



“WeWork India Management Limited Q2 FY-26 Earnings Conference Call”

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MODERATOR: **MS. SAVLI MANGLE – ADFACTORS PR**

Moderator: Ladies and gentlemen, good day and welcome to the WeWork India Management Limited's conference call, hosted by Adfactors PR.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing and '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Savli Mangle from Adfactors. Thank you and over to you, Ms. Savli.

Savli Mangle: Thank you, Sagar. Good evening, everyone, and welcome to the Q2 and H1 FY '26 earnings call of WeWork India Management Limited. Today, we have with us Mr. Karan Virwani – Managing Director and CEO, Mr. Clifford Lobo – Chief Financial Officer, and Mr. Vinayak Parameswaran – Chief Investment Officer.

We will begin the call with the opening remarks from the Management, after which we will open the forum for an interactive Q&A session.

I must remind you that this conference may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not guarantee of future performance and may involve risks and uncertainties that are difficult to predict.

Having said that, I now hand it over to Mr. Karan Virwani – MD and CEO of WeWork, for his opening remarks. Thank you and over to you.

Karan Virwani: Thank you, Savli. Good evening, everyone, and thank you for joining us for the WeWork India Q2 FY '26 Earnings Call. I would like to welcome all of our shareholders and thank you for the trust and confidence you have placed in us during our IPO. Your support has been both humbling and inspiring.

We remain deeply committed to delivering long-term value and sustained performance. This quarter holds a special meaning. It is our first, after becoming a publicly listed company, and I am proud to share that we have delivered yet another strong quarter, combining record growth, consistent profitability, and strategic execution.

WeWork India continues to lead the industry, not just in terms of scale, but also in terms of profitability, operational efficiency, and technology-driven execution. India's growth story is anchored in a \$5 trillion economy, powered by robust services, rising FDI, and a world-class talent base. With over 2.5 million STEM graduates, annually rapid urbanization, and the world's third largest startup ecosystem in India, India continues to attract global enterprises and drive structural demand for premium commercial real estate.

In the first 9 months of 2025, gross leasing touched nearly 59.6 million square foot, the highest ever for a January-September period, growing nearly 10% year-over-year. Within that, Flex Spaces now account for 21% of new leasing, expanding nearly 24% CAGR since 2020, and now crossing 100 million square feet of total stock, capturing about 10% share in the total CRE stock.

This structural shift reflects how enterprises and global capability centers are embracing flexible, high-quality managed workspaces as a core part of their portfolio strategy. And with flex share projected to reach about 15% of total stock by 2027, translating to 140 to 144 million square feet, India remains as one of the fastest-growing, most dynamic office markets.

WeWork India continues to lead this transformation in size, scale, profitability, and capital efficiency. Today, we operate 70 centers across 8 cities, covering 7.7 million square foot and 1.15 lakh desks with about 94% of our portfolio in grey day developments.

Including centers under Fit-outs and LOI, our total AUM stands at about 1.45 lakh desks and approximately 10 million square foot. Over the last 12 months alone, we have added nearly 20k desks, a 21% year-on-year expansion on capacity, fully in line with the broader flex CRE growth as well. And even in this rapid expansion, our portfolio occupancy held strong at 80.2% as of Q2, and underscoring steady, resilient demand.

For the same period, our mature portfolio, which is approximately 100k desks, operated at about 84.2%, while the growth portfolio, which is about 14,000 desks, are all operationally break-even, stood at about 51.7%.

At WeWork India, we are redefining how India works, by creating tech-enabled, flexible workspaces that move businesses forward. Our model is simple yet powerful. We lease grade-A assets, transform them into world-class offices, and offer fully managed, ready-to-use workspaces to companies of every size, from enterprises and GCCs to SMEs and entrepreneurs.

We sit uniquely at this intersection of landlords and occupiers, helping landlords enhance yields and occupancy, while giving members plug-and-play flexibility and scalability, without long-term leases, upfront costs, and operationalizing CAPEX, providing seamless member experience.

Our ecosystem runs on 3 growth engines - The Workspace-as-a-Service business, which is spanning single-desk flexibility to custom-built enterprise-grade offices. Our Digital Products such as WeWork All Access, WeWork On-Demand, WeWork Workplace, and our virtual office product, powering hybrid and distributed teams. And finally, our value-added services, including tech-led amenities, events, F&B offerings, that deeper member engagement.

This quarter, we will also launch the WeWork India app, which is the digital backbone of our business, tying our ecosystem together, enabling seamless booking, engagement, and insights, and potentially opening up new monetization streams for us.

