projects are provided at all scheduled Board meetings, allowing the Board to monitor and measure performance and to make decisions on matters reserved for the Board in order to support the delivery of its strategy.

The Board is responsible for approving results, dividends and announcements, including the going concern basis for preparing these accounts as detailed on page 131, and reviewing the stress testing and analysis which underpins the Viability Statement as detailed on page 59.

The Board also reviews the Group's ESG activities and reporting, receiving updates on:

- the Group's carbon footprint and progress made in achieving the agreed milestones;
- the progress on other environmental objectives, such as reducing water usage and waste;
- the diversity of our workforce;
- the culture of the Group and the wellbeing of employees;
- the Group's talent; and
- the initiatives we support in the local communities in which we operate.

Further information on ESG can be found on pages 60 to 77.

Prudent and effective controls

The Board is responsible for assessing the nature and extent of the principal risks it is willing to take to achieve its strategy and long-term objectives, and also those risks and emerging risks that threaten its business model, future performance, solvency or liquidity.

The key risks and emerging risks to the Group, both financial and non-financial, and the steps taken to manage and mitigate them which were reviewed and approved by the Board, are detailed on pages 50 to 58. Information on climate change risk can also be found on pages 72 to 74.

The Board has delegated authority for overseeing and reviewing its system of internal controls and risk management to the Audit Committee, which reports regularly to the Board. Details of the system and the Committee's review of its effectiveness are reported on pages 98 and 99.

Induction

The Chairman, supported by the Company Secretary, is responsible for preparing and coordinating a customised and comprehensive induction programme for each newly appointed Director, ensuring they can contribute effectively to discussion and decision-making.

Sophie L'Hélias was appointed as Non-Executive Director on 1 December 2022. The following activities were included in her induction programme:

Activity	Summary
Documentation	Relevant documents were made available including recent Board and Committee minutes, meeting papers and Board reports, recent Board reviews, policies and procedures, the Company's articles of association, Directors' duties, matters reserved for the Board, Committee terms of reference, Annual Report and Accounts, investor presentations, and broker and analyst reports.
Meetings	Virtual and in-person meetings were held with the Chairman, Chief Executive Officer, all Committee Chairs and Non-Executive Directors, the Company Secretary and certain members of the Senior Leadership Team. Care was taken to address a broad range of relevant topics including: strategy; performance monitoring; culture; ESG, corporate reporting and regulation, stakeholder engagement; remuneration; talent; succession planning; governance and legal.
Visits	Sophie spent time with global and geographic leadership, including visits to Germany and France, and attended one of the four global Leadership Conferences, which had approximately sixty participants, including country management and franchisees, from both Europe and South America.

Charlie Steel was appointed as Chief Financial Officer and Director on 1 November 2022. The following activities were included in his induction programme:

Activity	Summary
Documentation	Relevant documents were made available including recent Board and Committee minutes, meeting papers and Board reports, recent Board reviews, policies and procedures, the Company's articles of association, Directors' duties, matters reserved for the Board, Committee terms of reference, Annual Report and Accounts, investor presentations, and broker and analyst reports.
Meetings	Virtual and in-person meetings were held with the Chairman, Chief Executive Officer, all Non-Executive Directors, the Company Secretary and all members of the Senior Leadership Team. Care was taken to address a broad range of relevant topics including: strategy; performance monitoring; culture; ESG, stakeholder engagement; remuneration; talent; succession planning; governance and legal.
Finance	Charlie spent time with all his direct reports and visited geographic leadership, offices and operations throughout the world.
Audit	Charlie spoke with the Chair, members of the Audit Committee, and KPMG in order to understand the Audit Committee's remit and obtain an overview of key issues, policies and developments.

Key activities of the Board in 2023

Strategy

- Approved the purpose and values
- Approved strategy and objectives
- Approved the three-year plan
- Approved the operating model and annual plan
- Regular review of forecast, strategy and objectives
- Monitored and reviewed the Group's response to the Israel- Hamas war
- Approved strategic projects and monitored implementation

Financing

- Updated the Group's financing and capital structure
- Re-introduced a progressive dividend policy starting with a final dividend of one pence per share recommended to shareholders in respect of the financial year ended 31 December 2023
- Provided capital allocation guidance for once our net financial debt / EBITDA falls below 1x

Prudent and effective controls

- Assessed the Company's viability over a three-year period taking into consideration the risks and scenarios that could affect the Group
- Reviewed the Group's principal risks and mitigating actions
- Received updates from the Audit Committee Chair on key areas discussed
- Renewed the Group's insurance programme

Corporate reporting and performance monitoring

- Received regular performance updates at scheduled meetings and through Board reports
- Received updates from the Remuneration Committee Chair on key areas discussed
- Approved the Company's year-end and interim results
- Approved Q1 and Q3 trading statements and trading updates
- Reviewed the Group's talent strategy and culture

Stakeholder engagement

- Received policy statements provided by significant shareholders
- Received reports from the Chairman, Chief Executive Officer and Chief Financial Officer on feedback from shareholder meetings and correspondence
- Engaged with shareholders to further understand the significant minority vote against our 2022 Annual Report on Remuneration
- Consulted with shareholders regarding the Remuneration Policy update
- Attended investor presentations and virtual meetings
- Held an Investor Day in December 2023
- Reviewed monthly updates on investor relations
- Reviewed updates on our global franchise partners
- Reviewed updates on employee engagement initiatives
- Reviewed updates on ESG activities and reporting and community initiatives

Governance

- Reviewed and approved the Notice of annual general meeting
- Received updates from the Nomination Committee Chairman on succession planning, searches for Board members and diversity
- Induction of Sophie L'Hélias as Non-Executive Director
- Induction of Charlie Steel as Chief Financial Officer
- Monitored employee engagement and ESG
- Evaluated the independence of all Non-Executive Directors
- Reviewed the performance of the Board, its Committees and all Directors
- Approved the Board Diversity Policy and reviewed our performance against prior year
- Reviewed policies and statements including those on anti-slavery and human trafficking, and anti-bribery and corruption

Stakeholder engagement

Building and maintaining strong relationships with our stakeholders is key to the long-term success of our business. During 2023 we worked closely with our partners and our decision-making has been informed by their views and experiences.

Your Board seeks to take the views of its key stakeholders: our shareholders, customers, franchise partners, landlords, employees and communities, into account in its discussions and decision-making. The Board receives regular updates from the Chief Executive Officer on the views of key stakeholders on the Group's strategic agenda as well as receiving insights from other members of the Board and through the Company's stakeholder engagement initiatives.

Key stakeholder engagement initiatives undertaken by the Company in 2023 included; our 2023 Investor Day; engagement with shareholders regarding the 2023 annual general meeting voting outcomes; pulse surveys undertaken with business leaders and employees about the workplace and preferred ways of working; the employee engagement programme overseen from the Board by Nina Henderson; and initiatives to engage with the Group's franchise partners, many of whom attended the Company's North American Leadership Conference in December 2023.

The Board also seeks to align our strategy to the needs of our primary stakeholders. For example, by providing hybrid working solutions to our customers we are enabling their people to work away from city centres, closer to their homes, families and friends, potentially improving the work-life balance for millions and enhancing employee engagement, loyalty and job satisfaction.

During 2023 we have also sought to make our reporting clearer for investors and potential investors through redesigning it to focus on three distinct, but complementary business models with associated KPIs.

Further information on how we have placed our stakeholders at the centre of our strategy can be found throughout our Strategic Report and details of how we create value for our primary stakeholders can be found on pages 12 and 13.

Your Board is proud of the work undertaken by our employees throughout the world to engage with our communities and reduce our environmental impact; further details of this work can be found on pages 70 and 71.

Shareholder engagement

Investor meetings

The Board is kept informed of investor views through the distribution of analyst and broker briefings and monthly investor relations updates. In 2023 investor relations continued its program of meeting with investors and analysts holding over 400 meetings online or in person.

Additionally the 2023 Investor Day, which was attended in person by 75 people with a further 200 virtual attendees, presented an opportunity for the Company's Senior Leadership Team and Board members to meet with investors, potential investors and analysts to explain the Company's objectives and strategic plans for 2024. At the 2023 Investor Day the Company announced a number of initiatives including the resumption of regular dividend payments and capital allocation guidance with net debt continuing to be paid down towards our target of 1x Net Debt/ EBITDA.

The Chairman, Chief Executive Officer and Chief Financial Officer maintain a close dialogue with institutional investors on the Company's performance, sustainability initiatives, governance, plans and objectives. They regularly participate in investor meetings and make themselves available for questions, at the time of major announcements and on request. The Chairman and the Chief Executive Officer regularly update the Board on the results of these meetings and the opinions of investors. All Directors have a standing invitation to participate in investor meetings.

Committee Chairs engage with shareholders when there are significant changes within their areas of responsibility.

General meetings

The annual general meeting each year is held in May, save in exceptional circumstances, in Switzerland and is attended by all members of the Board. In addition to the formal business of the meeting, there is normally a trading update and shareholders have the opportunity to ask questions and to meet the Directors afterwards.

All Directors attended our 2023 annual general meeting in person and were also available to respond to shareholder queries outside of the meeting. All resolutions were voted on separately by means of a poll and the final results were published after the meeting.

All resolutions were passed with at least 82% of votes in favour except for resolution 3, the advisory vote in relation to our 2022 Annual Report on Remuneration which was passed by 77.7%. The Board recognised the significant minority vote against the Annual Report on Remuneration and we announced the steps that would be taken to understand the reasons behind the vote following the annual general meeting. In October 2023 we provided an update on the steps taken which included engagement with the dissenting shareholders.

Further information on this can be found in our Directors' Remuneration report on pages 103 and 114.

The 2024 annual general meeting will be held on Tuesday 21 May 2024. Notice of the meeting will be in a separate document. As always, the Directors will be available on request to respond to any shareholder queries outside of the meeting and will publish plans to understand any significant votes against any resolutions.

Company website

Our website www.iwgplc.com has a dedicated Investor Relations section which includes our Annual Reports, results presentations and our financial calendar.

Senior Independent Director

Our Senior Independent Director, François Pauly, is available to address any shareholder concerns that cannot be resolved through normal channels of communication.

Employee engagement

The health, safety and emotional wellbeing of our people is of paramount importance to us. Talent is placed at the centre of IWG and we are pleased that the Group was once again recognised in 2023 as a Top 1% LEADING EMPLOYER in the UK.

On behalf of the Board, Nina Henderson, our Non-Executive Director with responsibility for employee engagement, has continued to monitor and report back to the Board on initiatives in place around the Group to help support our employees.

During 2023, Nina had the privilege of interacting with a wide variety of employees through multiple channels. This included her attendance at our Asian, Middle Eastern and African Leadership Conference in January 2023 and our North American Leadership Conference in December 2023. Through discussions with employees held throughout the year, employees informed her of their reactions to and views on our strategic endeavours, sustainability initiatives, reward plans and the resources available to team members to enable them to deliver job performance.

She also received feedback through the IWG new starter and leaver process which provides invaluable data to ensure team members have a great start to working at IWG and also provides understanding of the reasons why team members might leave the business.

In addition, Nina meets regularly with senior HR executives across the business to discuss critical issues such as diversity, equity and inclusion, reward and talent.

We also continue to operate our confidential 'Right to Speak' policy, encouraging employees to make use of our third party managed whistleblowing system without fear of retaliation. In addition, we have various programmes in place to provide employees with confidential counselling services, 24/7 and 365 days a year.

We are extremely proud of our diverse global workforce and further information on our talent strategy can be found on pages 66 to 69.

Board decision-making

As a Jersey-incorporated Company we are not required to make a Section 172 Statement under the UK Companies Act; we do however maintain the same high standards when complying with our Director duties in accordance with Jersey company law. Our Directors are required to act in good faith and in the best interests of the Company and in doing this our Directors have regard, amongst other matters, to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The following are some of the decisions taken by the Board during the year and the consideration given to the stakeholder interests and impacts:

Decision to target conversion of centres to certified green electricity in 2023

Your Board is committed to achieving Net Zero carbon emissions no later than 2040. In order to make continuous progress towards this ultimate strategic goal, the Board set a priority and objectives for converting centres to certified green electricity during 2023, resulting in over 900 centres being converted during the year.

In reaching this decision the Board took particular account of the impact of the Company's operations on the environment, the Company's desire to position itself as a leader in sustainability and social responsibility and the views of our stakeholders including our employees, customers, franchise partners, landlords, shareholders and the wider society in which we operate.

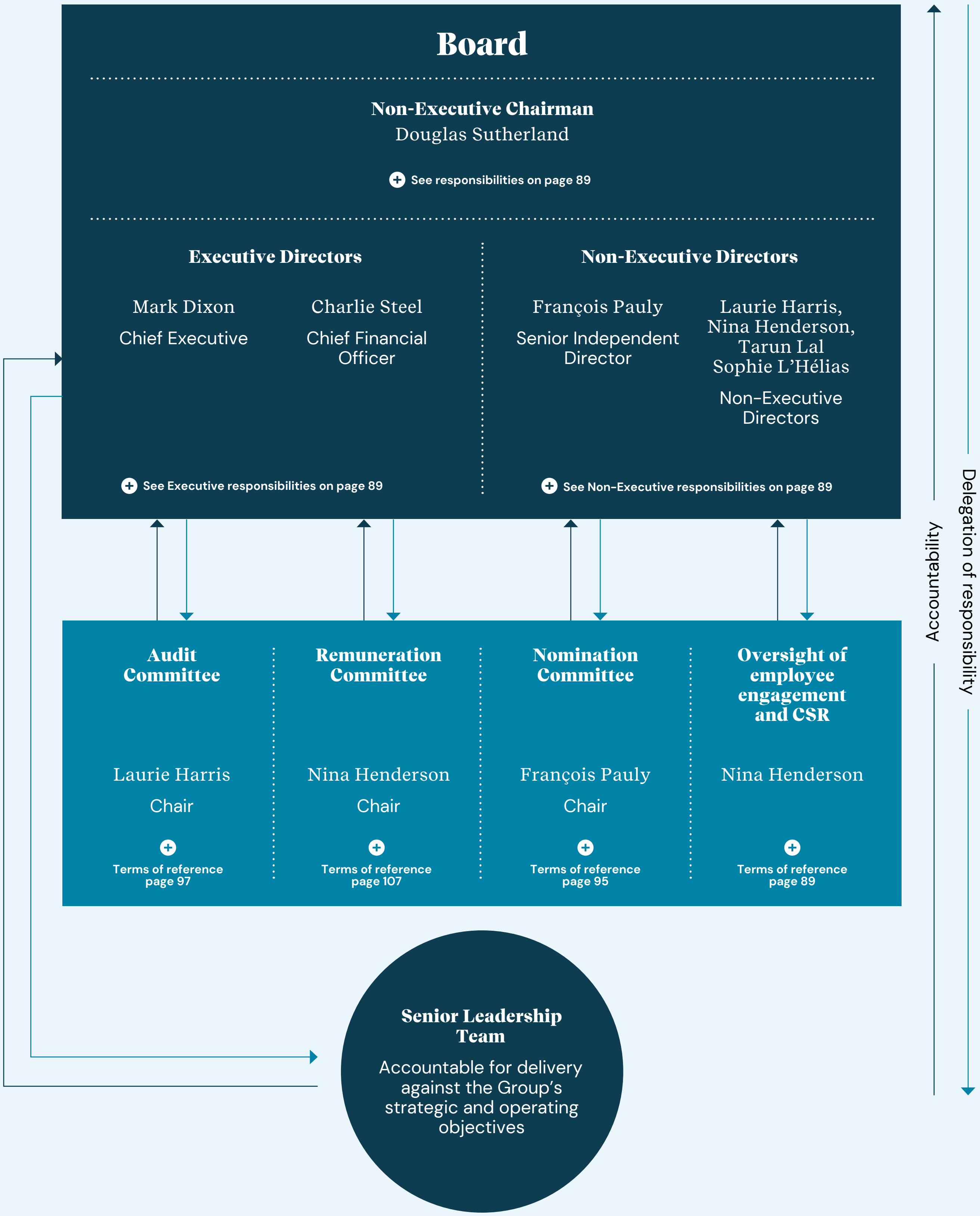
Decision to focus on growth through the capital-light business

The Board has approved the Group's strategy of focusing on growth through its capital-light business.

In our decision-making we considered how this strategy could promote the long-term success of IWG for our shareholders and all of our stakeholders. We engaged with our customers, landlords and franchise partners to understand their views and how we could better support them in the implementation of hybrid working. Of particular importance in our decision-making was the fact that focusing on growth through the capital-light business meant that growth capex requirements would be dramatically lower in the future which in turn would result in the generation of more free cash flow for shareholders.

Division of Responsibilities

There is a clear division of responsibilities at the head of the Company between the running of the Board and the running of the Company's business. No one individual Director has unfettered powers of decision-making, and all Directors are required to act in the best interests of the Company.



Certain matters are reserved for the Board; these are detailed on page 82

Role of Board members

The responsibilities of the Chairman, the Chief Executive Officer and the Senior Independent Director are available on www.iwgplc.com.

Douglas Sutherland

Chairman

The Chairman is responsible for leading the Board, setting high governance standards and focusing the Board on strategic matters.

He oversees the Group's business and implementation of the Group's sustainability policies and strategy.

The Chairman sets the Board's agenda ensuring adequate time is available for all agenda items, particularly strategic issues.

He monitors the effectiveness of the Board and ensures effective communication with shareholders and that the Board is aware of the views of all major stakeholders.

He facilitates the contribution of the Non-Executive Directors and ensures constructive relations between the Executive Directors and Non-Executive Directors. He regularly meets with the Non-Executive Directors without the Executive Directors being present.

Mark Dixon

Chief Executive Officer

The Chief Executive Officer is responsible for formulating strategy and for its delivery through the Senior Leadership Team once agreed by the Board. He creates a framework of strategy, values and objectives to ensure the successful delivery of key targets and allocates decision-making and responsibilities accordingly.

Charlie Steel

Chief Financial Officer

The Chief Financial Officer is responsible for leading the finance and accounting functions of the Group. He is also responsible for business ethics, good governance, assisting with strategy and compliance.

François Pauly

Senior Independent Director

The Senior Independent Director acts as a sounding board and confidant for the Chairman, as an intermediary for other Directors as required, and leads the appraisal of the Chairman's performance. He is also available to shareholders if they have concerns that cannot be resolved through normal channels.

Nina Henderson

Non-Executive Director with oversight of employee engagement and CSR

The Non-Executive Director with oversight of employee engagement and CSR is responsible for overseeing and keeping the Board informed on engagement with the workforce and the corporate responsibility activities of the Group, including community and environmental projects.

Non-Executive Directors

The independent counsel, character and judgement of the Non-Executive Directors enhance the development of strategy and the overall decision-making of the Board. The Non-Executive Directors scrutinise the performance of management and monitor the reporting of business performance, satisfying themselves as to the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

They are also responsible for determining appropriate levels of Executive remuneration.

Timothy Regan

Company Secretary

The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters and ensuring that the Board has the policies, processes, information, time and resources it needs to function efficiently and effectively. He also acts as secretary to the Board Committees.

Role of Committees

The Board is supported by a number of Committees to which it has delegated certain powers. The role of these Committees is summarised below:

Audit Committee

Responsible for oversight of financial reporting, audit, internal control, compliance and risk management.

Nomination Committee

Responsible for Board composition, appointment of Directors and senior management and succession planning.

