

REGUS MANAGEMENT APS  
Tuborg Boulevard 12, 3. sal  
2900 Hellerup

Annual report for 2019

Adopted at the annual general meeting on  
9 July 2020

DocuSigned by:



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Lynsey Ann Blair  
chairman

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## STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The executive board has today discussed and approved the annual report of Regus Management ApS for the financial year 1 January - 31 December 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.


In my opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 9 July 2020

### Executive board

DocuSigned by:  
  
Lynsey Ann Blair...  
Director

## INDEPENDENT AUDITOR'S REPORT

*To the shareholder of Regus Management ApS*

### **Opinion**

We have audited the financial statements of Regus Management ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has 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 or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

## INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on management's review**

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

## INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 9 July 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98



Jette Kjær Bach  
State Authorized Public Accountant  
MNE no. mne19812

## COMPANY DETAILS

The company

Regus Management ApS  
Tuborg Boulevard 12, 3. sal  
2900 Hellerup

CVR no.: 31 27 95 18

Reporting period: 1 January - 31 December 2019

Incorporated: 29. February 2008

Domicile: Gentofte

Executive board

Lynsey Ann Blair

Auditors

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø

## FINANCIAL HIGHLIGHTS

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
<b>KEY FIGURES</b>					
Gross profit/loss	36.605	19.242	12.662	21.996	19.666
Profit/loss before net financials	10.847	354	-3.097	2.041	1.166
Net financials	12	-11	-127	16	5
Profit/loss for the year	8.228	517	-2.825	1.471	896
Balance sheet total	75.185	54.027	47.200	66.020	85.794
Investment in property, plant and equipment	1.371	0	0	0	122
Equity	12.865	4.637	4.120	6.946	5.475
Number of employees	75	54	60	53	48
<b>FINANCIAL RATIOS</b>					
Return on assets	16,8%	0,7%	-5,5%	2,7%	1,7%
Solvency ratio	17,1%	8,6%	8,7%	10,5%	6,4%
Return on equity	94,0%	11,8%	-51,1%	23,7%	17,8%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..



## MANAGEMENT'S REVIEW

### **Business review**

The Company operates with management and administration of the Companies within the Regus Group in Denmark.

### **Recognition and measurement uncertainties**

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

### **Unusual matters**

The company's financial position at 31st December 2019 and the results of its operations for the financial year ended 31st December 2019 are not affected any unusual matters.

### **Financial review**

The company's income statement for the year ended 31 December 2019 shows a profit of DKK 8.228.272, and the balance sheet at 31 December 2019 shows equity of DKK 12.865.240.

### **Significant events occurring after the end of the financial year**

As a result of the COVID-19 crisis revenues and cash flows are affected. Management has implemented contingency plans consisting of stricter cash flow management via optimised payments, deferring tax (VAT, social security, withholding tax), use of temporary unemployment schemes, negotiations with landlords to reduce / defer rental payments. There will obviously be a negative impact on the revenue, cash flow and financial situation however; this cannot be estimated at present.

### **Expected development of the company, including specific prerequisites and uncertainties**

The Company operates in the market of administration of facilities. In year 2019 the market was stable and customers were satisfied with the service and quality. The Company is not dependent on one or more large customers.

2020 started strong and then we got hit by Covid19. The immediate impact of Covid19 was a drop in revenue as Denmark was in lock down. The immediate actions taken by IWG (applying for Governmental Support package, intense cost control and seeking support from our Landlords) have mitigated the revenue drop but not in full. Our expectations is that we will start building back the lost revenue at the end of Q3 and gain further momentum in Q4.

### **The company's knowledge resources if of particular importance to its future earnings**

It is essential for the Group to be able to attract and retain motivated employees.

### **Impact on the external environment and measures taken to prevent, reduce or mitigate damage**

The Company fulfills the requirements of the environmental legislation. Considering the nature of the company, the direct environmental impact is very limited.

### **Research and development activities in or for the company**

The Company has no research and development activities

### **Foreign branches**

The Company has no foreign branches

## MANAGEMENT'S REVIEW

### **Profit/(loss) for the year relative to the expectations most recently expressed**

2019 was a strong year for IWG in Denmark. We invested in several existing centres and improved our product. This enabled us to drive the occupancy level as well as revenue thru out the year and end 2019 very strong.