Backed by the Embassy Group and WeWork Global, we combine design technology and execution excellence to deliver India's most profitable and scalable flex space operating platform. Our competitive edge lies in a high-quality Grade A portfolio that anchors us in the most resilient markets, a diversified demand-based spanning enterprise GCC, SME, and startups, and a deeply integrated technology backbone that powers engagement, efficiency, and monetization, together making WeWork India the most scalable, future-ready platform in the industry.

Our record-setting performance this quarter reinforces that strength in the model. Revenue reached about INR 585.5 crores, up 7.3% quarter-over-quarter, and 17.2% year-over-year. This strong top line growth translated into an IGAAP-equivalent EBITDA of about INR 118.4 crores, up 45% quarter-over-quarter, and nearly 16% year-over-year, with margins expanding almost 530 basis points to about 20.3%. We have been PAT positive under IGAAP for the past 3 years. We delivered a PAT profit of about INR 39.3 crores this quarter, a growth of nearly 367% quarter-over-quarter, and about 104% year-over-year.

Notably, we also became IndAS PAT positive without any deferred tax adjustment, reporting about a INR 6.4 crore profit under IndAS, marking a major profitability milestone for WeWork India. If we take deferred tax out last year of the same period, we were at a loss of basically negative INR 32 crores, which has now grown to about INR 6.4 crores of profit.

On the expansion front, we maintained our disciplined growth strategy. We currently have about 14,000 desks under Fit out and another 15,000 desks under LOI, providing us clear visibility over the next few quarters and increasing our capacity to about 1.45 lakh desks and about 10 million square foot AUM.

Enterprise accounts remain the cornerstone of our portfolio, accounting to approximately about 75% of our business, where the remaining membership revenue of about 25% generated from non-enterprise clients including startups, SMEs and freelancers. This balance mix mainly remained stable over the past few quarters, reflecting sustained demand from large corporations alongside steady engagement from smaller members.

Our average membership tenure has increased nearly 17% from 23 months in Q2 last year to about 27 months in this quarter itself, reflecting stronger enterprise adoption and longer-term client commitments. Within these large enterprises, which are companies over 1000 FTEs, contributed about 60% of our revenue and now maintain an average membership tenure of nearly 32 months, which is up from about 28 months a year ago. And importantly, over 50% of our desk sales this quarter came from existing members expanding within our network, a strong vote of confidence in our product and service quality.

We are mindful of potential headwinds from cost inflation to macro uncertainty, however, our flexible contracts, the short payback cycle, staggered lease profile, our locked-in revenue to lease liability standing strong at nearly 2.7x, give us strong downside protection.

Sustainability and social impact are deeply embedded in how we build and operate. We have quantified our carbon footprint across Scope 1 and Scope 2, and now advancing into Scope 3 measurement, driving towards a 100% renewable energy target by 2027 and 90% waste diversion by 2028.

Through our green lease framework and BIM-led design innovation, we have reduced project emissions by embedding circularity into every workspace we deliver. And beyond our buildings, our impact charter and partnerships with WCS India and Colors of Life continue to create measurable change, restoring ecosystems, mitigating human-wildlife conflict and expanding education across 2000 underprivileged students.

At the heart of all of this is our culture. WeWork India has been certified as a great place to work across all categories in 2025 with a 45% representation of women, a world-class engagement score of about 86 and an employee NPS of nearly 65, reflecting a workforce that's committed to its purpose and performance.

As we look ahead, our focus remains clear, profitable growth, disciplined expansion and sustained market leadership, India's office market and flex markets continue to accelerate, and WeWork India is scaling right alongside this momentum, deepening our presence into key micro-markets and gaining market share across both Enterprise and Flex Demand segments.

Our expansion will continue to be driven by disciplined and capital-efficient approach, ensuring sustainable and accretive growth. With multiple centres under Fit Out and LOI, we have strong visibility over the next few quarters. The WeWork India app will evolve further as a digital revenue driver and while our design and build capabilities will enable enterprises to access end-to-end workspace solutions seamlessly.

We are also embedding sustainability deeper into our model, increasing renewable sourcing, enhancing energy efficiency and building smarter, greener spaces. We are not just India's largest, but most future-ready workspace platform, one that grows with enterprises, scales with flexibility and leads with innovation and design and profitability.

With that, I am going to hand it over to Clifford to take you through our financial performance in greater detail.

Clifford Lobo:

Thank you, Karan. Good evening, everyone.

Let me take you through the key financial performance highlights of our Quarter 2 FY '26:

A strong quarter that demonstrates WeWork India's ability to combine growth, profitability and capital discipline.