Remuneration Committee

Determines the remuneration of Executive Directors, the Chairman and senior management and oversees remuneration policy for all employees.

Division of responsibilities

There is a clear separation of responsibilities between the running of the Board and the Executive responsibility for running the business.

Achieving strength, diversity and sustainability

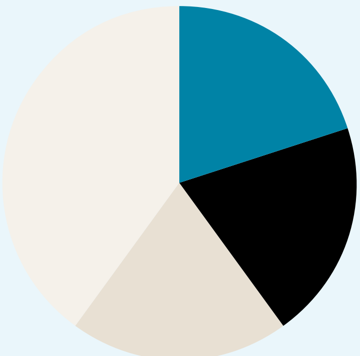
Your Board is made up of three women and five men, it represents two ethnic groups, five nationalities, a broad age range and a combination of backgrounds and experiences.”

François Pauly, Chair, Nomination Committee

Members	Attendance (out of possible maximum number of meetings)
François Pauly	4/4
Laurie Harris	4/4
Nina Henderson	4/4
Tarun Lal	4/4
Douglas Sutherland	4/4

The majority of members of the Committee are independent non-executive directors.

Length of tenure within the Committee



0-3 years	20%
3-5 years	20%
6-9 years	20%
+9 years	40%

François Pauly, Chair, Nomination Committee

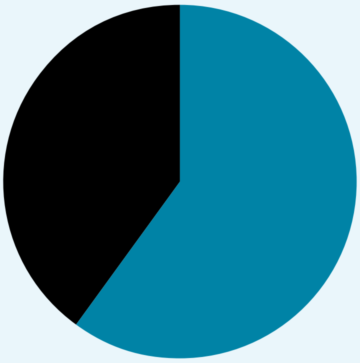
Dear Shareholder,

I am pleased to present to you our report on the work of the Nomination Committee (the “Committee”) during 2023. This has been a productive year for the Committee, with a particular focus on reviewing our succession plans to refresh and strengthen the Board.

Key activities during 2023 included:

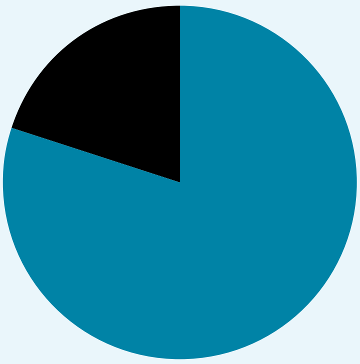
- reviewing our Board and Committee composition and planning succession activities; and
- Extending our Board Diversity Policy to include Board committees and updating our targets for 2024, taking account of the new Listing Rules guidelines on gender and ethnicity.

Gender representation within the Committee



Male	60%
Female	40%

Ethnic group representation within the Committee



White	80%
Asian	20%

Board composition

At the date of this report, your Board comprises eight members, being: the Non-Executive Chairman (independent at the time of appointment); two Executive Directors; and five independent Non-Executive Directors. Your Board is made up of three women and five men, it represents two ethnic groups, five nationalities, a broad age range and a combination of backgrounds and experiences. The biographies of Board members can be found on pages 78 and 79.

The current composition of the Board reflects the decision to maintain relevant experience on the Board through the transformational period which the flexible workspace market has been experiencing. As a result, three of our Board members with extensive enterprise and business knowledge applicable to IWG's strategic intentions, including the Chairman of the Board, the Remuneration Committee Chair and myself as Nomination Committee Chair and Senior Independent Director, are approaching or past the term guidelines recommended by the Code. At the same time, we have recently refreshed the Board, with three of our Board members having less than two years' tenure. During 2023 the Committee has put in place plans to implement Board succession activities. Our plans respect the value of Board member knowledge and experience which are directly applicable to our important near-term strategic decisions and objectives.

As the Board continues to implement value enhancing activities, including determining the appropriate stock exchanges for listing the Company's shares, the impact such decisions may have on the future structure and composition of the Board is integrated into our Board succession planning. We are conducting a search process for identifying and engaging with potential new Directors to assure we will have the necessary profiles for the refreshment of senior Board roles from within the existing Board as well as new Board members. When designing the profiles for new Directors we have taken particular account of the results from our 2023 Board review and our Board Diversity Policy and targets.

Recognising our need to retain expertise, both Nina Henderson and I, have agreed to remain on the Board in the near-term to support strategic implementation while facilitating the execution of our succession activities. Both Nina and I are independent directors as further detailed on page 95. We are pleased that Tarun Lal accepted his appointment to the Remuneration Committee, effective 2024.

Additionally we are pleased to advise that Douglas Sutherland will continue as Chairman of the Board. As previously advised Douglas' tenure exceeds the recommended nine year term. Following our review (page 95), discussions with investors and in light of our strategic objectives we have determined that, subject to our annual review, Douglas should remain as Chair in the near-term.

We define 'Diversity' as achieving strength and sustainability through actively embracing and being inclusive of all aspects (visible and invisible) of what makes every individual unique."

40 – 60%
Females on Committees

In 2023 we extended our Board Diversity Policy to apply to our Board Committees.

Diversity Policy and objectives

In our Board Diversity Policy we define "Diversity" as achieving strength and sustainability through actively embracing and being inclusive of all aspects (visible and invisible) of what makes every individual unique including education, personalities, skill sets, experiences, communication styles, knowledge bases, social economic backgrounds, age, race, gender, religious beliefs, physical abilities and disabilities, neurocognition, ethnicity, sexual orientation and political beliefs.

During 2023 we extended our Board Diversity Policy so that in addition to the Board it also applies to our Board Committees. Information on the diversity of these Committees can be found within the relevant Committee Reports on pages 90, 96 and 102.

Progress made against the Diversity objectives we set ourselves for 2023 can be found on page 92. Our objectives for 2024 which will be reported on in 2025 are to:

- maintain a level of at least 37.5% female directors on the IWG plc Board, rising to 40% in the near-term;
- appoint a female director and/or a director from a non-white ethnic group to one of the positions of Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer in the mid-term;
- maintain or increase the current levels of ethnic diversity on the Board, Audit Committee, Nomination Committee and Remuneration Committee;

- maintain or increase current levels of female members on the Nomination Committee, Audit Committee and Remuneration Committee;
- assist the development of a pipeline of high-calibre candidates by encouraging a broad range of senior individuals within the business to take on additional roles to gain valuable Board experience;
- consider candidates for appointment as Non-Executive Directors from a wide international pool including those with little or no previous FTSE Board experience;
- ensure Non-Executive Director longlists have at least 50% of candidates reflecting diversity including women and candidates with different racial and ethnic backgrounds; and
- engage executive search firms who have signed up to the November 2017 Voluntary Code of Conduct on gender diversity and best practice.

This year the new Listing Rules on gender and ethnicity apply to us for the first time and full disclosures in respect of this can be found on page 93. We are pleased to have met the ethnicity target and although we do not currently meet the gender targets we are pleased to have maintained a level of 37.5% female Board representation, 40-60% female representation on all Board committees and to have two female committee Chairs. It is also notable that from May 2019 until May 2022 we had a level of 43% female representation on the Board; which dropped below 40% when we increased the size of our Board. As a relatively small Board vacancies do not arise frequently, when they do we seek to use these as opportunities to enhance both the gender and ethnicity of the Board, whilst also taking account of all other aspects of diversity. Our most recent appointment was Sophie L'Hélias in 2022, however as she replaced another female Non-Executive Director this did not impact our gender balance.

We are proud of our workforce diversity at IWG. We are an equal opportunities employer and are proactively looking to identify, develop and promote key talent from within our organisation which will in turn improve our diversity at senior levels. Further information on our work to support diversity and inclusivity within our workforce can be found on page 68.

Performance against 2023 Diversity objectives

Objective	Performance achieved
Maintain a level of at least 37.5% female directors on the IWG plc Board in the short-term rising to 40% in the medium term.	Throughout 2023 we have had three female Board members, representing 37.5% of our Board and as part of our succession plans we are taking account of all elements of diversity including gender.
Assist the development of a pipeline of high-calibre candidates by encouraging a broad range of senior individuals within the business to take on additional roles to gain valuable board experience.	The Committee supports initiatives aimed at strengthening the executive talent pipeline and ensuring that high potential people at every level are developed and retained within the business. Senior individuals are encouraged to gain Board experience through internal and external Board appointments and are also invited to present at IWG plc Board meetings. Further information on our talent strategy can be found on pages 66 to 69.
Consider candidates for appointment as non-executive directors from a wider international pool including those with little or no previous FTSE board experience.	The profile, which is being used to identify and engage with potential new directors, was drawn up to allow us to consider a wider pool of talent; FTSE experience is not a pre-requisite.
Ensure non-executive directors long-lists have at least 50% of candidates reflecting Diversity including women and candidates with different racial and ethnic backgrounds.	The profile, which is being used to identify and engage with potential new directors, was drawn up to ensure that longlists reflect our desire to continue to improve the diversity of our Board and to ensure that we maintain a level of at least 37.5% female directors in the short term rising to 40% in the medium-term.
Engage executive search firms who have signed up to the November 2017 Voluntary Code of Conduct on gender balance, diversity and best practice.	During 2023 we worked with Audeliss Executive Search and Korn Ferry, each of whom are signatories to the November 2017 Voluntary Code of Conduct.

Board and Senior Leadership Team gender and ethnicity metrics – Listing Rules 9.8.6R (9) and 14.3.33R (1)

New Listing Rules for gender and ethnic diversity apply to the Company for the first time this financial year. As at 31 December 2023 the Company has not met all the targets of the Listing Rules diversity guidelines as set out below:

Listing Rules requirement	Detail
At least 40% of the Board are women.	Not yet achieved: During 2023 we have maintained a level of 37.5% female Board representation and we have set ourselves a target for 2024 of achieving 40% female board representation in the near-term. Three out of our eight directors are female and as our Board consists of eight directors, vacancies are not frequent. Our most recent Non-Executive Director appointment was female, however she replaced an outgoing female and so this did not increase our female Board representation.
At least one of the senior board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO) is a woman).	Not yet achieved: As at 31 December we did not have a woman in any of the senior board positions. We are targeting the appointment of a woman to a senior position as part of our succession planning.
At least one member of the Board is from an ethnic minority background (which is defined by reference to the categories recommended by the Office for National Statistics (ONS) excluding those listed, by the ONS as coming from a white ethnic background).	Achieved: As at 31 December 2023 we had one director who is not from a white ethnic group.

The numerical data required under the Listing Rules is set out in Table One covering sex/gender representation and Table Two covering ethnicity representation. All data provided has been collected through self-reporting from the individuals concerned. By "executive management" we refer to our Senior Leadership Team which encompasses the most senior levels of management reporting to the Chief Executive Officer, including the Company Secretary but excluding all administrative and support staff.

Table One: Reporting table on sex/gender representation

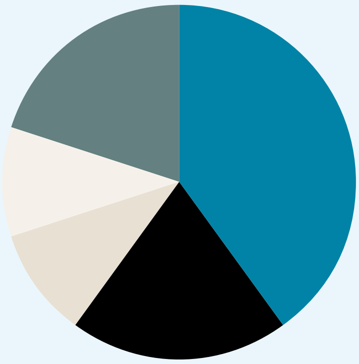
	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	62.5%	4	11	79%
Women	3	37.5%	0	3	21%
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Table Two: Reporting table on ethnicity representation

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority white groups)	7	87.5%	4	13	93%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British categories	1	12.5%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	1	7%
Not specified / prefer not to say	–	–	–	–	–

Board Diversity

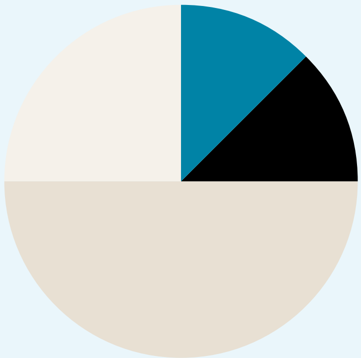
Nationality representation on the Board



American	50%
British	25%
French	12.5%
Irish	12.5%
Luxembourgish	25%

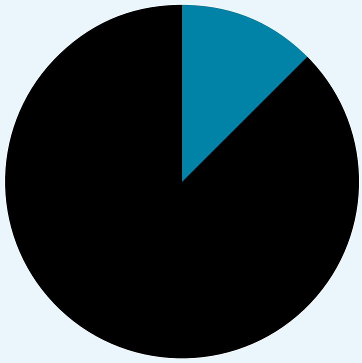
Two Directors are dual nationals.

Age group representation on the Board



36-45 years	12.5%
46-55 years	12.5%
56-65 years	50%
66-75 years	25%

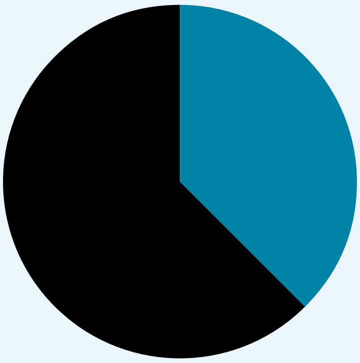
Ethnicity group representation on the Board



Asian	12.5%
White	87.5%

→ Information on the ethnicity of employees is included on page 68

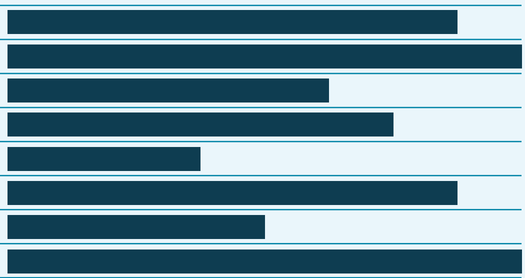
Gender representation on the Board



Female	37.5%
Male	62.5%

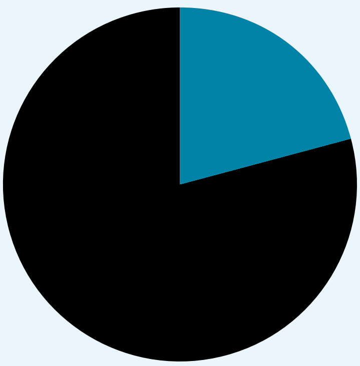
Experience of the Board

	Number of Directors
Corporate Governance	7
Working Internationally	8
Rapid Growth Strategies	5
Digital Transformation	6
Franchising	3
Enterprise Risk Management	7
Outsourcing	4
Mergers and acquisitions	8



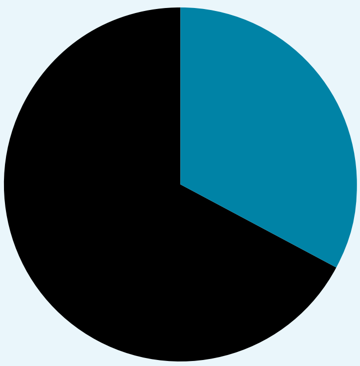
Employee Diversity

Gender representation: Senior leadership



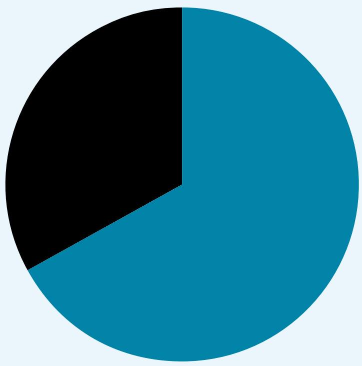
Female	21%
Male	79%

Gender representation: Regional Leadership



Female	33%
Male	67%

Gender representation: all employees



Female	67%
Male	33%

Further information on employee diversity is available on page 68

Board Review

The performance of your Board, its Committees, the Chairman and individual Directors is reviewed annually and every third year our review is facilitated externally. The last external Board review was conducted in respect of 2021 by Condign Board Consulting, who have no other connection to the Company, and was reported on in the 2021 Annual Report.

The Committee uses the Board Review process to monitor effectiveness, performance, balance, diversity, independence, leadership and succession planning, enabling the Committee to identify strengths and weaknesses and ensuring that we are able to identify the capabilities required for particular Board appointments.

The 2023 Board review was conducted internally by our Chairman through a series of one-to-one discussions with Board members. The review included enquiry into the other appointments held by each Director (detailed on pages 78 and 79) and the time they were able to commit to performing their role for the Company. The results of the review were discussed by the Board and the Committee. All suggestions for improvement are being incorporated into our ongoing efforts to continuously improve the processes and effectiveness of the Board. We continue to have full confidence in the Board's members, their commitment to the Company and in the Board's processes.

The review of the Chairman of the Board was led by the Senior Independent Director and discussed by the Nomination Committee who were also informed by the views of the Executive Directors and investors. Based on the review of his performance in 2023 the Committee recommends that Douglas Sutherland remain in this role in the near-term. The Committee believes that given the strategic plans and ongoing initiatives that his continued leadership of the Board is in the best interests of all stakeholders. As previously advised, Douglas, has been on the Board for more than the recommended term of nine years. He was appointed as Chairman on 18 May 2010 and was considered independent on appointment. From 27 August 2008 until his appointment as Chairman, Douglas served as an independent Non-Executive Director of the Company.

Independence of Non-Executive Directors

The Committee reviewed the independence of all Non-Executive Directors in 2023; all are independent and continue to make independent contributions and effectively challenge management.

The Committee does not consider that independence will necessarily be compromised by the length of service of an individual director and following careful evaluation has determined, despite Nina Henderson's tenure exceeding nine years and my tenure being close to nine years, that we continue to demonstrate clear independence of character and judgement.

Re-election of the Board

All Directors (unless they are retiring) submit themselves for re-election by shareholders annually.

Directors appointed during the period since the last annual general meeting are required to seek election at the next annual general meeting under the Company's articles of association.

Reasons why the contribution of Directors offering themselves for re-election or election continues to be important to the long-term success of the Company are described in the Notice of annual general meeting.

Board appointments

The Committee leads the process for the appointment of all new directors and, in identifying and recommending candidates to the Board, the Committee considers candidates on merit against objective criteria and in accordance with the Board Diversity Policy.

Nominations are based on the existing balance of skills, knowledge, diversity and experience on the Board, on the merits and capabilities of the nominee and on the time they are able to give to the role in order to promote the success of the Company.

Senior Leadership Team

The Committee oversees changes and succession planning for the Senior Leadership Team, and supports initiatives to strengthen and improve diversity within the executive talent pipeline.

Succession planning

We monitor that succession plans are in place for the orderly succession of appointments to the Board and all senior Board and Committee positions, so that there is an appropriate balance of skills, experience and diversity. Succession planning discussions and a talent review process continue to be an integral priority of the Company's business planning and review process, as is the continued development of both management capacity and capabilities within the business.

Terms of Reference

Below is a summary of the terms of reference of the Committee:

- Board appointment and composition: to regularly review the structure, size and composition of the Board and make recommendations on the role and nomination of Directors for appointment and re-appointment to the Board.
- Board Committees: to make recommendations to the Board in relation to the suitability of candidates for membership of the Audit and Remuneration Committees.
- Board effectiveness: to review annually and make appropriate recommendations.
- Board performance: to assist the Chairman with the annual performance review to assess the performance and effectiveness of the overall Board and individual Directors.
- Leadership: to remain fully informed about strategic issues and commercial matters affecting the Company and to keep under review the leadership needs of the organisation to enable it to compete effectively.
- Complete details of the above are available on the Company's website www.iwgplc.com.