## ACCOUNTING POLICIES

The annual report of Regus Management ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning medium-sized reporting class C entities as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in DKK.

Pursuant to section §86,4, of the Danish Financial Statements Act, the company has not prepared cash flow statement. The relevant information is included in the consolidated annual accounts of IWG Plc. The consolidated annual accounts for IWG Plc. can be found on the following link: <https://www.jerseyfsc.org/registry/search?search=IWG+Plc>

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Income statement**

#### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, consumables and other external expenses.

#### **Revenue**

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received.

## ACCOUNTING POLICIES

### **Other external expenses**

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### **Staff costs**

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

### **Tax on profit/loss for the year**

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

### **Balance sheet**

#### **Tangible assets**

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment.	3-10 years
Indretning af lejede lokaler	3-10 years

Assets costing less than DKK 13.800 are expensed in the year of acquisition.

## ACCOUNTING POLICIES

### Receivables

Receivables are measured at amortised cost.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

### Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

### Liabilities

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

## ACCOUNTING POLICIES

### FINANCIAL HIGHLIGHTS

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
<b>Gross profit</b>		<b>36.604.519</b>	<b>19.241.604</b>
Staff costs	1	-25.696.118	-18.857.841
Depreciation		-61.889	-29.584
<b>Profit/loss before net financials</b>		<b>10.846.512</b>	<b>354.179</b>
Financial income	2	50.352	12.727
Financial costs	3	-38.804	-23.230
<b>Profit/loss before tax</b>		<b>10.858.060</b>	<b>343.676</b>
Tax on profit/loss for the year	4	-2.629.788	172.936
<b>Profit/loss for the year</b>		<b><u>8.228.272</u></b>	<b><u>516.612</u></b>
Distribution of profit	5		

**BALANCE SHEET 31 DECEMBER**

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
<b>ASSETS</b>			
Other fixtures and fittings, tools and equipment		1.137.523	110.579
Leasehold improvements		<u>445.761</u>	<u>193.702</u>
<b>Tangible assets</b>	<b>6</b>	<b><u>1.583.284</u></b>	<b><u>304.281</u></b>
<b>Total non-current assets</b>		<b><u>1.583.284</u></b>	<b><u>304.281</u></b>
Trade receivables		15.661.657	14.772.538
Receivables from group entities		53.394.326	35.542.611
Other receivables		366.285	1.995.067
Deferred tax asset	8	0	172.936
Prepayments	7	<u>4.179.917</u>	<u>1.240.032</u>
<b>Receivables</b>		<b><u>73.602.185</u></b>	<b><u>53.723.184</u></b>
<b>Total current assets</b>		<b><u>73.602.185</u></b>	<b><u>53.723.184</u></b>
<b>Total assets</b>		<b><u>75.185.469</u></b>	<b><u>54.027.465</u></b>



**BALANCE SHEET 31 DECEMBER**

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
<b>EQUITY AND LIABILITIES</b>			
Share capital		125.000	125.000
Retained earnings		<u>12.740.240</u>	<u>4.511.968</u>
<b>Equity</b>		<b><u>12.865.240</u></b>	<b><u>4.636.968</u></b>
Provision for deferred tax	8	<u>57.134</u>	<u>0</u>
<b>Total provisions</b>		<b><u>57.134</u></b>	<b><u>0</u></b>
Trade payables		1.169.541	1.506.352
Payables to group entities		5.428.038	7.864.793
Corporation tax		2.399.718	0
Other payables		9.754.958	7.785.773
Deferred income	9	20.166.689	18.490.192
Deposits		<u>23.344.151</u>	<u>13.743.387</u>
<b>Total current liabilities</b>		<b><u>62.263.095</u></b>	<b><u>49.390.497</u></b>
<b>Total liabilities</b>		<b><u>62.263.095</u></b>	<b><u>49.390.497</u></b>
<b>Total equity and liabilities</b>		<b><u>75.185.469</u></b>	<b><u>54.027.465</u></b>
Contingent liabilities	10		
Related parties and ownership structure	11		

**STATEMENT OF CHANGES IN EQUITY**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	125.000	4.511.968	4.636.968
Net profit/loss for the year	<u>0</u>	<u>8.228.272</u>	<u>8.228.272</u>
Equity at 31 December 2019	<u>125.000</u>	<u>12.740.240</u>	<u>12.865.240</u>