This quarter, revenue from operations stood at INR 574.7 crores, representing a 7.4% quarter-on-quarter growth and a 22.4% year-on-year. Including other income, total revenue accumulates

to INR 585.5 crores, marking our highest ever quarterly top line, representing a 7.3% quarter-on-quarter growth and a 17.2% year-on-year growth.

Growth was driven across all 3 revenue streams of our business. On core operations or workplace-as-a-service, we generated INR 492.1 crores of revenue, which grew 6.6% quarter-on-quarter and a 23.4% year-on-year. This remained the largest contributor, supported by sustained enterprise and flex demand alike.

On the Digital Products front, Including WeWork All Access, virtual office, on-demand and workplace, which contributed INR 20 crores of revenue while remaining flat quarter-on-quarter grew 25% year-on-year as hybrid work adoption deepened.

On the value-added services front that contributed INR 62.6 crores of revenue, grew 18.2% quarter-on-quarter and a 14.4% year-on-year, now accounting for nearly 11% of total revenue, reflecting increasing monetization depth across our ecosystem. This diversified growth profile reflects the strength of our model, one that is not reliant on any single revenue stream, but designed to capture both enterprise stability and flexible demand.

On profitability, We delivered a strong quarter. Under IndAS, EBITDA stood at INR 390.9 crores, up 12.9% quarter-on-quarter and an 18.9% year-on-year, at a margin of 66.8%. We believe financial performance is measured as IGAAP equivalent, as it is the most reflective of how efficiently our business runs and how strong our profitability really is.

Under IndAS 116, rent expenses are replaced by non-operational depreciation and notional interest on right-of-use assets. While it's the applicable accounting standard, it can distort the true operating performance, especially in a Real Estate Lease-Heavy business like ours. So, IGAAP equivalent EBITDA stood at INR 118.4 crores, growing an astounding 45% quarter-on-quarter and a 15.8% year-on-year. EBITDA margin for the quarter is at 20.3%, up from 15% in the previous quarter, that's an increase of 530 basis points.

Now let's talk about what's driving this steep quarter-on-quarter growth in IGAAP equivalent EBITDA. Over the last 12 months, we added approximately 20,000 desks. With the bulk of this, approximately 15,000 desks becoming operational between October '24 and March '25. This front-loaded expansion temporarily weighed on our Q1 FY '26 EBITDA, which came in at INR 81.7 crores and a margin of 15%, as fixed costs came in ahead of optimum occupancy.

As of Quarter 2 FY '26, occupancies improved across mature and growth centers, reaching a portfolio level high of 80.2%, driven by the addition of approximately 4,600 occupied desks and an incremental recurring revenue of INR 39.4 crores.

As occupancy increased in Q2 and given that the incremental cost is already part of the cost base, almost 82% of this incremental revenue flowed through to the bottom line. That's the structural strength of our business model. Once a center stabilizes, large part of the incremental revenue converts into profits.

We reported an IGAAP equivalent PAT of INR 39.3 crores this quarter, a sharp increase from INR 8.4 crores in the prior quarter, representing a quarter-on-quarter growth of 3.7x and a year-on-year growth of over 2x. We have been consistently PAT positive under Indian GAAP for the last 3 fiscal years, excluding one-time exceptional items.

On an IndAS basis, we achieved our first ever PAT positive quarter, delivering a INR 6.4 crores profit versus a loss of INR 31.5 crores, excluding deferred tax benefit, in the same period last year, marking a significant milestone on our path to sustained profitability.

Our cost discipline continues to drive margin expansion. Our rent per RSF increased just 1.8% year-on-year, while operating costs per RSF improved by 5.3% year-on-year. Center-level EBITDA margins improved to 27.3%, up 420 basis points sequentially, and surpassed the same period last year by 30 basis points.

Our corporate overheads remained stable at around 8% of revenue, despite the addition of approximately 20,000 desks in the last 12 months. We continue to focus on cost discipline across our indirect and direct expenses.

On capital efficiency, average CAPEX per desk is at an all-time low of approximately 1.3 lakhs per desk, driven by further design improvements in our spaces and leveraging economies of scale.

With a revenue-to-rent multiple of 2.9x, and strong cost discipline, our ROCE improved to 22.2%, up from 9% quarter-on-quarter, reflecting efficient capital deployment. Operating cash flow for the quarter was INR 375 crores, up 16% quarter-on-quarter and 11% year-on-year, driven by stronger EBITDA and improved working capital discipline. CAPEX spent during the quarter was INR 109 crores, primarily towards new center fit outs and refurbishment in existing centers aged beyond 5 years.