François Pauly

Chair, Nomination Committee

Managing our business ethically and responsibly

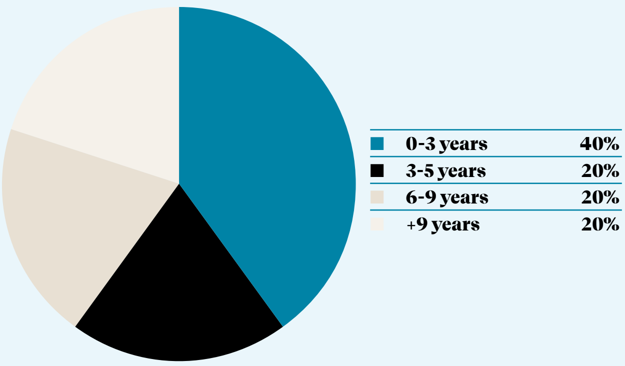
"Responsible corporate behaviour is an integral part of the overall governance framework and our management structures."

Laurie Harris, Chair, Audit Committee

Members	Attendance (out of possible maximum number of meetings)
Laurie Harris	6/6
Nina Henderson	6/6
Tarun Lal	6/6
Sophie L'Hélias	6/6
François Pauly	6/6

All members of the Committee are independent non-executive directors.

Length of tenure within the Committee



Laurie Harris, Chair, Audit Committee

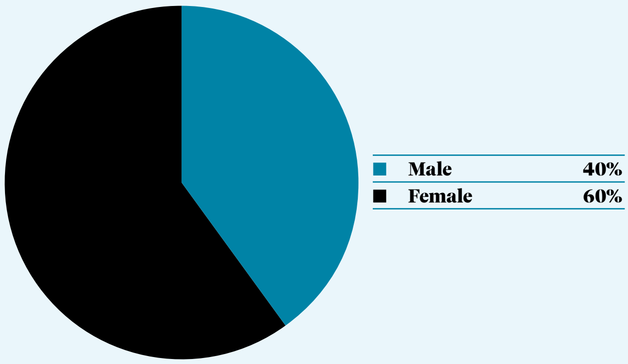
Dear Shareholder,

I am pleased to present you with this report on the work of the Audit Committee (the "Committee") during 2023.

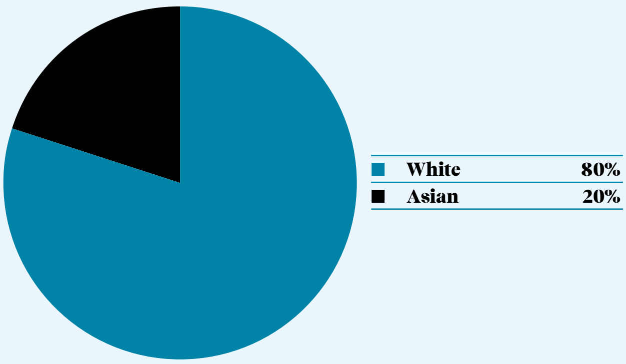
Your Committee has an important responsibility to act independently of Company management. We ensure, for the benefit of shareholders and all stakeholders, that we provide robust challenge in respect of financial reporting and internal control.

This report sets out the role and responsibilities of the Committee and our key activities during the year.

Gender representation within the Committee



Ethnic group representation within the Committee



Activities in 2023 included:

- Oversight of financial reporting, which included consideration of and recommendation to approve Management's proposal to change to a US dollar reporting currency with effect from 1 January 2024 as well as the continuing consideration of the potential change to use US GAAP reporting standards.
- Participation in and review of the outcomes of the FRC review of KPMG's audit of the Company for the year ended 31 December 2022, including the comments from the FRC and KPMG's responses, noting there were no significant findings identified as part of this process.
- Review of changes to improve the Company's reporting, including providing additional information on three business units, Managed & Franchised, Company-Owned & Leased and Worka.

Membership

The Committee consists entirely of independent Non-Executive Directors. In compliance with the Code and as determined by the Nomination Committee and the Board, I am the Committee member possessing recent and relevant financial experience and qualifications. Committee members represent different genders, age groups, nationalities and ethnic groups. They hold a diverse range of skills, experience, qualifications and industry acumen in areas such as franchising, retail, risk, human resources, ESG and governance and all Committee members have proven track records in leadership and financial transactions. Taken as a whole the Nomination Committee and the Board have ensured that the Committee has the competence needed to effectively fulfil its role. The biographies of all Committee members can be found on pages 78 and 79.

Meetings

Six Committee meetings were held in the year and where time-sensitive approvals were needed authority was delegated to a sub-committee.

Meetings are planned with the Company Secretary to co-ordinate with key dates within the financial reporting calendar and audit cycle. The Company Secretary ensures that information and meeting papers are provided to Committee members in a timely manner, takes minutes at all meetings of the Committee, and provides any necessary practical support.

At my request, the external auditors, Executive Directors, the Chairman, the Company Secretary (as secretary to the Committee) and the Business Assurance Director may attend meetings. During meetings and discussions Executive Directors, internal and external auditors are expected to make information freely available to the Committee, to listen to the views of the Committee and talk through issues openly.

At least annually, the Committee meets independently, without management, with the Company's external auditors and the Business Assurance Director. In addition I regularly meet with Executive Directors, the Chairman, the external lead audit partner and the Business Assurance Director outside of the formal Committee process.

Performance

The effectiveness of the Committee is reviewed annually as part of the Board Review process detailed on page 95.

Training

All Committee members are provided with the necessary training to be able to fulfil their role. This includes training as part of their induction programme and ongoing training which includes updates on any new standards, legal or reporting requirements and best practice. Further information can be found on pages 82 and 84.

During 2023 we carefully monitored discussions around Audit Committee governance. Following the recent revision of the Code, we are preparing for its application in future financial years.

Resources

Executive Directors are under an obligation to ensure Committee members are kept properly informed and have the information needed to discharge their duties as Directors of the Company. This obligation includes taking the initiative to supply relevant information in a timely manner rather than waiting to be asked and ensuring that all employees and directors are advised of the need to cooperate with the Committee and provide it with any information it requires.

Resources are available for the Committee to take independent legal, accounting or other advice as needed.

Responsibilities

The below is a summary of the terms of reference of the Committee (the full text of which is available on the Company's website www.iwgplc.com):

- Financial reporting: monitoring the integrity of financial reporting for compliance with applicable statutes and accounting standards.
- Internal control and risk: reviewing the effectiveness of internal controls and risk management systems.
- Internal audit: monitoring the internal audit programme, reviewing all findings and making certain that the function is sufficiently resourced and free from restrictions.
- External audit: advising on the appointment, reappointment, remuneration and removal of the external auditor.
- Employee concerns: reviewing whistleblowing arrangements.

I routinely report to the Board on how the Committee has discharged these responsibilities and on any other matters where the Board has requested the Committee's opinion. This reporting includes highlighting any concerns raised or areas for improvement that have been identified.

Where there is disagreement between the Board and the Committee which cannot be resolved through discussion the Committee has the right to report on the matter to the shareholders as part of the Annual Report.

Activities of the Audit Committee in respect of 2023

This section summarises the main focus areas of the Committee in respect of 2023 and the results of the work undertaken.

Financial reporting

Our main focus was the review of the half-year results and this Annual Report together with the formal announcements relating thereto. Before recommending these to the Board we determined that the actions and judgements made by management were appropriate. Particular focus was given to:

- critical accounting policies and practices and changes thereto;
- changes in the control environment;
- control observations identified by the auditor;
- decisions delegated to and requiring judgements by management;
- adjustments resulting from the audit;
- clarity of the disclosures made;
- compliance with accounting standards and relevant financial and governance reporting requirements; and
- the process surrounding compilation of the Annual Report to confirm it is fair, balanced and understandable.

The Committee formally considers and minutes key audit matters as detailed on page 101 before recommending the financial statements to the Board.

The Committee recommends the Annual Report to the Board. It considers the Annual Report, taken as a whole, to be fair, balanced and understandable, providing the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

During 2023 the Committee also reviewed proposals, liaised with KPMG and provided advice to Management and the Board in respect of the projects to change the Company's reporting currency to US dollars with effect from 1 January 2024 as well as the potential change to use US GAAP reporting standards.

Risk management

The Board is responsible for establishing the risk appetite for the Group. The Committee oversees and reviews an ongoing process for identifying, evaluating and managing the risks faced by the Group. Major business risks and their financial implications are appraised by the responsible executives as part of the planning process and are endorsed by regional management. Key risks are reported to the Committee, which reports on them to the Board. The appropriateness of controls is considered by the executives, having regard to cost, benefit, materiality and the likelihood of risks crystallising. Key risks and actions to mitigate those risks were considered by both the Committee and the Board and were formally reviewed and approved.

Emerging and principal risks

There are a number of existing and emerging risks and uncertainties which could have an impact on the Group's long-term performance. The Group has a risk management structure in place designed to identify, manage and mitigate such business risks. Risk assessment and evaluation are an integral part of the annual planning process, as well as the Group's monthly review cycle.

The Group's principal risks, together with an explanation of how the Group manages these risks are presented on pages 50 to 58 of this Annual Report.

Climate change

Climate change risk is recognised as a standalone principal risk to the business. It also presents a unique opportunity for the Group in providing sustainable office solutions for clients who may not be able to meet climate change targets alone. Further information can be found on page 54 and pages 72 to 74.

On the request of the Board the Committee monitors the Group's implementation of its policies on climate change. This included reviewing the limited assurance work performed by an independent third party on our Scope 1 and 2 greenhouse gas emissions information included on page 74, as well as the Committee's assessment of the impact of climate change on the Group's financial statements as detailed in note 1 on page 131. The Committee also reviewed the disclosures on climate change and protection of natural resources provided on pages 72 to 74 in compliance with the framework provided by the Task Force on Climate-Related Financial Disclosures.

Internal control

The Committee has a delegated responsibility for the Company's system of internal control and risk management and for reviewing the effectiveness of this system. Such a system is designed to identify, evaluate and control the significant risks associated with the Group's achievement of its business objectives with a view to safeguarding shareholders' investments and the Group's assets. Due to the limitations that are inherent in any system of internal control, this system is designed to meet the Group's particular needs and the risks to which it is exposed and is designed to manage rather than eliminate risk. Accordingly, such a system can provide reasonable, but not absolute, assurance against material misstatement or loss.

In accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (the "FRC Guidance"), the Committee confirms there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

During 2023, the Committee continued to revisit its risk identification and assessment processes, inviting Board members and senior management to convene and discuss the Group's key risks and mitigating controls.

A risk-based approach has been adopted in establishing the Group's system of internal control and in reviewing its effectiveness. To identify and manage key risks:

- Group-wide procedures, policies and standards have been established;
- a framework for reporting and escalating significant matters is maintained;
- reviews of the effectiveness of management actions in addressing key Group risks identified by the Board have been undertaken; and
- a system of regular reports from management setting out key performance and risk indicators has been developed.

This process is designed to provide assurance by way of cumulative assessment and is embedded in operational management and governance processes.

Key elements of the Group's system of internal control which have operated throughout the year under review are as follows:

- the risk assessments of all significant business decisions at the individual transaction level, and as part of the annual business planning process;
- a Group-wide risk register is maintained and updated at least annually whereby all inherent risks are identified and assessed, and appropriate action plans developed to manage the risk per the risk appetite of the Group as established by the Board. The Board reviews the Group's principal risks register at least annually and management periodically reports on the progress against agreed actions, enabling the Committee to monitor how key risks are managed;
- the annual strategic planning process, which is designed to ensure consistency with the Company's strategic objectives. The final plan is reviewed and approved by the Board. Performance is reviewed against objectives at each Board meeting;
- comprehensive monthly business review processes under which business performance is reviewed at business centre, area, country, regional and functional levels. Actual results are reviewed against targets, explanations are received for all material movements, and recovery plans are agreed where appropriate;
- the documentation of key policies and control procedures (including finance, operations, and health and safety) having Group-wide application. These are available to all staff through the IWG Learning Academy;
- formal procedures for the review and approval of all investment and acquisition projects. The Group's Investment Committee reviews and approves all investments. Additionally, the form and content of routine investment proposals are standardised to facilitate the review process;
- the delegation of authority limits with regard to the approval of transactions;
- the generation of targeted, action-oriented reports from the Group's sales and operating systems on a daily, weekly and monthly basis, which provide management at all levels with performance data for their area of responsibility, and which help them to focus on key issues and manage them more effectively;
- the delivery of a centrally coordinated assurance programme by the business assurance department that includes key business risk areas. The findings and recommendations of each review are reported to both management and the Committee; and
- the maintenance of high standards of behaviour which are demanded from staff at all levels in the Group. The following procedures support this:

  - a clearly defined organisation structure with established responsibilities;
  - an induction process to educate new team members on the standards required from them in their role, including business ethics and compliance, regulation and internal policies;
  - the availability of Group and country-specific policies via the Group's internal platforms, including the Company's Code of Conduct, detailed guidance on employee policies and the standards of behaviour required of staff;
  - policies, procedure manuals and guidelines are readily accessible through the IWG Learning Academy;
  - operational audit and self-certification tools which require individual managers to confirm their adherence to Group policies and procedures; and
  - a Group-wide policy to recruit and develop appropriately skilled employees of high calibre and integrity and with appropriate disciplines.

The Committee and the Board regard responsible corporate behaviour as an integral part of the overall governance framework and believe that it should be fully integrated into management structures and systems. Therefore, the risk management policies, procedures and monitoring methods described above apply equally to the identification, evaluation and control of the Company's safety, ethical and environmental risks and opportunities. This approach makes sure that the Company has the necessary and adequate information to identify and assess risks and opportunities affecting the Company's long-term value arising from its handling of corporate responsibility and corporate governance matters.

The Committee has completed its annual review of the effectiveness of the system of internal control for the year to 31 December 2023 and is satisfied that it is in accordance with the FRC Guidance and the Code. The assessment included consideration of the effectiveness of the Board's ongoing process for identifying, evaluating and managing the risks facing the Group.

Whistleblowing policy

A whistleblowing channel, hosted by an independent third party and which may be used anonymously, is available to all employees via email, the web, or on the IWG Learning Academy. We operate a "Right to Speak" policy, the aim of which is to encourage all employees, regardless of seniority, to bring matters that cause them concern to the attention of the Committee, through the whistleblowing channel, without fear of repercussions or retaliation. Employees can monitor the progress of the reports they have made.

The Business Assurance Director, in consultation with the Senior Leadership Team, decides on the appropriate method and level of investigation. The Committee is notified of all material discourses made and receives reports on the results of investigations and actions taken on a regular basis. The Committee has the power to request further information, conduct its own enquiries or order additional action as it sees fit.

During 2023 we received 39 reports through our whistleblowing channel. 28 of these were classified as requiring further investigation and were reported to the Committee; of these 28 reports, 24 have been resolved to date and the remaining reports which were received are under investigation. None of the investigations identified instances of bribery and corruption that needed to be reported to the Committee.

Internal Audit

The Committee has overall responsibility for monitoring and reviewing the effectiveness of the Company's internal audit function within the context of the overall risk management system.

This includes responsibility for the appointment and removal of the head of the internal audit function, the Business Assurance Director, and for approving the remit of internal audit; ensuring it is free to work independently and objectively and that it has the necessary resources and access to information to enable it to fulfil its mandate in accordance with appropriate professional standards. This includes ensuring that the Group will continue to evaluate the internal audit team skillset, including increasing the breadth of skills within the team to take into account forthcoming UK legislation with additional consideration towards US requirements.

During 2023 the Committee reviewed progress made against the 2023 internal audit plan and assessed and approved the internal audit plan for 2024. The Committee received regular reports from the Business Assurance Director which were reviewed promptly and it monitored management's responsiveness to the finding and recommendations of the internal audit team. The Committee held its annual meeting with the Business Assurance Director without the presence of management. The Business Assurance Director had direct access to the Committee Chair and to the Chairman of the Board throughout the year.

External audit

The Committee is responsible for making recommendations to the Board, to be put to shareholders at the annual general meeting in relation to the appointment, reappointment and removal of the external auditor. They are responsible for overseeing the relationship with the external auditor which includes annually assessing the objectivity and independence of the external auditor and the measures in place to safeguard their independence , as well as undertaking an annual evaluation of their effectiveness.

KPMG were initially appointed in 2016 as the external auditors of IWG plc. Whilst IWG plc is a Jersey company, after consultation with KPMG, the Committee determined that appointing a Jersey-registered KPMG Ireland audit partner would best serve the needs of the Group. KPMG were reappointed at the 2023 annual general meeting and in respect of the financial year ended 31 December 2023 they completed a review of the half-year results of the Group for the period to 30 June 2023 and audited the consolidated financial statements of the Group for the year ended 31 December 2023.

The Committee approves the remuneration of the external auditor and their terms of engagement. The breakdown of the audit fees paid to the external auditor during the year to 31 December 2023 can be found in note 5 on page 143.

Independence and objectivity of the external auditor

The Committee has assessed and confirmed the continuing independence and objectivity of KPMG.

The value of non-audit services provided by KPMG in 2023 amounted to £0.3m (2022: £0.3m). Non-audit services primarily related to assurance and audit related services. During the year there were no circumstances where KPMG were engaged to provide services which might have led to a conflict of interest.

The Committee has also undertaken its annual review of the measures in place to safeguard KPMG's independence as detailed in its policy on non-audit related services, which includes the following measures:

- the external auditor is used for non-audit related services only where their use will deliver a demonstrable benefit as compared with the use of other potential providers and where it will not impair their independence or objectivity;
- all proposals for permitted defined non-audit services to use the external auditor must be submitted to, and authorised by, the Chief Financial Officer and/or Committee Chair before any work is performed;
- permitted non-audit services are reviewed annually by the Committee and currently include: consultation on financial accounting and regulatory reporting matters; reviews of internal accounting and risk management controls; reviews of compliance with policies and procedures; non-statutory audits (e.g. regarding acquisitions and disposal of assets and interests in companies) and assurance on finance-related projects;
- prohibited non-audit services include: tax compliance and advisory services; legal services; book-keeping and other accounting services; design, provision and implementation of information technology services; internal audit services; valuation services; payroll services; recruitment services in relation to key management positions; HR services relating to the organisation structure and cost control; and transaction (acquisitions, mergers and dispositions) work that includes investment banking services, preparation of forecasts or investment proposals and deal execution services; and
- KPMG confirm at every Committee meeting that, since the prior meeting, there have been no significant issues affecting their objectivity and independence arising from the provision of non-audit services.

KPMG are required to adhere to a rotation policy requiring rotation of the lead audit partner at least every five years.

Effectiveness of the external auditor

The Committee has evaluated and confirmed the effectiveness of KPMG as external auditor of the Company.

The Committees' annual assessment of the effectiveness of the external auditor, covers all aspects of the external audit process including planning, execution, communication and reporting. The Chair discusses the results of the assessment with the audit partner and agrees on the action plans to be put in place as needed.

The Committee's assessment of the effectiveness external audit conducted by KPMG in respect of the year ended 31 December 2023 was informed by the views of employees, senior leaders and stakeholders across the Group. Particular focus was given to:

- the audit process as a whole and its suitability for the challenges facing the Group, this included considering the delivery against the agreed audit plan and the actions agreed with the Committee in relation to the change of reporting currency of the Group to US Dollars, as well as changes made to improve the Company's reporting including the provision of additional information on the three business units, Managed & Franchised, Company-Owned & Leased, and Worka;
- the strength and independence of the external audit team and the level of resourcing;
- the exercise by the external audit team of its professional scepticism and its ability to challenge management assumptions where necessary; it was noted that as part of their audit, KPMG had challenged management to ensure robustness of reporting across a wide set of topics, in particular concerning: impairment tests of right of use assets, PPE, goodwill and intangibles; lease accounting; revenue recognition; taxation; controls. No material issues were identified as part of this audit challenge.
- the external audit team's understanding of the control environment as detailed in their Management letter and other communications;
- the culture of the external auditor in seeking continuous improvement and increased quality including KPMG's self-assessment of risks to the audit quality and the actions taken in response to previous quality assessments; and
- the quality and timeliness of communications and reports received and the quality of interactions with management.