## NOTES

	<u>2019</u>	<u>2018</u>
	DKK	DKK
<b>1 STAFF COSTS</b>		
Wages and salaries	23.434.744	16.499.422
Pensions	1.250.160	909.649
Other social security costs	123.576	105.557
Other staff costs	887.638	1.343.213
	<u>25.696.118</u>	<u>18.857.841</u>
Average number of employees	<u>75</u>	<u>54</u>
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.		
<b>2 FINANCIAL INCOME</b>		
Interest received from subsidiaries	44.329	12.727
Exchange gains	6.023	0
	<u>50.352</u>	<u>12.727</u>
<b>3 FINANCIAL COSTS</b>		
Financial expenses, group entities	20.607	7
Other financial costs	3.750	23.223
Exchange loss	14.447	0
	<u>38.804</u>	<u>23.230</u>
<b>4 TAX ON PROFIT/LOSS FOR THE YEAR</b>		
Current tax for the year	2.399.718	0
Deferred tax for the year	230.070	-172.936
	<u>2.629.788</u>	<u>-172.936</u>
<b>5 DISTRIBUTION OF PROFIT</b>		
Retained earnings	8.228.272	516.612
	<u>8.228.272</u>	<u>516.612</u>

## NOTES

### 6 TANGIBLE ASSETS

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2019	235.883	349.329
Additions for the year	1.047.626	323.663
Disposals for the year	0	-64.149
Cost at 31 December 2019	1.283.509	608.843
Impairment losses and depreciation at 1 January 2019	125.304	155.627
Depreciation for the year	20.682	36.540
Reversal of impairment and depreciation of sold assets	0	-29.085
Impairment losses and depreciation at 31 December 2019	145.986	163.082
Carrying amount at 31 December 2019	1.137.523	445.761

### 7 PREPAYMENTS

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.

	2019	2018
	DKK	DKK
<b>8 PROVISION FOR DEFERRED TAX</b>		
Provision for deferred tax at 1 January 2019	-172.936	0
Deferred tax recognised in income statement	230.070	-172.936
<b>Provision for deferred tax at 31 December 2019</b>	57.134	-172.936

### 9 DEFERRED INCOME

Deferred income consists of payments received in respect of income in subsequent financial years.

## NOTES

### 10 CONTINGENT LIABILITIES

Regus Management ApS being the administration company is subject to the Danish scheme of joint taxation and, as from the financial year 2014, unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

As from 2014, the company is unlimited jointly and severally liable with the other jointly and severally liable with the other jointly taxed companies for the total corporation tax.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may changes in the company's liabilities. The company is jointly tax registered with other Regus companies and is therefore jointly liable for VATsettlement.

The Danish Tax Agency (Skattestyrelsen) finalized in 2019 a transfer pricing tax audit of Regus Management ApS and the companies of the Danish scheme of joint taxation in 2012-2014. Regus Management ApS has appealed the result of the transfer pricing tax audit to the Danish Tax Agency (Skattestyrelsen). The result of the appeal is expected available in 2021 at the earliest.

Tax, interest, fines related to the transfer pricing tax audit have not been recognized in the financial statements, since it is the group's and its advisors' expectations that the result of the appeal case will turn out to be favourable towards Regus Management ApS.

### 11 RELATED PARTIES AND OWNERSHIPSTRUCTURE

#### Controlling interest

IWG Group Holdings SARL, 26 Boulevard Royal, Luxembourg, L-2449, Luxembourg.  
IWG Group Holdings SARL holds the 100% of the contributed capital in the Company.

#### Other related parties

Regus Management ApS' related parties comprise the following:  
IWG Plc, 22 Grenville Street, st. Heller, JE4 8PX Jersey.

#### Transactions

<u>DKK'000</u>	<u>2019</u>
Sales of goods to group entities	62.218
Purchase of goods from group entities	142.755

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 1.  
Payables to associates and subsidiaries are disclosed in the balance sheet, and interest is disclosed in note 2 and 3.

#### Consolidated financial statements

Regus Management ApS is part of the consolidated financial statements of IWG Plc., having its registered office at 26 Boulevard Royal, Luxembourg, L-2449, Luxembourg, which is the largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of IWG Plc. can be obtained by contacting the company at the above addresses.