Free cash flow from operations post-CAPEX stood at a negative INR 14 crore, a significant improvement over a negative INR 47 crore in the previous quarter. As of Q2 FY '26, our net debt stands at INR 311 crores, compared to INR 529 crores in the previous year.

Our average cost of borrowing has declined by 500 basis points over the past year, from a 15.4% to a 10.4%, primarily driven by the retirement of high-cost debt through a rights issue by our promoter.

We have also secured a 2-notch upgrade from a BBB to an A-minus in our credit rating over the last 12 months. It further solidifies our position with our recent listing and balance sheet strength to optimize the cost of borrowing. In essence, our profitability growth is not only volume-led, but also efficiency-led.

To sum up, Q2 was our strongest proof of operating leverage to date. Revenue grew 6%-7% sequentially, but EBITDA surged over 45%. An IGAAP-equivalent PAT scaled nearly 4.7x from the prior quarter.

With our cost base now calibrated, every incremental rupee of revenue will continue to translate disproportionately into EBITDA. We remain laser-focused on profitable, self-funded growth and delivering sustained value creation for our shareholders.

To put it simply, WeWork India continues to be the profitability leader in this category. We are growing faster, expanding margins, generating free cash, and delivering superior returns on capital. Our strategy will be focused on balance, scalability, and discipline, and that has created a model that converts growth directly into returns. This gives us both resilience and headroom to invest in future opportunities.

In closing, Q2 FY '26 has been one of our most defining quarters yet. We have proven that flexible workspaces can be a high-growth, high-margin business. Our fundamentals are strong, our strategy is clear, and our execution remains disciplined.

With that, I close my remarks. Thank you. We now open up the floor for questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Our first question comes from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: Good evening, everyone. Thank you for the opportunity. So, first question is basically, could you give us some guidance on what sort of seat additions we are looking at annually over the medium term, either on an absolute number or on a percentage CAGR basis? And of that, what would be the split between conventional co-working and managed offices, which we see is most likely? That is the first question.

Karan Virwani: Yes. So, I will just quickly take that up. If you see over the last year, in the last 12 months, we have basically grown at about 21-22% capacity expansion for nearly 20,000 desks, which were added just in this year. We currently sit at about 114,000 desks. By the end of March, we already have about another 14,000-15,000 desks in fit-out. So, as of March, we will end at about 130,000 desk capacity.

We also spoke about the fact that we have already LOIs and lease commitment signed of another 15,000 desks. On top of that, basically taking in locked-in supply from 115K desks, where we are today to about 145,000 that we already have visibility on, and approximately 10 million square foot of AUM, which is nearly a 26% capacity growth or capacity locked-in as of where we sit today.

I think on a run rate basis, you should assume that we will basically try to grow slightly above the industry, which is growing at this 20-ish% range, which will translate to about 20,000 to 25,000 desk additions year-over-year for us.

Now, this split will constantly vary depending on what operational capacity we have or what available capacity we have open in co-working spaces as well in our WeWork spaces, as well as the kind of RFPs, demand, etc., we are getting from the Managed Office segment each year and in the prior year also. So, just as an example, we are already pitching on RFPs on certain

managed office deals, which we know will only open sometime next year. That is not part of this 15,000 desk LOI that we already have signed. So, those will add on top of that.

And there are periods where we have available capacity within WeWork spaces where we don't wish to add, and once the capacity and occupancy goes up, that's when we look at basically bringing on new capacity also. So, the balance between MO and WeWork will be determined based on that.

Adhidev Chattopadhyay: Okay. Okay. Fine. Fine. And second question is just, I think, more of a follow-up to the first. Any revenue growth guidance you would like to share for full year, for this year?

Karan Virwani: I don't think we would want to share any guidance. I think we are targeting upwards of 20% type of growth numbers, and we have already delivered that across a few of the revenue streams, if you see just from last year to today. We are already on run rate first half of the year. We did approximately 1,150 odd crores of revenue, right? And so, if you just look at that run rate, we are already closer to 20% growth. There will be some incremental addition to that revenue in the next month. So, hopefully, we will surpass that.

Adhidev Chattopadhyay: Sure. And just one final question maybe for Clifford. What is our budgeted CAPEX for the full year overall?

Clifford Lobo: We are roughly spending about INR 100 crores every quarter. Having said that, this was a heavy quarter because we had some big management or managed office deals in the pipeline. So, I wouldn't consider that to be a run rate, but our cost is about a INR 1,30,000 a desk. So, if you estimate, we will add between 15,000 to 20,000 desks, I guess, for the year. That should give you a rough estimate.