Audit tendering process

The Company's last audit tendering process was undertaken in 2018. The Committee notes the ongoing process to evaluate a potential change to reporting its financial results under US GAAP as well as separately a consideration of the appropriate stock market exchange for the listing of its shares. These processes have involved new senior team members from KPMG as well as other experts and also occupy internal accounting resources. In view of the nature and status of these processes, recognising that an audit tender is a significant undertaking requiring significant time and planning, and in view of the relative recent appointment of the Chief Financial Officer in 2022, the Committee does not believe it is appropriate to consider an audit tender at this time. This will be re-evaluated in future years in consideration of the outcome of the above processes, among other factors.

Re-appointment of the external auditor

Following the Committee's assessments of the independence, objectivity and effectiveness of KPMG as external auditor, the Committee has recommended to the Board that KPMG Ireland be recommended to the Company's shareholders for reappointment as the Company's external auditor in respect of the financial year ended 31 December 2024.

Laurie Harris

Chair, Audit Committee

Significant financial reporting judgements

The Committee discussed and reviewed the following key audit matters with KPMG and management in relation to the financial statements for 2023. For each area, we discussed with KPMG their procedures to challenge and evaluate management's assumptions. The Committee was satisfied with the accounting and disclosures in the financial statements.

Listing rule requirement	Detail
Goodwill and intangible assets	The Committee has considered the impairment testing undertaken and disclosures made in relation to the value of the Company's goodwill and intangibles and has challenged the key assumptions made by management in their valuation methodology. The Committee considers that an appropriate approach has been used by management and is satisfied that no additional impairment of intangibles and goodwill is required. See notes 13 and 14 for further information.
Recognition of deferred tax assets	The Committee has reviewed the basis on which management has recognised and valued deferred tax assets, with particular focus on the recoverability of deferred tax assets associated with the Group's intellectual property in Switzerland. The Committee is satisfied that management's judgements on the generation of future taxable profits in the foreseeable future are aligned with the Group's other business forecasting processes. The Committee has considered the presentation and disclosure (in accordance with IAS 1 and IAS 12) in respect of taxation-related balances and is satisfied that the Group's disclosures reflect the risks inherent in accounting for the deferred taxation balances. See note 8.
Impairment of leasehold property, plant and equipment ("PPE") and right-of-use ("ROU") assets	The Committee reviewed the process used by management during 2023 to assess all open, non-franchise business centres across the Group for indicators of impairment. We challenged key judgements and estimates relating to the impairment of leasehold PPE and ROU assets and ultimately concluded that management's judgements and the disclosure of these impairments were appropriate. See note 15.

Fostering the long-term success of the Company

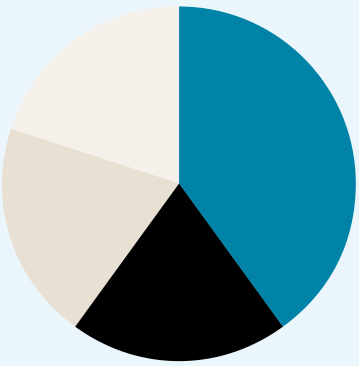
"The Committee has designed performance-driven remuneration policies that reward delivery of our strategic priorities and support our culture and values to foster the Group's sustainable long-term success."

Nina Henderson, Chair, Remuneration Committee

Members	Attendance (out of possible maximum number of meetings)
Nina Henderson	4/4
Laurie Harris	4/4
François Pauly	4/4
Sophie L'Hélias	4/4
Tarun Lal[1]	NA

1 Tarun Lal was appointed from 2024
All members of the Committee are independent non-executive directors.

Length of tenure within the Committee



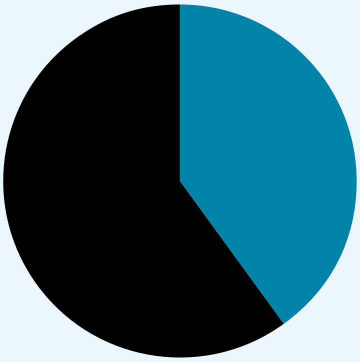
0-3 years	40%
3-5 years	20%
6-9 years	20%
+9 years	20%

Nina Henderson, Chair, Remuneration Committee

Dear Shareholder,

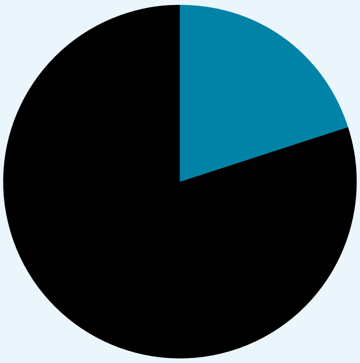
On behalf of the Board's Remuneration Committee (the "Committee"), I present the 2023 Directors' Remuneration report. The Committee has designed performance-driven remuneration policies that reward delivery of our strategic priorities and support our culture and values to foster the Group's sustainable long-term success.

Gender representation within the Committee



Male	40%
Female	60%

Ethnic group representation within the Committee



Asian	20%
White	80%

In 2023, IWG produced its highest ever revenue growth in the Company's 35 year history at 8% delivering £3.3bn. IWG now has the largest-ever network footprint of 3,514 locations (3,345 in 2022). Concurrently, the Company continued to build its Managed Partnership pipeline. All was accomplished while simultaneously applying continued cost discipline in the face of global inflationary pressure.

During our 2023 Investor Day we were pleased to announce the resumption of regular dividend payments.

Notable 2023 performance achievements, linked to our 2023 bonus plan, include: an adjusted EBITDA (on a pre IFRS 16 and constant currency basis) of £415m; net debt reduction of £104m; continued network growth through the opening of more than 300 new capital-light centres; and the continuation of our carbon reduction journey through the conversion of 900+ centres to certified green electricity. These accomplishments, requiring current investment, will continue to provide future benefits and create long-term value for all stakeholders.

The metrics we set in respect of 2023 executive performance and those metrics which we will apply for 2024 performance evaluation have and will continue to align the interests of our Executives with the long-term interests of our shareholders.

2023 Remuneration Outcomes

Annual bonus

During 2023, the Committee set financial and strategic targets for the annual bonus. After consultations with shareholders the weighting of the strategic targets was reduced to 20% with 80% focused on financial targets. This resulted in financial measures consisting of adjusted EBITDA (on a pre-IFRS 16 and constant currency basis) (55%), net debt reduction (25%) and strategic targets consisting of measures relating to network growth (10%) and carbon footprint reduction through the conversion to certified green electricity (10%). Achievement of minimum financial targets was a condition for the application of strategic target payouts.

The achieved result for adjusted EBITDA (on a pre IFRS 16 and constant currency basis) was £415m resulting in a bonus payment equal to 75% of maximum for this element. Net debt reduction of £104m was achieved resulting in a bonus payment equal to 100% of maximum for this element.

During 2023, 900+ centres were converted to certified green electricity. This high rate of conversion to green electricity was achieved centre-by-centre in numerous cities and countries by focusing on negotiating specific certified green electricity contracts for centres where the Company directly purchased the electricity and there were reliable certified green electricity suppliers. The capital-light growth target was also achieved with the opening of 328 new centres in the year, of which 301 were capital-light. This reflected the significant efforts to build the capabilities to accelerate centre openings delivering an increase of 116% over the capital-light openings during 2022. These achievements resulted in a bonus payment equal to 100% of maximum in respect of the strategic objectives.

Overall, the 2023 annual bonus formulaic outcome was 86% of maximum. The Committee reviewed this formulaic outcome and were comfortable it was an accurate reflection of performance and in line with stakeholders' experience. Therefore, no discretion was applied.

Performance Share Plan ("PSP")

The Performance Share Plan (PSP) pays for performance against a predetermined relative TSR target measured over three years as described below. The plan's structure recognises that IWG's strategic plans are designed to drive increasing value over multiple years. Beyond reward, the PSP's intention is to also support retention of key management talent.

The PSP award was made in March 2021. The award was subject to a relative TSR condition measured over three financial years 2021-2023. Largely due to challenges created by the pandemic, performance was assessed as below the median of the FTSE350 (excluding investment trusts). Therefore, the 2021 PSP award has lapsed in full.

Response to 2023 annual general meeting outcome

A significant majority of shareholders (77.7%) approved our Annual Report on Remuneration in 2023, we are appreciative of the support. The level of votes against was higher than we would have liked. The Committee is aware that a number of the shareholders who voted against the Annual Report on Remuneration did not agree with the 33.33% payout of the annual bonus for 2022 based on achieving strategic target objectives when the financial objectives were not achieved.

The Committee consulted with shareholders prior to the annual general meeting, the majority of whom were supportive of the rationale for the Committee's decision-making. Following the annual general meeting, Douglas Sutherland, the Chairman, and I contacted major shareholders who had not supported our Directors' Remuneration Report to understand the reasons for their vote and to offer further engagement. This engagement has been taken into account in respect of the 2023 annual bonus targets for Executive Directors as detailed on page 107.

Following our engagement, we are comfortable that those shareholders who voted against the Annual Report on Remuneration for 2022 did not have ongoing concerns with the overall approach to remuneration at IWG.

We appreciate all the engagement with our shareholders over the last year.

The year ahead

The Committee is implementing the Directors' Remuneration Policy in 2024 as follows:

- Executive Director salaries were subject to the annual salary review process which included comparative benchmarking. The last pay rise awarded to Executive Directors was approved in 2020 but was not implemented until 2021, the Executive Directors having agreed to delay their pay increases and take a 50% salary cut until the end of 2020 during the COVID-19 pandemic. During 2022 and 2023, there were no salary increases for Executive Directors.

  IWG's 2023 performance is noteworthy. The Committee recognises the Chief Executive Officer's leadership and expert navigation through tumultuous events has positioned the company well and enables IWG to continue to capture the opportunity present in the evolution of how and where work is done. The Committee has agreed a salary increase of 5% for the Chief Executive Officer. The Committee has also agreed a 5% increase for the Chief Financial Officer in recognition of his contributions to 2023 performance. These increases were effective 1st January 2024. The global workforce received an average annual salary increase of 5 % during 2023.

- The maximum annual bonus potential remains unchanged at 150% of base salary for Executive Directors with half of any bonus paid deferred in shares which vest after three years. Performance will be measured against adjusted EBITDA, cash generation and strategic metrics.
- Awards of 250% of base salary were granted under the PSP in line with the approved Policy. 100% of these awards will vest subject to a relative TSR target measured over three financial years, 2024-2026. Any award that vests will be subject to an additional two-year holding period.

IWG is a global company with the United States representing its largest geographic operation and an executive team recruited from and working throughout the world. There is currently a remuneration gap for both salaries and variable pay with global comparatives that will need to be addressed in view of the Company's succession planning and retention objectives. The Committee is committed to thorough consultations with investors as we consider how best to address this remuneration gap during the coming year to ensure our pay model remains fit for purpose, ensures a pay for performance culture through robust target setting and aligns with shareholder experience.

In making its decisions, the Committee continues to consider the pay and conditions across the Group's workforce, the experiences of the Company and its stakeholders along with the need to reward executive performance that enables the future success of the Company.

Workforce engagement and wider workforce pay

In addition to its review of executive remuneration, the Committee reviews the remuneration approaches and practices in place across the Group. The Committee ensures that there is strong rationale for how compensation approaches evolve across different levels of the organisation and that we offer competitive and fair pay across the Group which is free from all forms of discrimination.

The majority of our approximately 10,000 employees' remuneration is determined by role, performance, location, and longevity within the Group compared to marketplace benchmarks. Salaries are reviewed annually, and all employees share in our success through performance related incentives. The average pay rise awarded to employees in respect of 2023 was 5% (3% in respect of 2022).

Through my role as Non-Executive Director with oversight of employee engagement, I have continued my programme of meeting with our global workforce and providing feedback and insight to the Board and the Committee on the information I receive through my role. This information can then be used to inform our decision-making process including our review of the compensation approach used across the Group and ensuring that the interests of all employees are aligned with the strategic objectives of the Company.

During 2023 I was privileged to interact with a wide variety of employees through multiple channels, this included my attendance at our Asian, Middle Eastern and African Leadership Conference in January 2023 and our North American Leadership Conference in December 2023. Through discussions with employees held throughout the year, employees have informed me of their reactions and views on our strategic endeavours, sustainability initiatives, reward plans and the resources available to team members to enable them to deliver job performance. I also receive feedback through the IWG new starter and leaver process which provides invaluable data to ensure team members have a great start to work at IWG and also provides understanding of the reasons why team members might leave the business. In addition I meet regularly with senior HR executives across the business on critical issues such as diversity, equity and inclusion, reward and talent. Talent is placed at the centre of IWG and I was pleased that in 2023, the Group was once again recognised as a Top 1% LEADING EMPLOYER in the UK.

In addition, I provide a sounding board for the team designing IWG's climate and environmental initiatives. During 2023, I met with the team over seven times and coordinated regular Board updates on their progress.

Annual general meeting

Shareholders will be asked to approve resolutions in support of the 2023 Annual Report on Remuneration.

On behalf of the Committee, I commend this report to you and look forward to your support for the resolution at the annual general meeting.

Nina Henderson

Chair, Remuneration Committee

Directors' Remuneration Policy – Summary

This section summarises the Group's policy on remuneration for Executive and Non-Executive Directors, which was approved by the Company's shareholders at the annual general meeting on 9 May 2023 (the "Policy"). The full version of the shareholder-approved Policy can be found on the Company's website at https://investors.iwgplc.com/reports-and-presentations.

The Committee is satisfied that the approved Policy operated as intended in 2023.

Overview of Directors' Remuneration Policy

The Policy considers principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture and has the following objectives:

- to provide a balanced package between fixed and variable pay, and long- and short-term elements;
- to align with the Company's strategic goals and time horizons whilst encouraging prudent risk management;
- to incorporate incentives that are aligned with and support the Group's business strategy and align executives to the creation of long-term shareholder value, within a framework that is sufficiently flexible;
- to adapt as our strategy evolves;
- to align the interests of the Executive Directors, senior executives and employees with the long-term interests of shareholders and strategic objectives of the Company;
- to ensure ongoing alignment with the changes to the UK Corporate Governance Code 2018;
- to align management and shareholder interests through building material share ownership over time;
- to reflect the remuneration received by the wider employees, considering proportionality;
- to ensure that our remuneration structures are transparent and easily understood;
- to ensure that remuneration practices are consistent with and encourage the principles of equality, diversity and inclusion; and
- to reflect the global operating model of the Group whilst taking account of governance best practice.

Summary Policy table for Executive Directors

Component	Purpose/link to strategy	Operation	Maximum	Performance framework
Base salary	To provide a competitive component of fixed remuneration to attract and retain people of the highest calibre and experience needed to shape and execute the Company's strategy.	Salaries are set by the Committee. The Committee reviews all relevant factors such as: the scope and responsibilities of the role, the skills, experience and circumstances of the individual, sustained performance in role, the level of increase for other roles within the business, and appropriate market data. Salaries are normally reviewed annually, and any changes normally made effective from 1 January.	There is no prescribed maximum salary. Salary increases will normally be in line with increases awarded to other employees in the business, although the Committee retains the discretion to award larger increases if it considers it appropriate (e.g. to reflect a change in role, development and performance in role, or to align to market data).	While there are no performance targets attached to the payment of salary, performance is a factor considered in the annual salary review process.
Benefits	To provide a competitive benefits package.	Incorporates various cash and non-cash benefits which may include: a company car (or allowance) and fuel allowance, private health insurance, life assurance, and, where necessary, other benefits to reflect specific individual circumstances, such as housing or relocation allowances, representation allowances, reimbursement of school fees, travel allowances, or other expatriate benefits. Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit. Executive Directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms. Executive Directors will be eligible to participate in any all-employee share plan operated by the Company, on the same terms as other eligible employees. The maximum level of participation is subject to limits imposed by relevant legislation from time to time (or a lower cap set by the Company).	Benefit provision is set at an appropriate competitive market rate for the nature and location of the role. There is no prescribed maximum as some costs may change in accordance with market conditions.	

Component	Purpose/link to strategy	Operation	Maximum	Performance framework
Pension	To provide retirement benefits in line with the overall Group Policy.	Provided through participation in the Company's money purchase (personal pension) scheme, under which the Company matches individual contributions up to a maximum of base salary. The Company may amend the form of an Executive Director's pension arrangements in response to changes in legislation or similar developments.	Set at a level commensurate with the workforce in the executive's location (currently 7% of base salary for existing Directors in accordance with local laws).	
Annual bonus	To incentivise and reward annual performance and create further alignment with shareholders via the delivery and retention of deferred equity.	Provides an opportunity for additional reward (up to a maximum specified as a % of salary) based on annual performance against targets set and assessed by the Committee. Half of any annual bonus paid will be deferred in shares which will vest after three years, subject to continued employment but no further performance targets. The other half is paid in cash following the relevant year end. A dividend equivalent provision allows the Committee to pay dividends, at the Committee's discretion, on vested shares at the time of vesting and may assume the reinvestment of dividends on a cumulative basis. Recovery and withholding provisions apply to bonus awards.	150% of base salary per annum.	Performance metrics are selected annually based on the current business objectives. The majority of the bonus will be linked to key financial metrics, of which there will typically be a significant profit based element. Performance below threshold results in zero payment. Payments rise from 0% to 100% of the maximum opportunity levels for performance between the threshold and maximum targets.
Performance Share Plan ("PSP")	Motivates and rewards the creation of long-term shareholder value. Aligns executives' interests with those of the shareholders.	Awards will normally be made annually under the PSP and will take the form of either nil-cost options or conditional share awards. Participation and individual award levels will be determined at the discretion of the Committee within the Policy. Awards vest three years following grant, subject to performance against pre-determined targets which are set and communicated at the time of grant. Vested awards are subject to a holding period of two years following achievement of performance conditions. This requires the Executive Directors to retain the net-of-tax number of vested shares for a period of two years following vesting. Recovery and withholding provisions apply to PSP awards. A dividend equivalent provision allows the Committee to pay dividends, at the Committee's discretion, on vested shares at the time of vesting and may assume the reinvestment of dividends on a cumulative basis.	The normal plan limit is 250% of base salary.	Awards have a performance period of three financial years starting at the beginning of the financial year in which the award is made. Performance conditions will measure the long-term success of the Company. The Committee may introduce or re-weight performance measures so that they are directly aligned with the Company's strategic objectives for each performance period. In respect of each performance measure, performance below the threshold target results in zero vesting. The starting point for vesting of each performance element will be no higher than 25%.
Shareholding guidelines	To align Executive Directors' interests with those of our long-term shareholders and other stakeholders.	Executive Directors are expected to build a holding in the Company's shares to a minimum value of two times their base salary within five years. This may be built via the retention of the net-of-tax shares vesting under the Company's equity-based share plans. Deferred shares and shares subject to a holding period (net-of-tax) can be counted towards the total.	N/A	N/A
Post-cessation shareholding requirement	To align Executive Directors' interests with those of our long-term shareholders and other stakeholders	Executive Directors are expected to hold, for up to two years post-cessation, the existing shareholding requirement or the actual shareholding at cessation, if lower.	N/A	N/A

Annual Report on Remuneration

Membership and meetings

All members of the Committee are independent. Committee membership during the year and attendance at the meetings is set out on page 102. In addition to the designated members of the Committee, the Chairman, Chief Executive Officer and Company Secretary also attended Committee meetings during the year although none were present during discussions concerning their own remuneration.