Adhidev Chattopadhyay: Okay. That's fine. I will come back in the queue if I have more questions. Thank you and all the best.

Clifford Lobo: Thank you.

Moderator: Thank you. Our next question comes from the line of Rohan Mehta, an investor. Please go ahead.

Rohan Mehta: Hello. Good evening, sir. Thank you for the opportunity. Sir, just to start off, if you could shed some light on our profit after tax levels year-on-year for the quarter, I believe we have reported around INR 7 odd crores compared to over INR 200 crores in the same quarter last year. So, if you could give some light on that, what are the reasons for this?

Clifford Lobo: Yes. So, just to draw your attention to the fact that we are looking at a PAT prior deferred tax or tax benefit. So, we clocked a loss of INR 31.5 crores last fiscal. This is pre-deferred tax. That has diminished as the year had come by, we clocked a loss of INR 14.1 crores in the first quarter of this year, which has now translated to a positive PAT of INR 6.4 crores.

As you know, the lease for the IndAS 116 has its impact on operating profits. So, I mean, it's very dependent on how we grow. I wouldn't consider 6.4 to be a run rate, but it's highly dependent on how our expansion plans structify over the next couple of quarters. But I think safe to say that this is a good starting point for us to turn PAT positive and keep that as a continuous momentum.

Karan Virwani:

I think you will consistently see that the operating margins and efficiency of the business have improved and obviously the scale of both EBITDA and then finally PAT continues to grow. We have considerably brought down our debt levels over the last one year, which has reduced the interest and finance costs that the business has.

Depreciation is largely a number that is stable, at least from the CAPEX standpoint. So, as EBITDA and revenue and occupancy obviously continues to grow, this operating PAT levels ideally will continue to grow. We have just in the last quarter itself, you will see added close to about, what's it, about close to about 27 odd crores of incremental PAT, right, just in sort of one quarter.

From an IGAAP equivalent basis, which is what we kind of look at it, we have been PAT positive now for the last 3 years. In this first half of the year, we have delivered nearly INR 47 crores of IGAAP equivalent PAT.

So, operating leverage is playing out. We are probably the only operator who has now delivered this at an IndAS level, post this lease accounting issue. And we see that as a sign of our scale and operating leverage really like playing out.

Moderator:

Thank you. Our next question comes from the line of Mohit Agarwal from IIFL. Please go ahead.

Mohit Agarwal:

Yes, thanks for the opportunity and congratulations on your listing and your first call. My first question is actually on the CAPEX bit. You explained that you will add about 20,000 seats and assuming a INR 1.3 lakh per seat that comes to about INR 250 to INR 270 crores, INR 260 crores. Is there a significant part of the CAPEX goes into refurbishment or other things beyond this? So, just trying to tie in the INR 100 crore per quarter to about a number which is coming to INR 250- INR 260 crores.

Karan Virwani:

Yes. No, I will take that up. So, I think that while we are obviously at a INR 1.3 lakh desk cost, which we will be delivering for most of our space, we have signed some large managed office deals, which as you know, the CAPEX spend on those deals are driven by the customer, which will translate into higher revenue and higher realization on those deals as well. So, some of that spend has also happened in this first half of the year for delivery of those spaces.

Towards the second half of the year, we see a much lesser spend than what we have done in the first half of this year. So, it will finally average out closer to your number. I think over and above this, like we mentioned, we have been spending on refurbishment of existing centers. That's been approximately like close to about INR 50 odd crores or will be about INR 50 odd crores for the

coming year. And then there's some end-of-life type of enhancements on all spaces also that we will be doing incrementally.

Over and above this, there is also stamp duty that we consider as part of this entire CAPEX payment and registration costs and all of that, which is why maybe you are seeing this number go slightly higher. But true CAPEX will be very much in line with what you said.

Mohit Agarwal:

Sure, that's clear. The second question is on your VAS and Digital Products. So, it's an impressive 11% VAS and 3% Digital Products. And I understand this is a very high margin business. So, what is the ideal mix that you want? So, like where will this number be in the next 2 to 3 years, this 14%, 11% plus 3%, go to?

Karan Virwani:

Look, I don't know if we have an ideal number. Our idea is to continue to grow these businesses and add more services as we continue to grow. We clearly see this business as moving in a nonlinear fashion, right? And that is a strategy of how we are thinking about growth. If you see how we progress, we have moved from just being a co-working operator that was very focused on smaller businesses and startups to now doing a full stack enterprise model.