Terms of reference

The Committee's terms of reference are available on the Company's website: www.iwgplc.com.

Implementation of the Remuneration Policy for 2024

This Annual Report on Remuneration (including the Committee Chair's annual statement on pages 102 to 104) will be put to a single advisory shareholder vote at the 2024 annual general meeting. The information below includes how we intend to operate our Policy in 2024 and the pay outcomes in respect of the 2023 financial year.

Reporting

The Group continues to use pre-IFRS 16 results for its primary management reporting including performance target-setting and measuring achievements against those targets. Therefore, the figures in this report are presented on a pre-IFRS 16 basis.

Base salaries for the Executive Directors

The current salaries as at 1 January 2024 (and compared to 2023) are as follows:

	Effective 1 Jan 2024 (£'000)	Effective 1 Jan 2023 (£'000)	Percentage change
Mark Dixon	**£919**	£875	5%
Charlie Steel	**£462**	£440	5%

For context, the average base salary increase for global employees in respect of 2023 is 5%.

Benefits and pension

Benefits and pension provisions will operate in line with the approved Policy.

Annual bonus

For 2024 the maximum bonus potential for both Executive Directors is 150% of salary. The on-target bonus is 90% of salary. Half of any bonus paid will normally be deferred into shares under the Deferred Share Bonus Plan ("DSBP"), which will vest after three years subject to continued employment.

The 2024 annual bonus will be based 50% on measurement against EBITDA targets, 30% on measurement against cash generation targets and 20% against measurement of strategic targets, a portion of which will be focused on achieving specific environment and climate change objectives. Achievement of minimum financial targets is a condition for the application of strategic target payouts. The targets are not being disclosed prospectively as they are commercially sensitive; however, a description of the performance against targets set will be included in next year's Annual Report.

Performance Share Plan ("PSP")

Recognising the substantial increase in opportunity for long-term value to be created for our shareholders through our strategic transformation including our franchising strategy, PSP share option awards have been made at 250% of current salary (up to the Policy maximum) to Executive Directors with performance measured over a three-year period ending 31 December 2026. The awards are subject to a TSR performance metric as summarised below. The Committee will continue to review the suitability of the TSR metric and may revert back to a broader selection of metrics on the PSP in the future.

Performance conditions	Threshold vesting	Threshold performance	Maximum vesting	Maximum performance
Relative TSR versus FTSE 350 excluding investment trusts (100% weighting)	25%	Median	100%	10% compound annual growth above median

Awards are subject to a holding period of two years following achievement of performance conditions. This requires the Executive Directors to retain the net-of-tax number of vested shares for a period of two years following vesting.

Chairman and Non-Executive fees

The Committee is responsible for reviewing the Chairman's fees and the Chairman and Executive Directors are responsible for reviewing Non-Executive fees. No fee changes were proposed for 2024 and the current fees as at 1 January 2024 (and compared to 2023) are as follows:

	2024 (£'000)	2023 (£'000)	Percentage change
Non-Executive Chairman	**300**	300	0%
Basic fee for Non-Executive Director	**62**	62	0%
Additional fees:			
Chair of Audit Committee	**15**	15	0%
Chair of Remuneration Committee	**15**	15	0%
Senior Independent Director combined with Chair of Nomination Committee	**15**	15	0%
Oversight of employee engagement and CSR	**15**	15	0%
Variable dislocation allowance for non-Swiss Directors[1]	**5 to 10**	5 to 10	0%

1. The level of dislocation allowance for non-Swiss Directors is determined according to their country of residence.

Remuneration outcomes for 2023

Single total figure of remuneration table (Audited)

The following table shows the total remuneration in respect of the year ending 31 December 2023, together with the prior year comparative.

Executive Directors

£'000	Salary		Benefits		Pension		Other		Annual bonus		Long-Term Incentive Awards		Total		Total fixed		Total variable	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Mark Dixon	**875**	875	**–**	–	**61**	61	**–**	–	**1,129**	438	**–**	–	**2,065**	1,374	**936**	936	**1,129**	438
Charlie Steel	**440**	74	**–**	–	**31**	6	**–**	74	**568**	–	**–**	–	**1,039**	154	**471**	154	**568**	–

Non-Executive Directors

£'000	Fees		Benefits		Pension		Annual bonus		Long-Term Incentive Awards		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Douglas Sutherland	**300**	300	**–**	–	**–**	–	**–**	–	**–**	–	**300**	300
Laurie Harris	**87**	87	**–**	–	**–**	–	**–**	–	**–**	–	**87**	87
Nina Henderson	**102**	102	**–**	–	**–**	–	**–**	–	**–**	–	**102**	102
Tarun Lal	**72**	46	**–**	–	**–**	–	**–**	–	**–**	–	**72**	46
Sophie L'Hélias	**67**	6	**–**	–	**–**	–	**–**	–	**–**	–	**67**	6
François Pauly	**82**	82	**–**	–	**–**	–	**–**	–	**–**	–	**82**	82

Annual bonus – The bonus shown is the full award in respect of the relevant financial year. Half of the bonus awarded to Executive Directors was deferred into shares for three years.

Pension – This includes a cash payment to Charlie Steel in lieu of a pension contribution.

Other – This includes a bonus award that was agreed to be paid to Charlie Steel as part of his recruitment, given he joined IWG towards the very end of the 2022 financial year.

Charlie Steel was appointed as Director and Chief Financial Officer on 1 November 2022. Remuneration detailed above reflects time served in respect of the role during the relevant period.

Tarun Lal was appointed as Non-Executive Director on 10 May 2022. Remuneration detailed above reflects time served in respect of the role during the relevant period.

Sophie L'Hélias was appointed as Non-Executive Director on 1 December 2022. Remuneration detailed above reflects time served in respect of the role during the relevant period.

Determination of 2023 annual bonus (Audited)

The targets set for the 2023 bonus at the start of the year were as follows:

Measure	Weighting	Target (60% of maximum)	Maximum (100%)	Achieved	Outcome (% maximum)
Adjusted EBITDA (pre-IFRS 16 and constant currency basis)	55%	£400m	£440m	£415m	75%
Net debt reduction	25%	£65m	£80m	£104m	100%
Network growth through new capital-light centres open[1]	10%	250 new centres opened (gross)	300 new centres opened (gross)	301 new centres opened (gross)	100%
Carbon footprint reduction through use of certified green electricity[1]	10%	700 centres at year end	775 centres at year end	+900 centres at year end	100%
Overall outcome					86%

1. Achievement of minimum financial targets was a condition for the application of strategic target payouts.

Director	Bonus maximum (% of base salary)	Bonus awarded (% of award)	Bonus awarded (£'000)	Cash bonus (£'000)	Deferred shares (£'000)[1]
Mark Dixon	150%	86%	1,129	565	565
Charlie Steel	150%	86%	568	284	284

1. Half of the bonus was awarded in cash, with half deferred in shares which vest after three years.

PSP awards vesting in 2023 (Audited)

The award made to Executive Directors under the PSP in 2021 was subject to a TSR performance metric measured over the three financial years ending 31 December 2023. Performance and vesting are as detailed below.

Performance conditions	Threshold vesting	Threshold performance	Maximum vesting	Maximum performance	Performance achieved	Actual % vesting
Relative TSR versus FTSE 350 excluding investment trusts (100% weighting)	25%	Median	100%	10% compound annual growth above median	Below median	0%

PSP awards vesting in 2025 (Audited)

PSP awards granted to Executive Directors on 8 March 2023 which vest subject to a three-year performance period ending 31 December 2025 were as follows:

Executive	Number of share options	% of base salary	Value of award (£'000)[1]	% of maximum amount receivable for threshold vesting
Mark Dixon	1,139,027	250%	£2,188	25%
Charlie Steel	572,768	250%	£1,100	25%

1. Based on a face value grant of 250% of salary and using the share price of 192.05p on 7 March 2023.

The awards are subject to a TSR performance metric as summarised below.

Performance conditions	Threshold vesting	Threshold performance	Maximum vesting	Maximum performance
Relative TSR versus FTSE 350 excluding investment trusts (100% weighting)	25%	Median	100%	10% compound annual growth above median

The Company's current share price, including current assumptions regarding the future implementation of the Company's strategic transformation referenced in analysts' reports, has been taken into account when setting stretching relative TSR targets.

Awards are subject to a post-vesting holding period of two years. This requires the Executive Directors to hold on to the net-of-tax number of vested shares for a period of two years following vesting.

DSBP awards granted in the year

DSBP awards granted to Executive Directors on 8 March 2023 as a deferred bonus in respect of the financial year ended 31 December 2022 and which become exercisable on the third anniversary after the date of grant, subject to continuous employment, were as follows:

Executive	Number of share options	% of base salary	Value of award[1] (£'000)
Mark Dixon	113,903	50%	£219
Charlie Steel[1]	19,145	50%	£37

1. Charlie Steel was appointed on 1 November 2022. Bonus detailed reflects time served in respect of the role.

Total pension benefits

During the year under review, the Executive Directors received pension contributions of 7% of salary into defined contribution arrangements (or cash equivalent) plus any contributions in accordance with standard local practice or employment regulations. Details of the value of pension contributions received in the year under review are set out in the Pension column of the single total figure of remuneration table on page 108.

Statement of share scheme interests and shareholdings (Audited)

Executive Directors are expected to build a holding in the Company's shares to a minimum value of two times their base salary within five years of their appointment. This must be built through the retention of the net-of-tax shares vesting under the Company's equity-based share plans. The following table sets out, for Directors who served during the year, the total number of shares held (including the interests of connected persons) as at 31 December 2023 alongside the interests in share schemes for the Executive Directors.

	Shareholding guidelines							
	Shares held outright	% of salary required	Guideline met?	% of salary attained[1]	Deferred Share Bonus Plan options[2]	PSP options subject to performance conditions[3]	PSP options for which performance conditions have been achieved[4]	Options as a One Off Award (subject to performance conditions)
Executive Directors								
Mark Dixon	289,677,544	200%	Yes	62,709%	242,580	2,634,999	118,054	–
Charlie Steel	20,000	200%	No[5]	13%	19,145	572,768	–	511,751[6]
Non-Executive Directors								
Douglas Sutherland	400,000							
Laurie Harris	15,000							
Nina Henderson	30,800							
Tarun Lal	–							
Sophie L'Hélias	–							
François Pauly	175,000							

1. Based on a share price of 189.3p and base salary as at 31 December 2023. Awards not subject to performance conditions included on a notional net of tax basis.
2. Half of any bonus awarded is deferred in share options which vest after three years, subject to continued employment but no further performance targets.
3. Unvested awards under the 2021, 2022 and 2023 PSP are subject to further performance conditions.
4. Options under the PSP for which performance conditions have been achieved are subject to a two-year holding period requirement and become exercisable on the fifth anniversary of the date of grant and remain exercisable until the day before the tenth anniversary of the date of grant.
5. Charlie Steel was appointed on 1 November 2022 and has until 1 November 2027 (5 years) to meet the guideline.
6. On 2 November 2022 Charlie Steel received a conditional award of over 511,751 shares at nil cost. This was granted as a one-off award arrangement established under Listing Rule 9.4.2(2) in order to facilitate his recruitment.

With the exception of the Directors' interests disclosed in the table above, no Director had any additional interest in the share capital of the Company during the year. Movements in Directors' share interests since year end to the date of this report are as follows:

- On 21 February 2024 638,128 options issued to Mark Dixon on 26 March 2021 under the PSP were lapsed following determination by the Committee that the performance conditions had not been achieved as further detailed on page 107.
- On 6 March 2024 1,215,278 options were issued to Mark Dixon under the PSP as further detailed on page 107.
- On 6 March 2024 611,112 options were issued to Charlie Steel under the PSP as further detailed on page 107.
- On 6 March 2024 313,664 options were issued to Mark Dixon under the DSBP as part of the 2023 annual bonus as further detailed on pages 108 and 109.
- On 6 March 2024 157,728 options were issued to Charlie Steel under the DSBP as part of the 2023 annual bonus as further detailed on pages 108 and 109.

Supporting disclosures and additional context

Percentage change in remuneration of Directors compared to employees

The table below shows the percentage change in remuneration of each Director compared to our employees in Switzerland (determined to be the most representative comparison) on a full-time equivalent basis, between the year ending 31 December 2019 and the year ending 31 December 2023. Comparisons have been made to employees on a full time-equivalent basis.

	Year-on-year change in Directors' and employees' pay											
	2023			2022			2021[1]			2020		
	Base salary % change	Benefits % change	Annual bonus % change	Base salary % change	Benefits % change	Annual bonus % change	Base salary % change	Benefits % change	Annual bonus % change	Base salary % change	Benefits % change	Annual bonus % change
Executive Directors												
Mark Dixon	**0%**	**0%**	**158%**	0%	–	(33)%	0%	–	NM[4]	6%	–	(100)%[2]
Charlie Steel	**0%[6]**	**0%**	**NM[7]**	–	–	–	–	–	–	–	–	–
Non-Executive Directors												
Douglas Sutherland	**0%**	**–**	**–**	0%	–	–	0%	–	–	20%	–	–
Laurie Harris	**0%**	**–**	**–**	0%	–	–	0%	–	–	12%		–
Nina Henderson	**0%**	**–**	**–**	0%	–	–	0%	–	–	33%	–	–
Tarun Lal	**0%[8]**	**–**	**–**	–	–	–	–	–	–	–	–	–
Sophie L'Hélias	**0%[9]**	**–**	**–**	–	–	–	–	–	–	–	–	–
François Pauly	**0%**	**–**	**–**	0%	–	–	0%	–	–	12%	–	–
Employees	**1%**	**4%**	**18%[10]**	3%	(1)%[5]	3%	6%	(3)%[5]	NM[4]	9%	2%	(100)%[3]

1. All Executive Directors and Non-Executive Directors had a salary freeze / fee freeze between 2020 and 2021. In addition, in response to the COVID-19 pandemic Executive Directors and Non-Executive Directors voluntarily agreed to a 50% reduction in their base salaries from 1 May 2020 to 31 December 2020 and the salary increases reflecting performance, increased responsibilities (Nina Henderson's responsibilities increased to include oversight of employee engagement and CSR) and market comparables, which were approved at the 2020 annual general meeting, were voluntarily deferred until 1 January 2021. There will be no recovery of the deferred increases or the voluntary reductions. The table reflects the % changes excluding the effect of these voluntary waivers and deferrals during the height of the COVID-19 pandemic.
2. No annual bonus was paid to Mark Dixon in respect of 2020. A bonus of £1,237.5k was paid in respect of 2019.
3. No annual bonuses were paid to employees in Switzerland in respect of 2020.
4. The percentage change is not meaningful due to no annual bonuses being paid in respect of 2020.
5. Reductions in employee benefits during 2021 and 2022 were primarily due to reductions in disturbance allowances and car allowances resulting from changes in the way employees worked during the COVID-19 pandemic.
6. Charlie Steel was appointed as Director and Chief Financial Officer on 1 November 2022. Base salary changes are calculated with reference to time served in the role in the relevant period.
7. No annual bonus was paid to Charlie Steel in respect of 2022, A bonus of £568k was paid in respect of 2023.
8. Tarun Lal was appointed as Non-Executive Director on 10 May 2022. Base salary changes are calculated with reference to time served in the role in the relevant period.
9. Sophie L'Hélias was appointed as Non-Executive Director on 1 December 2022. Remuneration detailed above reflects time served in respect of the role during the relevant period.
10. The lower percentage increase in employee bonuses compared to Executive Directors in respect of 2023, is a result of higher 2022 bonus payouts to employees reflecting achievement against personal goals.

Relative importance of spend on pay

The table below shows total employee remuneration and distributions to shareholders in respect of the years ending 31 December 2023 and 31 December 2022 and the percentage changes between years:

	2023	2022	Change 2022 to 2023
Total employee remuneration	£433m	£423m	2.4%
Distributions to shareholders via dividends and share buybacks	£0	£6m	NM[1]

1. No distributions were made to shareholders in respect of 2023, in 2022 2.1m shares were repurchased.

Chief Executive Officer's pay ratio

The table below shows our voluntary disclosure of the Chief Executive Officer's pay ratio information from 2019 and the required disclosure from 2020 to 2023 at the 25th, 50th and 75th percentiles compared to the pay of our UK employees. The ratios have been calculated based on the single total figure of remuneration for Mark Dixon and the total pay of our employees on a full-time equivalent basis under calculation methodology A of the regulations. No element was omitted for the purpose of the calculation.

The median pay ratio was higher this year as compared with last year largely due to the CEO's bonus for 2023 being awarded at 86% of maximum compared to the 2022 bonus which was awarded at 33% of maximum. Due to the differences in remuneration structure between the CEO and employees and the higher weighting put on the variable pay elements for the CEO, we expect this ratio to fluctuate year on year.

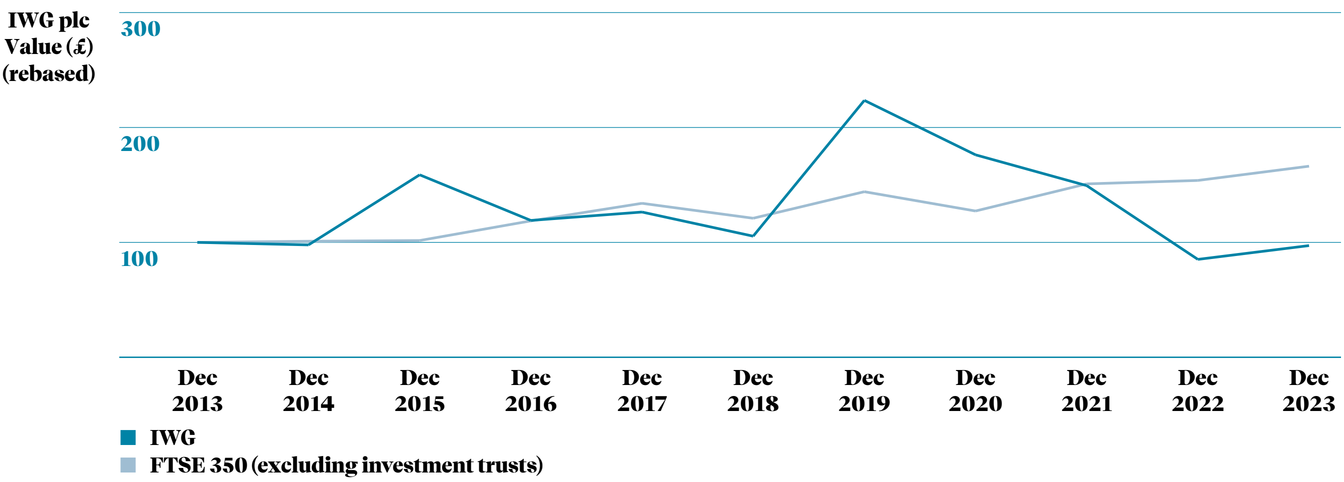
Overall, the Committee is satisfied that the median ratio is consistent with IWG's pay, reward and progression policies for all employees which relate pay levels to performance and market benchmarks. Bonus schemes, participated in by the majority of employees, and long-term incentives align performance with shareholder experience.