We have introduced our Digital Products business that came out of COVID that started adding into incremental revenue. We have grown our services stack also that is allowing us to basically go deeper into the wallet share of existing customers.

I think as we continue to grow, we are looking at adjacencies of revenue streams and business lines that stem even beyond our spaces and beyond the existing captive customers and trying to become basically an entire workplace as a service ecosystem that any business, whether you are in a WeWork space, a managed office tenant of ours, or even looking at conventional space, that through our expertise, you can actually engage with us and actually avail products and services that go beyond flexible and co-working spaces itself.

So, we are really seeing that these 2 business lines, at least the Digital Products business, it's growing faster than the workspace revenue on a lower base clearly, but in terms of a rate, it is growing faster. So, there will hopefully be some incremental contribution to revenue as that business continues to grow. And as we continue to bring on new services on the VAS side, we will see some incremental improvement over there as well.

We don't have any target number. Our idea is to push this to the maximum possible, and we are still at very, very early stages of both these parts of our business.

Mohit Agarwal:

Okay, understood. And my last question is on your operating margins. So, last quarter it was 15, now it is 20. What would you say would be a steady state number and what would be a full year guidance? So, you have given over 20% revenue growth guidance. What would be your, let's say FY '26 and FY '27 margin guidance?

Karan Virwani:

Yes. I think most of this, as you can see, is coming from the fact that occupancy is moving up. And in this quarter, you would have seen that we didn't add any new operational centers. So, all

the sales basically has gone into existing centers, which is driving the occupancy up. We have some big revenue bits that will come in over the next few quarters and some new capacity also that continues to get added.

We have in the last 2 years delivered around this 20-21% EBITDA margin with the scalable growth. We will achieve a very similar level, if not slightly higher than what we have done in the past year over a much larger revenue base.

And yes, and I think that's really where we are going to end up. So, you will see us with this continuous expansion and being able to grow capacity at 21-22% odd of bringing on new centers and new leases, still hold a high margin of over 20% even by the end of the year.

Mohit Agarwal: Great, that's perfect. Thank you very much and all the best.

Karan Virwani: Thank you.

Moderator: Thank you. Our next question comes from the line of Abhinav Sinha from Jefferies. Please go ahead.

Abhinav Sinha: Hi, thanks for taking my question, and good to have you guys on the first call. So, firstly, which centers have been driving, or which cities have been driving the volume uptake in the first half of the year? And what is the pipeline coming from in the remaining 30,000 odd seats that you have highlighted? So, that's one.

And secondly, how is ARPM moving and what we should think about on that in the next 1 odd year?

Karan Virwani: Yes. I think notably to actually highlight which we didn't really touch upon here is our sales velocity, right? Sales velocity over the first half of this year has grown to close to about, we have delivered or sold about 26,000 desks. 26,000 desks is translating to nearly almost 2 million square foot of leasing that we have done in the first half of this year.

Notably, this is nearly about a 40% Q over Q growth in terms of velocity from last quarter, and nearly a 62% year over year growth in terms of velocity, right? So, today, the first half of the year, we are already on run rate to deliver somewhere close to about 50,000 desks sold for this year, which in totality of last year was close to about 30,000-39,000. So, overall, we are seeing velocity grow extremely well, which will all finally translate into revenue growth in the coming quarters.

Now, we have seen this happen pretty much across the entire portfolio. I wouldn't say there's been concentration in terms of sale, but as you know, the commercial leasing sort of trends across most markets, Bangalore continues to be the highest contributor. The Southern region and the whole between Bangalore, Chennai and Hyderabad continue to be one of the highest contributors in terms of space, and even in terms of new desks sold that we have done in the last year, followed by Gurgaon or the North, seeing slightly higher traction.

And then you have markets like Mumbai and Pune, where we continue to grow. But it's really across these top 8 cities, it's mirroring what the commercial office demand looks like, in general, and predominantly continues to be driven still by the Southern region of the country, to a large extent.

Abhinav Sinha: And on ARPM.

Karan Virwani: Yes, we have a question on ARPM. I will just touch on that. So, while velocity has increased drastically, it will be important to note that our revenue to rent multiple, which is really the leading indicator, hasn't moved at all. In fact, it continues to hold at the 3x, our total revenue to rent, which includes all of our revenue streams, and about 2.6 x, which includes just the license revenue or the membership revenue that we are getting, which is already much higher than industry standard.

In fact, total ARPM, I would say for the quarter, stood at a nearly about INR 22,300 per desk, which includes every revenue stream, divided by the number of members.