Financial year	Methodology	P25 (Lower quartile)	P50 (Median)	P75 (Upper quartile)
2019	Option A	231:1	148:1	102:1
2020	Option A	43:1	35:1	20:1
2021	Option A	74:1	50:1	29:1
2022	Option A	49:1	36:1	24:1
2023	Option A	78:1	55:1	38:1

2023	Mark Dixon (£'000)	P25 (£'000)	P50 (£'000)	P75 (£'000)
Total pay	2,065	26	38	54
Base salary	875	25	36	51

Performance graph and table

The graph below shows the TSR of IWG in the ten-year period to 31 December 2023 against the TSR of the FTSE 350 (excluding investment trusts). TSR reflects share price growth and assumes dividends are reinvested over the relevant period. The Committee considers the FTSE 350 (excluding investment trusts) relevant since it is an index of companies of similar size to IWG.



Source: Eikon from Refinitiv

This graph shows the value, by 31 December 2023, of £100 invested in IWG plc on 31 December 2013, compared with the value of £100 invested in the FTSE 350 (excluding investment trusts) Index on the same date.

The table below provides remuneration data for the Chief Executive Officer for each of the ten financial years over the equivalent period.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single total figure of remuneration	£2,770k	£1,968k	£3,035k	£1,132k	£1,451k	£4,181k	£1,454k	£1,890k	£1,374k	£2,065k
Bonus (% of maximum)	100%	100%	93%	0%	43%	100%	0%	50%	33%	86%
Long-term incentive vesting (% of maximum)	86%	97%	91%	11%	2%	100%	33%	17%	0%	0%

Payments to past directors/payments for loss of office (Audited)

There have been no payments to past directors or payments for loss of office in 2023.

Service contracts/letters of appointment

Executive Directors have service contracts with the Group which can be terminated by the Company or the Director by giving 12 months' notice. The Chairman and Non-Executive Directors are appointed for an initial three-year term, which shall continue unless terminated with six months' notice on either side, no contractual termination payments being due and subject to retirement pursuant to the articles of association at the annual general meeting.

The Directors' service contracts are available for inspection at the Company's registered office within normal business hours. The following table sets out the dates that each Director was first appointed by the Group, the expiry date of the current term and the length of service as of 31 December 2023. All directors except those retiring will seek re-election at the 2024 annual general meeting.

	Current service contract/ appointment agreement	Initial appointment date as Director within the Group	Expiry of current term	Length of service as Director with the Group
Executive Directors				
Mark Dixon	Appointment agreement – 19 December 2016 Director service agreement – 1 July 2020	Founder 1989	–	Founder 1989
Charlie Steel	Appointment agreement – 23 August 2022 Employment agreement – 23 August 2022	1 November 2022	–	1 year 2 months
Non-Executive Directors				
Douglas Sutherland	Appointment agreement – 16 February 2017	27 August 2008	–	15 years 5 months (12 years 8 months as Chairman)
Laurie Harris	Appointment agreement – 14 May 2019	14 May 2019	–	4 years 8 months
Nina Henderson	Appointment agreement – 19 December 2016	20 May 2014	–	9 years 8 months
Tarun Lal	Appointment agreement – 7 March 2022	10 May 2022	9 May 2025	1 year 8 months
Sophie L'Hélias	Appointment agreement – 30 November 2022	1 December 2022	1 December 2025	1 year 1 month
François Pauly	Appointment agreement – 19 December 2016	19 May 2015	–	8 years 8 months

Advisors to the Committee

The Executive Compensation team within PwC provided independent advice to the Committee during the year. No other services were provided by PwC during the year. PwC was appointed by the Committee during 2020. The fees charged by PwC for the provision of independent advice to the Committee during 2023 were £47k (2022: £37k). With regard to remuneration advice, the Committee is comfortable that PwC's engagement partner and team are objective and independent.

Statement of voting at general meeting

The Committee is directly accountable to shareholders and, in this context, is committed to an open and transparent dialogue with shareholders on the issue of executive remuneration. The members of the Committee attend the Company's annual general meeting and are available to answer shareholders' questions about Directors' remuneration. Votes cast by proxy and at the annual general meeting held on 9 May 2023 in respect of remuneration-related resolutions are shown in the table below:

	Votes for		Votes against			
Resolution	#	%	#	%	Total votes cast	Votes withheld
Approval of Directors' Remuneration Policy at the 2023 annual general meeting	719,060,452	87.23%	105,260,913	12.77%	824,321,365	4,315
Approval of the Annual Report on Remuneration for year ending 31 December 2022	639,920,416	77.68%	183,827,277	22.32%	823,747,693	568,987

Whilst the resolution approving the Annual Report on Remuneration for the financial year ending 31 December 2022 on an advisory basis was supported by a clear majority of shareholders the significant minority vote against was recognised. The Committee consulted with shareholders prior to the annual general meeting, the majority of whom were supportive of the rationale for the Committee's decision-making. Following the annual general meeting, major shareholders who had not supported our Directors' Remuneration Report were contacted to understand the reasons for their vote and to offer further engagement.

Following our engagement, we are comfortable that those shareholders who voted against the Annual Report on Remuneration for 2022 did not have ongoing concerns with the overall approach to remuneration at IWG.

For and on behalf of the Committee

Nina Henderson

Chair, Remuneration Committee

Directors' Report

The Directors of the Company present their Annual Report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2023.

Directors

The Directors of the Company who held office during the financial year under review were:

Executive Directors

- Mark Dixon
- Charlie Steel

Non-Executive Directors

- Douglas Sutherland (Chairman)
- Laurie Harris
- Nina Henderson
- Tarun Lal
- Sophie L'Hélias
- François Pauly

Biographical details for the current Directors are shown on pages 78 and 79.

Details of the Directors' interests and shareholdings are given in the Directors' Remuneration report on page 110.

Details of the role of the Board can be found on pages 88 and 89, and the process for the appointment of Directors can be found on page 95.

The Directors' biographies, Corporate Governance report, Nomination Committee report, Audit Committee report, Directors' Remuneration report and Directors' statement on pages 78 to 114 and 118 all form part of this report.

Corporate Governance Statement

The Governance section of this Annual Report on pages 78 to 118, together with information contained in the shareholder information section on page 186, constitute our Corporate Governance Statement. This includes:

- information on how the Company complies with the UK Corporate Governance Code published by the Financial Reporting Council in July 2018 (the "Code"), and where the Code is publicly available (page 81):
- a description of the main features of our internal control and risk management arrangements in relation to the financial reporting process (pages 98 and 99);
- a description of the composition and operation of the Board and its Committees (pages 80 to 114); and
- our Board Diversity Policy set out on pages 91 and 92.

Principal activity

The Company works with franchise partners, landlords and property owners to provide the world's largest network of flexible workspace.

Business review

The Directors have presented a Strategic report on pages 1 to 77 as follows:

- The Chief Executive Officer's review and Chief Financial Officer's review, on pages 18 to 21 and 40 to 49 respectively, address:
  - the review of the Company's business (pages 18 to 21):
  - an indication of the likely future developments in the business (pages 18 to 21);
  - the development and performance of the business during the financial year (pages 40 to 45); and
  - the position of the business at the end of the year (pages 46 to 49).
- The Risk management and principal risks report, on pages 50 to 58, includes a description of the principal risks facing the Company, including financial risks, and the steps taken and policies implemented to mitigate those risks.
- Climate change has been identified as a stand-alone principal risk and the steps taken to manage this risk are detailed on page 54 and pages 72 to 74.
- The Company's activities in research and development are detailed on page 29 and in the Risk management and principal risks report on page 53.
- The ESG section, on pages 60 to 77, includes the following reports:
  - Environment Report on pages 60 to 65;
  - Social Report on pages 66 to 71 covering employee development, diversity and performance, and community engagement; and
  - Task Force on Climate Related Financial Disclosures on pages 72 to 74.
- The Nomination Committee report on pages 90 to 95 covers our approach to Board diversity.
- The Directors' statement on page 118 includes the statutory statement in respect of disclosure to the auditor.

The Directors do not consider any contractual or other relationships with external parties to be essential to the business of the Group.

Anti-bribery and anti-corruption

The Company is committed to carrying out business in an honest and ethical manner and has zero tolerance of bribery and corruption, this applies to its employees, its suppliers and other third parties working with the Company.

All employees receive training on our bribery and corruption policy. The Company's statement of commitment is reviewed by the Board annually and was fully updated in 2023, it can be can be found on the Company's website: www.iwgplc.com.

Respect for human rights

The Company has zero tolerance to slavery and human trafficking. Our Modern Slavery Statement is aligned to the Modern Slavery Act 2015 and is reviewed by the Board annually. In addition our Fair Treatment policy sets out our commitment to protect human rights and against all forms of forced labour. Both policies can be found on the Company website: www.iwgplc.com.

Results and dividends

The loss before taxation for the year was £189m (2022: loss of £105m).

The Directors are pleased to recommend a final dividend of one pence per ordinary share (2022: Nil pence per share). No interim dividend was paid in 2023 (2022: £nil). Assuming the final dividend is approved by shareholders at the forthcoming annual general meeting, to be held on 21 May 2024, the final dividend is expected to be paid on 31 May 2024 to shareholders on the register at the close of business on 3 May 2024.

Policy and practice on payment of creditors

The Group does not follow a universal code dealing specifically with payments to suppliers but, where appropriate, our practice is to:

- agree the terms of payment upfront with the supplier;
- ensure that suppliers are made aware of these terms of payment; and
- pay in accordance with contractual and other legal obligations.

Employees

The Group treats applicants for employment with disabilities with full and fair consideration according to their skills and capabilities.

Should an employee become disabled during their employment, efforts are made to retain them in their current employment or to explore opportunities for their retraining or redeployment elsewhere within the Group.

All employees are encouraged to become involved in the Company's performance. Employee surveys are routinely fielded to gather information on the Company, employee contribution to performance and other issues, and through our global Voice Councils, employees are provided with a dedicated forum where they can express their views to the relevant senior audience.

Political and charitable donations

It is the Group's policy not to make political donations either in the UK or overseas.

The Group made charitable donations of £0.6m during the year (2022: £0.5m).

Capital structure

The Company's share capital (including treasury shares) comprises 1,057,248,651 issued and fully paid up ordinary shares of one pence nominal value in IWG plc (2022: 1,057,248,651). All ordinary shares (excluding treasury shares) have the same rights to vote at general meetings of the Company and to participate in distributions. There are no securities in issue that carry special rights in relation to the control of the Company. The Company's shares are traded on the London Stock Exchange.

Details of the Company's employee share schemes can be found in note 26 of the notes to the accounts on pages 165 to 173. The Company's employee share schemes contain provisions relating to a change of control of the Company. The terms, conditions and discretion for the vesting and exercise of awards and options may be amended in the event of a change of control of the Company.

Power for the Company to issue shares

At the Company's annual general meeting held on 9 May 2023 the shareholders of the Company approved resolutions giving authority for the Company to allot ordinary shares in the Company up to one-third of the Company's issued share capital and up to two-thirds of the Company's issued share capital in connection with a rights issue and to disapply pre-emption rights, in each case, until the earlier of the conclusion of the Company's next annual general meeting or 8 August 2024.

On 21 December 2020 the shareholders of the Company approved resolutions at a general meeting for the allotment and issue of new ordinary shares on a non-pre-emptive basis upon conversion of £350m unsubordinated unsecured guaranteed convertible bonds due 2027 (the "Bonds") into ordinary shares in IWG plc in accordance with their terms.

Such authority is limited to the allotment and issue of new ordinary shares pursuant to the conversion of the Bonds, with no such conversion occurring during 2023. Following a change of control of the Company, the holder of each Bond may exercise their conversion right using the formula set out in the terms of the Bonds or may require the issuer to redeem that Bond at its principal amount, together with accrued and unpaid interest.

Power for the Company to repurchase shares

At the Company's annual general meeting held on 9 May 2023 the shareholders of the Company approved a resolution giving authority for the Company to purchase in the market up to 100,668,380 ordinary shares representing approximately 10% of the issued share capital (excluding treasury shares) as at 4 April 2023. No repurchases took place in 2023.

Branches

The Company is incorporated in Jersey with a head office branch in Switzerland.

Going concern

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the accounts on pages 125 to 178.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the further information included in the business activities commentary as set out on pages 18 to 21, as well as the Group's principal risks and uncertainties as set out on pages 52 to 58 and the outcomes of modelled and stress-tested scenarios set out in the Viability Statement on page 59.

Further details on the going concern basis of preparation can be found in note 2 of the notes to the accounts, on pages 130 to 138.

Post balance sheet events

Subsequent events are detailed in note 34 of the notes to the accounts on page 178.

Auditors

In accordance with Jersey law, a resolution for the reappointment of KPMG Ireland as auditors of the Company is to be proposed at the forthcoming annual general meeting.

Substantial interests

At 15 March 2024, the Company has been notified of the following substantial interests held in the issued share capital of the Company.

	Number of voting rights	% of issued share capital (excluding treasury shares)
Estorn Limited[1]	289,677,544	28.8%
Toscafund Asset Management LLP	104,313,674	10.4%

1. Mark Dixon owns 100% of Estorn Limited.

Approval

This report was approved by the Board on 18 March 2024.

On behalf of the Board

Timothy Regan

Company Secretary

18 March 2024

Directors' Statement

Statement of Directors' responsibilities in respect of the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and regulations.

In accordance with the Companies (Jersey) Law 1991 (the "Law) the Directors are responsible for preparing Group financial statements each financial year using generally accepted accounting principles ("GAAP") as prescribed in the Law. The Directors use International Financial Reporting Standards ("IFRS") as adopted by the EU which have been specified as meeting the Law's prescribed standards.

In accordance with the Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and its profit or loss for the period. In preparing the Group financial statements, the Directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state which prescribed GAAP the financial statements have been prepared in accordance with; and
4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that its financial statements comply with the Law and IFRS. They 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report, a Strategic report, a Directors' Remuneration report and a Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK and Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statutory statement as to disclosure to auditor

The Directors who held office at the date of approval of this Directors' statement confirm that:

- so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. These financial statements have been approved by the Directors of the Company. The Directors confirm that the financial statements have been prepared in accordance with applicable law and regulations.

Statement of responsibility

We confirm that to the best of our knowledge:

1. the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
2. the Directors' report, including content contained by reference, includes a fair review of the development and performance of the business and the position of the Group taken as a whole, together with a description of the principal risks and uncertainties that they face; and
3. the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Mark Dixon

Chief Executive Officer

Charlie Steel

Chief Financial Officer

18 March 2024

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of IWG plc and its consolidated undertakings ('the Group') for the year ended 31 December 2023 set out on pages 125 to 178, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated statement of cash flows and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Jersey Law and International Financial Reporting Standards (IFRS) as adopted by the United Kingdom. In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the United Kingdom; and
- the financial statements have been prepared in accordance with the requirements of Companies (Jersey) Law 1991.

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 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 8 financial years ended 31 December 2023. We have fulfilled our ethical responsibilities 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.

Conclusions relating to going concern

The directors have prepared the 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 financial statements ("the going concern period").

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group'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 sensitivity 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 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 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 areas of laws and regulations that could reasonably be expected to have a material effect on the 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 financial statements may be materially misstated due to irregularities, including fraud.
- Reading audit committee, nomination committee, remuneration committee and Board meeting minutes.
- Planning and performing 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 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 level.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation 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 financial statements, for instance through the imposition of fines or litigation or the loss of 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 specific risk criteria and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant unusual transactions, if any.
- 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 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 financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained 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 Risk of Material Misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the exclusion of 'Valuation of intangible assets arising on acquisition of The Instant Group', the key audit matters are consistent with our 2022 audit.

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

Goodwill and Intangible Assets – £1,128 million (2022: £1,148 million)

Refer to pages 132 and 134 (accounting policy) and pages 149 to 152 (financial disclosures)

The Key Audit Matter

There is a risk that the carrying amounts of the Group's goodwill and intangible assets will be more than the estimated recoverable amount, if 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 13 and is dependent on individual businesses acquired achieving or sustaining sufficient profitability in the future. Goodwill relating to the US and UK (including Worka) country operations accounts for 80% of the total carrying amount.

We focus on this area due to the inherent uncertainty involved in forecasting and discounting future cash flows, 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. 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 – £77 million (2022: £77 million)

Refer to page 138 (accounting policy) and pages 145 to 147 (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 probable 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. In addition, a significant amount of deferred tax assets were not recognised at the reporting date due to the uncertainty of the relevant Group entities being able to generate future taxable profits against which the tax losses may be utilised before they expire.

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 management 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 2023 due to the ongoing strategic developments in the business. We focused our attention in particular on the key assumptions applied by management, 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 management's 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 management by comparing the actual taxable profits for the current year with management'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 management's assessment of the recoverability of the assets recognised. We challenged management's 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 management's 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 accordance with IAS 1 and IAS 12) 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 management 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') and Right-of-use ('ROU') assets – £78 million net charge of impairment (2022: £52 million net reversal of impairment)

Refer to page 132 (accounting policy) and page 153 (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 CGUs (identified as individual business centres) to identify indicators of impairment. Management carried out an impairment analysis for each CGU where impairment indicators were identified and impaired the associated Leasehold Improvements PPE and Right of Use assets to their estimated recoverable amount. Management also reviewed each CGU impaired at 31 December 2022 to determine if previously recognised impairment losses no longer existed or had decreased such that the carrying value of the CGU should be increased to its recoverable amount at 31 December 2023. We consider this area to be a key audit matter, in consideration of the significance of the assets and the related net impairment charge, the judgements made in assessing impairment indicators for each CGU and the key assumptions used to determine the future cash flows of each CGU, 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 CGU 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 management'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, or where there were indicators that previously recognised impairment should be reversed, we assessed the Group's impairment analysis and challenged the assumptions in relation to the cash flow forecasts used to determine the recoverable amount of each CGU. This included assessing any expected cash outflows where a business centre will be closed and analysing the change in circumstances giving rise to an impairment reversal.

We performed testing over the impairment charge and reversal of impairment to validate the accuracy of the net credit recorded in the income statement in the year. We recalculated the impairment charge and impairment charge reversal for the year and validated the mathematical accuracy of management's calculation. The Group recognised a net impairment charge of £42 million and £36 million related to Right of Use assets and Leasehold Improvements PPE respectively in the year ended 31 December 2023. As a result of our audit procedures, we found that the identification of indicators of impairment and impairment reversals by management was supported by reasonable judgements. We found the judgements made by management in relation to future cash flow forecasts to assess the recoverability of individual business centres were supported by reasonable key assumptions and the calculation of the impairment charge and impairment charge reversal recognised in the year were accurately recorded.

We found the judgements made by management 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 and impairment charge reversal recognised in the year were 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 £10 million (2022: £9 million) which is 0.34% (2022: 0.33%) of total revenues. In 2023, consistent with 2022, we have used revenue as the benchmark for materiality. Consistent with 2022, we determined that adjusted profit before tax was not an appropriate benchmark in 2023 given that the Group has recorded a loss for the year. 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.

In line with our audit methodology, 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 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £7.5 million (2022: £6.8 million) for the group. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed with the audit committee to report corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.5 million (2022: £0.45 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 82% (2022: 83%) of total Group revenue and 83% (2022: 84%) of Group total assets.

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. The Group audit team approved the materiality of each of the components, which ranged from £1m to £6m, having regard to the mix of size and risk profile of the components. 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, including the lead engagement partner, 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.

We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the Strategic Report and Governance sections of the Annual Report, as well as the unaudited appendices (including the summarised extract of unaudited Company balance sheet, reconciliation for alternative performance measures, the five-year summary and the glossary).

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Statement specified for our review. Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 118;
- Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 118;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 118;
- Directors' statement on the annual report and financial statements, taken as a whole on fair, balanced and understandable and the information necessary for shareholders to assess the Group's position and performance, business model and strategy set out on page 118;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated set out on pages 50 to 58;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 98 and 99; and
- The section describing the work of the audit committee set out on pages 96 to 101.

We have nothing to report on the other matters on which we are required to report by exception

Under Company (Jersey) Law 1991, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or
- returns adequate for our audit have not been received from branches not visited by us; or
- the 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 respect of the above responsibilities.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 118, the directors are responsible for: the preparation of the financial statements in accordance with IFRS as adopted by the United Kingdom and otherwise comply with the Companies (Jersey) Law 1991 including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Keith Watt

18 March 2024
for and on behalf of KPMG

1 Stokes Place,
St. Stephen's Green,
Dublin 2,
Ireland

Consolidated income statement

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

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

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

Consolidated statement of comprehensive income

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

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

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

Consolidated statement of changes in equity

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

1. Other reserves include £11m for the restatement of the assets and liabilities of the UK associate, from historic to fair value at the time of the acquisition of the outstanding 58% interest on 19 April 2006, £38m arising from the Scheme of Arrangement undertaken on 14 October 2008, £6m relating to merger reserves and £nil to the redemption of preference shares, partly offset by £29m arising from the Scheme of Arrangement undertaken in 2003.

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

Consolidated balance sheet

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

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

The financial statements on pages 125 to 178 were approved by the Board on 18 March 2024

Mark Dixon
Chief Executive Officer

Charlie Steel
Chief Financial Officer

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

Consolidated statement of cash flows

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

1. Based on the audited financial statements for the year ended 31 December 2022. The comparative information has been restated as the Group changed its accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).
2. The net finance expense includes mark-to-market adjustments of £nil (2022: £27m).
3. Details from partner contributions relating to the reimbursement of costs and lease incentives of £45m (2022: £50m) are provided on pages 181 and 182.

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

1. Authorisation of financial statements

IWG plc is a public limited company incorporated in Jersey and registered and domiciled in Switzerland. The Company's ordinary shares are traded on the London Stock Exchange. The Group and Company financial statements for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 18 March 2024 and the balance sheets were signed on the Board's behalf by Mark Dixon and Charlie Steel. The audited Group accounts are included from pages 125 to 178.

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

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

The Company prepares its parent company annual accounts in accordance with accounting policies based on the Swiss Code of Obligations; extracts from these unaudited accounts are presented on page 179.

2. Accounting policies

Basis of preparation

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

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

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

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

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

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

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

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

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

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

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

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

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

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

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

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

IFRS not yet effective

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

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

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

Climate change

The potential climate change-related risks and opportunities to which the Group is exposed, as identified by management, are disclosed in the Group's TCFD disclosures on pages 72 and 74. Management has assessed the potential financial impacts relating to the identified risks, primarily considering the useful lives of, and retirement obligations for, property, plant and equipment, the possibility of impairment of goodwill and other long-lived assets and the recoverability of the Group's deferred tax assets. Management has exercised judgement in concluding that there are no further material financial impacts of the Group's climate-related risks and opportunities on the consolidated financial statements. These judgements will be kept under review by management as the future impacts of climate change depend on environmental, regulatory and other factors outside of the Group's control which are not all currently known.

Going concern

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

1. The Group had funding available under the Group's £875m revolving credit facility (2022: £750m). £219m (2022: £173m) which was available and undrawn at 31 December 2023. This facility's current maturity date is November 2025 (note 19);
2. A significant proportion of the net current liability position is due to lease liabilities which are held in non-recourse special purpose vehicles but also with a corresponding right-of-use asset. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred revenue of £433m (2022: £455m) which will be recognised in future periods through the income statement. The Group holds customer deposits of £459m (2022: £447m) which are spread across a large number of customers and no deposit held for an individual customer is material. Therefore, the Group does not believe the net current liabilities represents a liquidity risk; and
3. The Group maintained a 12-month rolling forecast and a three-year strategic outlook. It also monitored the covenants in its facility to manage the risk of potential breach. The Group expects to be able to refinance external debt and/or renew committed facilities as they become due, which is the assumption made in the viability scenario modelling, and to remain within covenants throughout the forecast period. In reaching this conclusion, the Directors have assessed:
   - the potential cash generation of the Group against a range of illustrative scenarios (including a severe but plausible outcome); and
   - mitigating actions to reduce operating costs and optimise cash flows during any ongoing global uncertainty.

Details of the principal risks, outcomes of modelled and stress-tested scenarios are set out in the Viability Statement review on page 59.

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

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

2. Accounting policies *continued*

Basis of consolidation

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

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

Acquisitions of non-controlling interests

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

Goodwill

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

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

Intangible assets

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

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

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

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

Property, plant and equipment

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

Right-of-use assets[1]	Over the lease term
Buildings	50 years
Leasehold improvements[1]	10 years
Furniture and equipment	5 – 10 years
Computer hardware	3 – 5 years

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

Leases

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

1. Right-of-use assets

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

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

2. Lease liabilities

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

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

3. Lease modifications

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

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

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

5. Partner contributions

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

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

6. Lease term

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

7. Lease break penalties

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

8. Net investment in finance leases

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

The initial net investment in finance leases is equal to the present value of the lease receipts during the lease term that have not yet been paid. The right-of-use asset arising from the head lease is offset by the initial measurement of the net investment in the finance lease, plus any additional direct costs associated with setting up the lease.

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

Client contributions are contributions received from sub-lessees towards the initial costs of preparing the commercial property for their use, including the fit-out of the property.

2. Accounting policies *continued*

Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

Financial assets

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

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

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

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

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

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

Inventory

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

Cash and cash equivalents

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

Interest-bearing borrowings and other financial liabilities

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

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

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

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

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

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

Derivative financial instruments

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

Provisions

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

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

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

Dilapidations

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

Deferred revenue

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

Equity

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

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

Non-controlling interests

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

2. Accounting policies *continued*

Share-based payments

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

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

Revenue

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

1. Workstations

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

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

2. Management and franchise fees

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

3. Customer service income

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

4. Membership card income

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

5. Customer deposits

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

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

Adjusting items

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

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

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

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

Management classifies the following as adjusting items:

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

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

Employee benefits

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

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

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

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

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

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

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

Net finance expense

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

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

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

2. Accounting policies *continued*

Taxation

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

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

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

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

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

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

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

Discontinued operations

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

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

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

Foreign currency transactions and foreign operations

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

Foreign currency translation rates

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

3. Segmental analysis

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. An operating segment's results are reviewed regularly by the chief operating decision-maker (the Board of Directors of the Group) on a pre-IFRS 16 basis to make decisions about resources to be allocated to the segment and assess its performance, and for which distinct financial information is available. The segmental information is presented on the same basis on which the chief operating decision-maker received reporting during the year. Segmental assets and liabilities continue to be presented in accordance with IFRS.

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

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

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

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

1. Includes customer deposits.
2. Includes membership card income.
3. Managed & Franchised relates to a net settlement fee of £2m recognised (comprising the settlement fee of £18m, offset by a release of related accrued income of £16m), for TKP Corporation's sale of the Japanese master franchise agreement to Mitsubishi Estate Co.
4. Presented on a basis consistent with IFRS 16.
5. Excluding deferred taxation.

3. Segmental analysis *continued*

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

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

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

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

Continuing operations	IWG Network Operating Segment								
	By geography				By ownership		IWG Network	Worka Operating Segment	
£m	Americas	EMEA	Asia Pacific	Other	Company-owned & Leased	Managed & Franchised			2023
Revenue – pre-IFRS 16	1,046	1,315	273	5	2,589	50	**2,639**	**379**	**3,018**
Rent income	–	–	–	–	–	–	**–**	**(60)**	**(60)**
Revenue	1,046	1,315	273	5	2,589	50	**2,639**	**319**	**2,958**
Gross profit (centre contribution) – pre-IFRS 16	48	104	20	11	133	50	**183**	**160**	**343**
Rent income	–	–	–	–	–	–	**–**	**(60)**	**(60)**
Rent	445	486	113	–	1,044	–	**1,044**	**62**	**1,106**
Depreciation of property, plant and equipment including right-of-use assets[(1)]	(349)	(367)	(87)	(2)	(805)	–	**(805)**	**(1)**	**(806)**
Other[(2)]	(16)	13	5	5	7	–	**7**	**(1)**	**6**
Gross profit (centre contribution)	128	236	51	14	379	50	**429**	**160**	**589**
Operating (loss)/profit – pre-IFRS 16	(27)	(9)	(6)	(149)	(171)	(20)	**(191)**	**88**	**(103)**
Rent income	–	–	–	–	–	–	**–**	**(60)**	**(60)**
Rent	445	486	113	–	1,044	–	**1,044**	**62**	**1,106**
Depreciation of property, plant and equipment including right-of-use assets[(1)]	(349)	(367)	(87)	(2)	(805)	–	**(805)**	**(1)**	**(806)**
Other[(2)]	(16)	15	5	5	9	–	**9**	**(1)**	**8**
Operating profit/(loss)	53	125	25	(146)	77	(20)	**57**	**88**	**145**
Depreciation and amortisation – pre-IFRS 16	155	123	25	35	338	–	**338**	**38**	**376**
Depreciation of property, plant and equipment including right-of-use assets	349	367	87	2	805	–	**805**	**1**	**806**
Depreciation and amortisation	504	490	112	37	1,143	–	**1,143**	**39**	**1,182**
Impairment of assets – pre-IFRS 16	–	–	–	1	1	–	**1**	**–**	**1**
Net impairment/(reversal) of property, plant and equipment including right-of-use assets	33	37	11	(3)	78	–	**78**	**–**	**78**
Net impairment/(reversal) of assets	33	37	11	(2)	79	–	**79**	**–**	**79**
Loss on disposal of assets – pre-IFRS 16	37	32	9	–	78	–	**78**	**–**	**78**
Loss on disposal of property, plant and equipment including right-of-use assets[(3)]	(29)	(19)	(5)	–	(53)	–	**(53)**	**(1)**	**(54)**
Loss on disposal of assets	8	13	4	–	25	–	**25**	**(1)**	**24**

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

3. Segmental analysis *continued*

Restated Continuing operations[1] £m	IWG Network Operating Segment							Worka Operating Segment	2022
	By geography				By ownership		IWG Network		
	Americas	EMEA	Asia Pacific	Other	Company-owned & Leased	Managed & Franchised			
Revenue – pre-IFRS 16	1,024	1,199	248	9	2,446	34	**2,480**	**321**	**2,801**
Rent income	–	–	–	–	–	–	**–**	**(50)**	**(50)**
Revenue	1,024	1,199	248	9	2,446	34	**2,480**	**271**	**2,751**
Gross profit (centre contribution) – pre-IFRS 16	82	120	26	13	207	34	**241**	**143**	**384**
Rent income	–	–	–	–	–	–	**–**	**(50)**	**(50)**
Rent	438	443	126	5	1,012	–	**1,012**	**47**	**1,059**
Depreciation of property, plant and equipment including right-of-use assets[2]	(345)	(389)	(90)	(4)	(828)	–	**(828)**	**(1)**	**(829)**
Other[3]	9	17	(11)	(3)	12	–	**12**	**(1)**	**11**
Gross profit (centre contribution)	184	191	51	11	403	34	**437**	**138**	**575**
Operating (loss)/profit – pre-IFRS 16	(23)	23	5	(133)	(113)	(15)	**(128)**	**85**	**(43)**
Rent income	–	–	–	–	–		**–**	**(50)**	**(50)**
Rent	438	443	126	5	1,012	–	**1,012**	**47**	**1,059**
Depreciation of property, plant and equipment including right-of-use assets[2]	(345)	(389)	(90)	(4)	(828)	–	**(828)**	**(1)**	**(829)**
Other[3]	7	16	(15)	2	10	–	**10**	**–**	**10**
Operating profit/(loss)	77	93	26	(130)	81	(15)	**66**	**81**	**147**
Depreciation and amortisation – pre-IFRS 16	166	116	27	21	330	–	**330**	**30**	**360**
Depreciation of property, plant and equipment including right-of-use assets	345	389	90	4	828	–	**828**	**1**	**829**
Depreciation and amortisation	511	505	117	25	1,158	–	**1,158**	**31**	**1,189**
Impairment of assets – pre-IFRS 16	3	–	–	–	3	–	**3**	**–**	**3**
Net impairment reversal of property, plant and equipment including right-of-use assets	(30)	(16)	(6)	–	(52)	–	**(52)**	**–**	**(52)**
Net reversal of assets	(27)	(16)	(6)	–	(49)	–	**(49)**	**–**	**(49)**
Loss on disposal of assets – pre-IFRS 16	44	8	9	–	61	–	**61**	**–**	**61**
Loss on disposal of property, plant and equipment including right-of-use assets[4]	(18)	(29)	(12)	–	(59)	–	**(59)**	**1**	**(58)**
Loss on disposal of assets	26	(21)	(3)	–	2	–	**2**	**1**	**3**

1. The comparative information has been restated for the separate disclosure of the Managed & Franchised segment.
2. Includes depreciation on right of use assets of £955m offset by reduced depreciation on leasehold improvements under IFRS 16 due to the classification of certain partner contributions as a reduction to property, plant and equipment.
3. Includes £52m of net reversals of impairment of property, plant and equipment including right-of-use assets.
4. Loss on disposal under IFRS 16 is lower due to the classification of certain partner contributions as a reduction to property, plant and equipment under IFRS 16.

4. Segmental analysis – entity-wide disclosures

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

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

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

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

1. Excluding deferred tax assets.

5. Operating profit – continuing operations

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

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

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

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

6. Staff costs

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

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

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

Details of Directors' emoluments and interests are given on pages 102 to 114 in the Directors' Remuneration report, with audited schedules identified where relevant.

7. Net finance expense

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

8. Taxation

(a) Analysis of charge in the year

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

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

(b) Reconciliation of taxation charge

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

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

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

(c) Factors that may affect the future tax charge

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

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

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

8. Taxation *continued*

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

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

(d) Corporation tax

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

(e) Deferred taxation

The movement in deferred tax is analysed below:

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

1. In 2022 the Group separately presented deferred tax assets and deferred tax liabilities on a country-by-country, or entity-by-entity basis where available. The transfers line reflects the adjustment required to the opening balances as at 1 January 2022 to reflect this change in presentation.
2. The comparative information has been restated to reflect the change in the Group's accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).

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

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

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

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

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

(f) International Tax Reform – Pillar Two Model Rules

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

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

9. Discontinued operations

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

10. Adjusting items

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

The Group has recognised the following adjusting items:

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

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

10. Adjusting items *continued*

Network rationalisation

£58m (2022: £59m) of charges were incurred relating to network rationalisations that occurred in the year, which includes the write-off of the book value of assets and direct closure costs related to these centres.

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

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

Acquisition and restructuring costs

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

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

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

Impairment of Ukraine and Russia

As a result of geopolitical circumstances in the Ukraine and related sanctions against Russia, the Board has taken the decision to recognise a total provision of £13m against the gross assets of both its Russian and Ukrainian operations. These operations are not material to the Group, representing less than 1% of both total revenue and net assets of the Group. Accordingly, the Group's significant accounting judgements, estimates and assumptions have not changed.

Impairment of goodwill

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

Other one-off items

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

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

11. Loss per ordinary share (basic and diluted)

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

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

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

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

The average market price of one share during the year was 159.96p (2022: 207.05p), with a high of 197.70p on 2 February 2023 (302.10p on 4 January 2022) and a low of 127.40p on 25 October 2023 (115.40p on 12 October 2022).

12. Dividends

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

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

13. Goodwill

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

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

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

13. Goodwill *continued*

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

£m	2023	2022
Americas	**299**	314
EMEA	**369**	373
Asia Pacific	**26**	27
Worka	**225**	220
	919	934

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

£m	Goodwill	Intangible assets[1]	2023	2022
USA	279	–	**279**	290
United Kingdom	219	11	**230**	230
Worka	225	–	**225**	220
Other countries	196	–	**196**	205
	919	11	**930**	945

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

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

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

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

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

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

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

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

Management has considered the following sensitivities:

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

14. Other intangible assets

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

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

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

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

15. Property, plant and equipment

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

1. Right-of-use assets consist of property-related leases.
2. Modifications includes lease modifications and extensions.
3. Includes disposals related to discontinued operations for right-of-use assets of £nil (2022: £1m) and other property, plant and equipment of £nil (2022: £nil).
4. Depreciation is net of £17m (2022: £21m) in respect of adjusting items previously provided for (note 10).
5. Disposals are net of £4m (2022: £9m) in respect of adjusting items previously provided for (note 10).
6. The net impairment of £78m (2022: net reversal of £52m) includes an additional impairment of £112m (2022: £39m), offset by the reversal of £34m (2022: £91m) previously provided for (note 10).

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

Impairment tests for property, plant and equipment (including right-of-use assets) are performed on a cash-generating unit basis when impairment triggers arise. Cash-generating units (CGUs) are defined as individual business centres, being the smallest identifiable group of assets that generate cash flows that are largely independent of other groups of assets. The Group assesses whether there is an indication that a CGU may be impaired, including persistent operating losses, net cash outflows and poor performance against forecasts. During the year, and as a direct result of the challenging economic circumstances, this gave rise to impairment tests in relation to various centres where impairment indicators were identified.

The recoverable amounts of property, plant and equipment are based on the higher of fair value less costs to sell and value-in-use. The Group considered both fair value less costs to dispose and value-in-use in the impairment testing on a centre-by-centre level, on a basis consistent with the impairment testing described in note 13. Impairment charges are recognised within cost of sales in the consolidated income statement. In 2023, the Group recorded impairment charges of £42m (2022: net reversal of £39m) in respect of right-of-use assets and £36m (2022: net reversal of £13m) in respect of leasehold improvements.

16. Other long-term receivables

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

17. Trade and other receivables

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

18. Trade and other payables (including customer deposits)

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

19. Borrowings

Bank and other loans

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

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

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

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

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

Further information regarding the convertible bonds can be found on page 164 in note 25.

Committed borrowings

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

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

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

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

20. Provisions

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

Closures

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

Other

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

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

21. Investments in joint ventures

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

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

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

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

22. Share capital

Ordinary equity share capital

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

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

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

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

23. Non-controlling interests

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

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

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

24. Net debt analysis

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

1. Includes £329m (2022: £318m) convertible bond liability.
2. There are no significant lease commitments for leases not commenced at 31 December 2023.

Notes to the accounts *continued*

24. Net debt analysis *continued*

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

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

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

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

Cash flows on debt relate to movements in the revolving credit facility and other borrowings. These net movements align with the activities reported in the cash flow statement after taking into consideration the £nil (2022: £nil) derivative liability recognised separately.