Abhinav Sinha: Thanks, that's very helpful. Secondly, on the net debt side, we have looked at some increase in uptake in CAPEX in the quarter. How are we looking at debt number by March '26?

Clifford Lobo: Yes, so we, at the same time, last year we had a net debt position of INR 529 crores. Equity infusion via rights issue, we were able to pay down some high-cost debt. We currently stand at INR 310 crores as a net debt position. But considering the fact that we had an inflow of settlement of ICD through the OFS or through the IPO, we currently actually are at a net debt position of close to INR 119 crores. And I think that's a pretty solid improvement in terms of debt. Our costs of debt have also reduced pretty significantly over the last 12 months.

Karan Virwani: Yes, by the end of the year, you will see this moving close, I mean net debt closer to zero.

Abhinav Sinha: Great, thanks. Sir, best wishes.

Moderator: Abhinav sir, does that answer all of your questions?

Abhinav Sinha: Yes, I am done. Thank you.

Moderator: Thank you. Our next question comes from the line of Neha Dhuri, an investor. Please go ahead.

Neha Dhuri: Hello, sir. Congratulations on the good set of numbers. My question is regarding the entry barriers of this business, or how can we differentiate ourselves in this sector?

Karan Virwani: So, there are multiple layers to this. Firstly, there is a low entry barrier into the business if I just think about setting up 1 center, 1 building, 1 location, which is why you are seeing so many operators in the country, nearly 500 operators across the entire market in the last few years.

But this business, while it has a low entry point, it has an high barrier to entry at scale. Now to deliver and to reach revenue numbers, EBITDA numbers, and even this operational efficiency that the business has reached today, there is firstly the need to deploy a significant amount of capital over a period of time, which would result in thousands of crores needing to be deployed.

That is just one part to it, obviously having the relationships with the landlords, being able to access this grade A quality supply, being positioned as a premium tenant, but also a marquee leader in this entire Flex Space, and having preference over other operators is something that we have built over time, right. And today, landlords want value for the asset, they want to have a brand that essentially ties in with the premiumness of the assets that they are building.

Thirdly, I think our brand itself today is clearly the category defining brand. The recall that we have not just in India and globally brings us the ability to convert some of the best deals or best members in the world, strong relationships with Fortune 500 businesses, global GCCs and Indian startups.

Technology is going to become a much bigger key part of our business, and we would like to think that we are really executing on this part of our business better than most. Today, you will see with the launch of the WeWork India app, but also some of the technology that we have built internally, it is really playing out in the operational and unit economic metrics that the business is seeing with margin expansion, with how quickly as new centers are ramping up and breaking even, and then finally delivering this strong unit economics for the business.

And then lastly, it's going to come around the product suite itself, right. Today, as an operator, we are the only or the largest full stack operator where you are able to get a desk for a day, going up to full bespoke managed office spaces, and now we are moving into adjacent revenue streams.

Also, I don't know if there is a platform at our scale and focused on this quality and this level of the market that is able to kind of deliver that as well. And I think that the product suite is really a future ready product suite, and our hunch is that as India grows, firstly, the amount of entrepreneurship that is going to be needed, mass level entrepreneurship is going to be needed to grow India from where it is today to where we want it to be. It's not only going to be driven by enterprise companies or large-scale businesses, hiring in GCCs, etc. So, there is going to be the need for Flex Space and smaller offices for many fragmented companies.

Also as technology and things like AI maybe get more prevalent, there will be more and more smaller businesses formed that are essentially growing at faster rates, than just only large businesses commanding a large part of that market.

So, there will be some fragmentation of how companies grow over the next few years. And our focus on being able to have a product suite that balances both enterprise and MSME and startup business at scale, not just in India, but globally is going to clearly be a differentiator as well over the last next few years.

Neha Dhuri: Okay. Thank you. Thank you for this elaborative answer. Just one last question I had about the major risk. What do you consider a major risk for your business?

Karan Virwani: Occupancy always is. Anything that impacts occupancy or can suddenly drastically reduce occupancy continues to or will always be the biggest risk in the business. We, over the last few years, have tried to mitigate this risk heavily. We have done that by firstly starting on bringing down break-even occupancy at a business level portfolio level, down to about 55-ish%.

Our new centers are breaking even slightly better than that. So, we will see over time that this occupancy percentage comes down, and as some more operating leverage kicks in, that should bring some cushion into the business. Just to give you an example, in COVID, which would have been the biggest black swan event for this business where we had much lower occupancy and also less healthier revenues, we saw occupancy drop roughly about 20% in a period of 60 days.