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

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

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

25. Financial instruments and financial risk management

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

Going concern

The Strategic Report on pages 1 to 71 sets out the Group's strategy and the factors that are likely to affect the future performance and position of the business. The financial review on pages 40 to 49 within the Strategic Report reviews the trading performance, financial position and cash flows of the Group. The Group's net debt position decreased by £716m (2022: increased by £86m) to a net debt position of £5,888m (2022: £6,604m) as at 31 December 2023. Excluding the IFRS 16 net investment in finance leases and lease liabilities, the net financial debt position improved to £608m (2022: £712m). The investment in growth is funded by a combination of cash flow generated from the Group's mature business centres, cash consideration received in franchising the business and debt. The Group had a £875m revolving credit facility (RCF) provided by a group of relationship banks with a final maturity in 2025, with an automatic extension until March 2026, given certain conditions are met. As at 31 December 2023, £219m (2022: £173m) of the RCF was available and undrawn.

Although the Group has net current liabilities of £1,685m (2022: £1,868m), the Group does not consider that this gives rise to a liquidity risk. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred revenue of £433m (2022: £455m) which will be recognised in future periods through the income statement. The Group holds customer deposits of £459m (2022: £447m) which are spread across a large number of customers and no deposit held for an individual customer is material. Therefore, the Group does not believe the net current liabilities represents a liquidity risk.

Credit risk

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

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

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

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

£m	2023	2022
Americas	**133**	151
EMEA	**185**	192
Asia Pacific	**30**	28
Worka	**20**	24
	368	395

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

The ageing of trade receivables at 31 December was:

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

25. Financial instruments and financial risk management *continued*

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

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

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

Liquidity risk

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

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

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

Market risk

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

Interest rate risk

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

Foreign currency risk

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

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

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

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

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

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

Other market risks

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

Sensitivity analysis

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

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

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

Capital management

The Group's parent company is listed on the UK stock exchange and the Board's policy is to maintain a strong capital base. The Chief Financial Officer monitors the diversity of the Group's major shareholders and further details of the Group's communication with key investors can be found in the Corporate Governance Report on page 80. In 2006, the Board approved the commencement of a progressive dividend policy to enhance the total return to shareholders. The Company is returning to this progressive dividend policy and has proposed to shareholders a final dividend of 1.00p per share (2022: nil pence per share).

The Group's Chief Executive Officer, Mark Dixon, is a major shareholder of the Company. Details of the Directors' shareholdings can be found in the Directors' Remuneration report on pages 102 to 114. In addition, the Group operates various share option plans for key management and other senior employees.

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

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

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

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

25. Financial instruments and financial risk management *continued*

Effective interest rates

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

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

As at 31 December 2023:

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

As at 31 December 2022:

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

1. Excluding prepayments.
2. Financial assets are all held at amortised cost.
3. All financial instruments are classified as variable rate instruments.

Fair value disclosures

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

As at 31 December 2023:

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

As at 31 December 2022:

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

1. Excluding prepayments.

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

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

25. Financial instruments and financial risk management *continued*

Valuation techniques

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

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

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

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

Convertible bonds

In December 2020 the Group issued a £350m convertible bond, issued by IWG Group Holdings S.à r.l. and transferred in the year to IWG International Holdings S.à r.l., a subsidiary of the Group and guaranteed by IWG plc, which is due for repayment in 2027 if not previously converted into shares. If the conversion option is exercised by the holder of the option, the issuer has the choice to settle by cash or equity shares in the Group. The holders of the bond have the right to put the bonds back to the Group in December 2025 at par. The bond carries a fixed coupon of 0.5% per annum. The bond liability is split between corporate borrowings (debt) and a derivative financial liability. At the date of issue, the £350m was bifurcated at £298m and £52m between corporate borrowings (debt) and a derivative financial liability, respectively. At 31 December 2023, the debt was valued at its amortised cost, £329m (2022: £318m) and the derivative liability at its fair value, £nil (2022: £nil).

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

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

26. Share-based payments

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

Plan 1: IWG Group Share Option Plan

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

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

Reconciliation of outstanding share options

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

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

1. These options have fully vested as of 31 December 2023.
2. The performance targets for these options have been met and they are subject to vesting schedules as described below.
3. These options are subject to performance targets and vesting schedules as described below.

26. Share-based payments *continued*

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

Performance conditions for share options

May 2014 share options

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

November 2014 share options

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

May 2015 share options

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

December 2015 share options

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded and vested, based on achievement against the relevant performance targets and are now exercisable with an expiry date of December 2028.

June 2016 share options

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

September 2016 share options

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

March 2017 share options

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

December 2018 (Grant 1) share options

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded and vested, based on achievement against the relevant performance targets and are now exercisable with an expiry date of December 2028.

December 2018 (Grant 2) share options

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded and vested, based on achievement against the relevant performance targets and are now exercisable with an expiry date of December 2028.

May 2019 share options

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

September 2019 share options

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded and vested, based on achievement against the relevant performance targets and are now exercisable with an expiry date of September 2029.

December 2019 share options

The share options outstanding under this grant at 31 December 2023 reflect the options that have been awarded and vested, based on achievement against the relevant performance targets and are now exercisable with an expiry date of December 2029.

April 2020 share options

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

May 2020 share options

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

September 2020 share options

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

March 2021 share options

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

May 2021 share options

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

August 2021 share options

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

March 2022 share options

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

26. Share-based payments *continued*

May 2022 (Grant 1) share options

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

May 2022 (Grant 2) share options

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

October 2022 (Grant 1) share options

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

October 2022 (Grant 2) share options

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

December 2022 share options

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

March 2023 (Grant 1) share options

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

March 2023 (Grant 2) share options

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

August 2023 share options

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

October 2023 share options

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

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

November 2023 share options

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

December 2023 share options

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

Measurement of fair values

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

The inputs to the model are as follows:

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

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

26. Share-based payments *continued*

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

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

Plan 2: IWG plc Performance Share Plan (PSP)

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

Reconciliation of outstanding share awards

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

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

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2023	Release date
PSP	07/03/2018	1,278,350	(1,051,546)	(226,804)	**–**	07/03/2023
PSP	07/03/2019	1,058,578	(848,474)	–	**210,104**	07/03/2024
PSP	04/03/2020	915,739	(915,739)	–	**–**	04/03/2025
PSP	26/03/2021	959,015	(320,887)	–	**638,128**	26/03/2026
PSP	09/03/2022	1,289,217	(431,373)	–	**857,844**	09/03/2027
PSP	08/03/2023	1,711,795	–	–	**1,711,795**	08/03/2028
		7,212,694	(3,568,019)	(226,804)	**3,417,871**	

Measurement of fair values

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

The inputs to the model are as follows:

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

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

2019 PSP investment grant

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

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

2020 PSP investment grant

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

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

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

2021 PSP investment grant

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

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

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

26. Share-based payments *continued*

2022 PSP investment grant

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

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

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

2023 PSP investment grant

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

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

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

Plan 3: Deferred Share Bonus Plan

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

Reconciliation of outstanding share options

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

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

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2023	Release date
DSBP	04/03/2020	264,277	–	(172,354)	**91,923**	04/03/2023
DSBP	09/03/2022	171,415	–	–	**171,415**	09/03/2025
DSBP	02/11/2022	511,751	–	–	**511,751**	02/11/2027
DSBP	08/03/2023	180,752	–	–	**180,752**	08/03/2026
		1,128,195	–	(172,354)	**955,841**	

Measurement of fair values

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

The inputs to the model are as follows:

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

27. Retirement benefit obligations

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

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

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

28. Acquisitions

Current period acquisitions

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

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

The goodwill arising on these acquisitions reflects the anticipated future benefits IWG can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value-adding products and services.

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

28. Acquisitions *continued*

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

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

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

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

Goodwill of £8m arose relating to 2023 acquisitions.

Prior period acquisitions

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

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

Goodwill of £188m arose relating to 2022 acquisitions. The goodwill arising on the 2022 acquisitions reflects the anticipated future benefits IWG can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value-adding products and services.

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

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

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

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

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

Non-controlling interests

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

29. Capital commitments

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

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

30. Contingent assets and liabilities

The Group has bank guarantees and letters of credit held with certain banks, predominantly in support of leasehold contracts with a variety of landlords, amounting to £305m (2022: £337m). There are no material lawsuits pending against the Group.

31. Related parties

Parent and subsidiary entities

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

Joint ventures

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

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

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

Key management personnel

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

Compensation of key management personnel (including Directors)

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

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

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

Transactions with related parties

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

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

32. Principal Group companies

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

Name of undertaking	Country of incorporation	% of ordinary shares and votes held
Trading companies		
Regus Australia Management Pty Ltd	Australia	100
Regus Belgium SA	Belgium	100
Regus do Brasil Ltda	Brazil	100
Regus Business Service (Shenzen) Ltd	China	100
Regus Management ApS	Denmark	100
Regus Management (Finland) Oy	Finland	100
IWG France Management Sarl	France	100
RBC Deutschland GmbH	Germany	100
Regus CME Ireland Limited	Ireland	100
Regus Business Centres Limited	Israel	100
Regus Business Centres Italia S.r.l.	Italy	100
Regus Management Malaysia Sdn Bhd	Malaysia	100
Regus Management de Mexico, SA de CV	Mexico	100
Regus New Zealand Management Ltd	New Zealand	100
Regus Business Centre Norge AS	Norway	100
IWG Management Sp z.o.o.	Poland	100
Regus Business Centre, Lda	Portugal	100
Regus Management Singapore Pte Ltd	Singapore	100
Regus Management España SL	Spain	100
IWG Management (Sweden) AB	Sweden	100
Avanta Managed Offices Ltd	United Kingdom	100
Basepoint Centres Limited	United Kingdom	100
Green (Topco) Limited	United Kingdom	86.6
HQ Global Workplaces LLC	United States	100
RGN National Business Centre LLC	United States	100
RB Centres LLC	United States	100
Regus Management Group LLC	United States	100

Name of undertaking	Country of incorporation	% of ordinary shares and votes held
Management companies		
RGN Management Limited Partnership	Canada	100
Regus Service Centre Philippines B.V.	Philippines	100
Franchise International GmbH	Switzerland	100
Pathway IP II S.à r.l.	Switzerland	100
Regus Global Management Centre SA	Switzerland	100
Regus Group Services Ltd	United Kingdom	100
IW Group Services (UK) Ltd	United Kingdom	100
Regus Management Group LLC	United States	100
Holding and finance companies		
IWG Enterprise Sarl	Luxembourg	100
IWG Group Holdings S.à r.l.	Luxembourg	100
IWG International Holdings S.à r.l.	Luxembourg	100
Ibiza Holdings Limited.	Jersey	86.6
Global Platform Services GmbH	Switzerland	100
Regus Group Limited	United Kingdom	100
Regus Corporation	United States	100
Ibiza Finance Limited.	Jersey	100
Genesis Finance SARL	Switzerland	100
Pathway Finance Sarl	Switzerland	100
Pathway Finance EUR 2 Sarl	Switzerland	100
Pathway Finance USD 2 Sarl	Switzerland	100

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

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

Key judgements

Tax assets and liabilities

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

Determining the lease term of contracts with renewal and termination options

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

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

Key estimates

Impairment of intangibles and goodwill

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

Deferred tax assets

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

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

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

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

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

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

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

Estimating the incremental borrowing rates on leases

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

Fair value accounting for business combinations

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

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

34. Subsequent events

Reporting currency change

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

Forward exchange contracts

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

Revolving credit facility

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

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

Parent Company Accounts

Summarised extract of unaudited company balance sheet

(Accounting policies are based on the Swiss Code of Obligations)

£m	As at 31 Dec 2023	As at 31 Dec 2022
Trade and other receivables	**21**	2
Prepayments	**2**	–
Total current assets	**23**	2
Investments	**2,886**	3,069
Total non-current assets	**2,886**	3,069
Total assets	**2,909**	3,071
Trade and other payables	**7**	45
Accrued expenses	**2**	1
Total short-term liabilities	**9**	46
Long-term interest-bearing liabilities	**–**	99
Other long-term liabilities	**–**	–
Total long-term liabilities	**–**	99
Total liabilities	**9**	145
Issued share capital	**10**	10
Reserves from capital contributions	**2,439**	2,439
Retained earnings	**634**	650
Loss for the year	**(31)**	(21)
Treasury shares	**(152)**	(152)
Total shareholders' equity	**2,900**	2,926
Total liabilities and shareholders' equity	**2,909**	3,071

The values of the investments recognised have been considered by the Directors and are considered fully recoverable.

Approved by the Board on 18 March 2024

Mark Dixon
Chief Executive Officer

Charlie Steel
Chief Financial Officer

Accounting policies

Basis of preparation

These financial statements were prepared in accordance with accounting policies based on the Swiss Code of Obligations.

The Company is included in the consolidated financial statements of IWG plc.

The balance sheet has been extracted from the non-statutory accounts of IWG plc for the year ended 31 December 2023, which are available from the Company's registered office, Dammstrasse 19, CH-6300, Zug, Switzerland.

Investments

The value of the investment held in IWG Group is measured at acquisition cost.

Reconciliation for alternative performance measures

Alternative performance measures

The Group reports certain alternative performance measures (APMs) that are not required under International Financial Reporting Standards (IFRS) which represents the generally accepted accounting principles (GAAP) under which the Group reports. The Group believes that the presentation of these APMs provides useful supplemental information, when viewed in conjunction with our IFRS financial information as follows:

- to evaluate the historical and planned underlying results of our operations;
- to set Director and management remuneration; and
- to discuss and explain the Group's performance with the investment analyst community.

None of the APMs should be considered as an alternative to financial measures derived in accordance with GAAP. The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

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

Reconciliation of alternative performance measurement adjustments recognised

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

1. Rent income and finance income

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

2. Rent expense and finance costs

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

3. Depreciation, lease payments and lease receipts

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

4. Other adjustments

These adjustments primarily reflect the impairment of the right-of-use assets and other property, plant and equipment as well as the reversal of the closure cost provision on a pre-IFRS 16 basis. Certain parking, storage and brokerage costs are also reversed, as they form part of the lease payments.

Consolidated EBITDA (unaudited)

Year ended 31 December 2023:

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

1. Includes £78m of net impairment of property, plant and equipment including right-of-use assets.
2. Pre-IFRS Adjusted EBITDA on a constant currency basis was £415m.

Year ended 31 December 2022:

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

1. The comparative information has been restated as the Group changed its classification of adjusting items.
2. Includes £52m of net reversals of impairment of property, plant and equipment including right-of-use assets.

Partner contributions receivables (unaudited)

£m	Reference	2023	2022
Opening partner contribution receivables	Note 17	**23**	30
Net partner contributions recognised	Statement of cash flows, p129	**45**	50
• Maintenance partner contributions	CFO review, p46	**5**	11
• Growth partner contributions	CFO review, p46	**40**	39
Settled in the period		**(42)**	(59)
Exchange differences		**(1)**	2
Closing partner contribution receivables	Note 17	**25**	23

Reconciliation for alternative performance measures *continued*

Working capital (unaudited)

Year ended 31 December 2023:

£m	Reference	As reported	Rent income & expense and finance income & costs	Depreciation and lease payments	Other adjustments	pre-IFRS 16
Partner contributions – reimbursement	Statement of cash flows, p129	**22**	**–**	**(22)**	**–**	**–**
(Increase)/decrease in trade and other receivables	Statement of cash flows, p129	**(19)**	**32**	**–**	**–**	**13**
Increase/(decrease) in trade and other payables	Statement of cash flows, p129	**144**	**742**	**(836)**	**(26)**	**24**
Working capital		**147**	**774**	**(858)**	**(26)**	**37**
Analysed as:						
Working capital (excluding amortisation of partner contributions)	CFO review, p46					**92**
Working capital related to the amortisation of partner contributions	CFO review, p46					**(95)**
Growth-related partner contributions	CFO review, p46					**40**

Year ended 31 December 2022:

£m	Reference	As reported	Rent income & expense and finance income & costs	Depreciation and lease payments	Other adjustments	pre-IFRS 16
Partner contributions – reimbursement	Statement of cash flows, p129	19	–	(19)	–	–
(Increase)/decrease in trade and other receivables	Statement of cash flows, p129	(97)	(54)	–	–	(151)
(Decrease)/increase in trade and other payables	Statement of cash flows, p129	191	852	(906)	(29)	108
Working capital		113	798	(925)	(29)	(43)
Analysed as:						
Working capital (excluding amortisation of partner contributions)	CFO review, p46					22
Working capital related to the amortisation of partner contributions	CFO review, p46					(104)
Growth-related partner contributions	CFO review, p46					39

Capital expenditure (unaudited)

Year ended 31 December 2023:

£m	Reference	As reported	Rent income & expense and finance income & costs	pre-IFRS 16
Purchase of property, plant and equipment	Statement of cash flows, p129	**(153)**	**(2)**	**(155)**
Purchase of intangible assets	Statement of cash flows, p129	**(60)**	**–**	**(60)**
Total capital expenditure		**(213)**	**(2)**	**(215)**

Analysed as:		Net capital expenditure	Partner contributions	Gross capital expenditure
Maintenance capital expenditure	CFO review, p46	**(93)**	**(5)**	**(98)**
Gross growth capital expenditure	CFO review, p46	**(75)**	**(40)**	**(115)**
Capitalised rent related to centre openings	CFO review, p46	**(2)**	**–**	**(2)**
		(170)	**(45)**	**(215)**

Year ended 31 December 2022:

£m	Reference	As reported	Rent income & expense and finance income & costs	pre-IFRS 16
Purchase of property, plant and equipment	Statement of cash flows, p129	(242)	(12)	(254)
Purchase of intangible assets	Statement of cash flows, p129	(39)	–	(39)
Total capital expenditure		(281)	(12)	(293)

Analysed as:		Net capital expenditure	Partner contributions	Gross capital expenditure
Maintenance capital expenditure	CFO review, p46	(90)	(11)	(101)
Gross growth capital expenditure	CFO review, p46	(141)	(39)	(180)
Capitalised rent related to centre openings	CFO review, p46	(12)	–	(12)
		(243)	(50)	(293)

Five-year summary

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

1. The comparative information has been restated to reflect the impact of discontinued operations (note 9)
2. The comparative information has been restated as the Group changed its accounting policy on deferred tax related to assets and liabilities arising from a single transaction due to amendments to IAS 12 (note 2).

Glossary

Adjusted EBITDA

EBITDA excluding adjusting items.

Adjusting items

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

Company-owned

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

Capital-light

Business centres operating under a variable lease, joint-venture, Managed & Franchised arrangements.

EBIT

Earnings before interest and tax.

EBITDA

Earnings before interest, tax, depreciation and amortisation.

EPS

Earnings per share.

Expansions

A general term which includes new business centres established and acquired in the year by IWG through Company-owned and Managed & Franchised segments.

Green building

Buildings certified as LEED, BREEAM or equivalent.

Gross profit before impact of rationalisation

Gross profit excluding adjusting items to cost of sales.

Growth capital expenditure

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

Growth-related partner contributions

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

Maintenance capital expenditure

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

Maintenance-related partner contributions

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

Managed & Franchised

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

Net debt

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

Net financial debt

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

Network rationalisation

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

Occupancy

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

Operating profit/(loss) before impact of rationalisation

Operating profit excluding adjusting items.

Pre-IFRS 16 basis / Before application of IFRS 16

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

Rooms

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

REVPAR

Average monthly IWG Network revenue, divided by the average number of rooms during the period.

System wide revenue

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

TSR

Total shareholder return.

Corporate directory

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Tim Regan, Company Secretary
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