This kind of margin between our current occupancy and break-even gives us a good amount of cushion that is even beyond what we had and what COVID could have done. I think over and above that, you will see there's a huge improvement in the quality of revenue itself. The member mix itself has grown with large enterprise companies now contributing about 75%.

We have seen membership tenure grow about 17% just in the last year itself. Today, we are sitting on nearly about 27 months of average commitment term, which was about 23 months last year, which means we have at least, I think order book is close to a little bit over INR 2,400 crores of TCV that we have locked in in the business as of today itself.

And finally, our lease liability to revenue lock-in or asset liability ratio is favorable of about 2.7x, which means that we have at least close to about 2.7x the revenue to liability that we have to pay to landlords today, which is our largest locked-in cost and locked-in expense. So, that gives us some breathing room as well.

Yes. So, our biggest risk is anything that could basically move occupancy significantly down. \

Neha Dhuri: Understood. Thank you for the opportunity. And all the best.

Karan Virwani: Thank you.

Moderator: Thank you. Our next follow-up question comes from the line of Rohan Mehta, an investor. Please go ahead.

Rohan Mehta: Yes, hi. Sir, you spoke of use of technology in terms of bringing in operating efficiencies. Do we have any budget as such in terms of a percentage of revenue that we invest in technology?

Karan Virwani: We don't have a budget. We have, we have now a proper engineering team of roughly about 30, 35 people that we have built over the last 2 years. We are trying to do as much of this in-house

as possible. And the team is very much capable of handling the current projects that we have, systems, and looking at new innovations also.

So, I wouldn't put a number or budget to it. We are just very strategically looking at the business, looking at where we can automate, where we can use technology to improve the margins of the business, things like designing more efficiently.

We have a spatial analytics tool that helps us understand how members are using our space. We have a lease or a building selection tool called RE Scout that is allowing us to source buildings that will perform better, a lot easier. We are building some building technology to help us manage things like energy, efficiency, operating costs.

And then finally, we have now launched the WeWork India app, which I would say is the biggest move we have done on technology. And I would encourage all of you all to even download it, even if you are a non-WeWork member, you can use it to just come book a space for a day, similar to an Uber-ish app.

And we are seeing a lot of flow coming in from that. That will be a big platform that in the future we can not only enhance member experience, but then drive new revenue streams, do things like partnerships, be able to really capitalize on this captive member base that we have.

Rohan Mehta: Understood, fair enough, sir, fair enough. Thank you so much for taking my questions and all the best.

Karan Virwani: Thank you.

Moderator: Thank you. Our next question comes from the line of Saksham Jain from Iridium Advisors. Please go ahead.

Saksham Jain: Yes. Thank you. Congratulations on listing and the first earnings call. I would ask you to shed some light around 30% decline in free cash flow from operations, year-over-year. Thank you.

Clifford Lobo: If you look at our cash from operations that has increased 11% from INR 338 crores last year to about INR 375 crores this year. You might see a suppression on post-CAPEX cash for the reasons we mentioned, because we did do some large managed office deals which required cash payout upfront, which will come in as those deals go live and replenish some of the cash that we have spent.

As mentioned also, from a cash perspective on net debt, we did see a INR 150 odd crore inflow towards the OFS to strengthen our liquidity position. So, currently, cash position-wise, liquidity-wise, pretty strong.

Saksham Jain: Okay, Thank you.

Karan Virwani: I think the most notable thing to really look at over there is that the business is highly self-sustaining, right, even in periods where we have had to spend a bit more additional on CAPEX, it is all being driven by the cash flows generated from the business itself. There will be periods where we spend slightly higher CAPEX, where when we are looking at growth or center additions, there will be periods where that cash flow from operations goes up when we are not spending as much in CAPEX.

But what you really want to look at is basically the free cash that the business is generating, which has grown both quarter over quarter as well as year over year from last year, again, driven by revenue growth, EBITDA growth that the business has seen..

Saksham Jain: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Karan Virwani, MD and CEO, for closing comments.

Karan Virwani: Thank you all for joining us today, and giving us the opportunity to explain the business, provide context behind the performance and the numbers this quarter.

I am really truly proud of the results we delivered. We have been IGAAP equivalent PAT positive. We achieved our first IndAS profitability this quarter without any deferred tax or exceptional items.

We have seen revenue growth happen steadily. EBITDA growth on an IGAAP perspective has grown nearly 45% in the last quarter, just quarter over quarter. The macro trends of the business are strong and continue to stay strong.

Structurally, the business is actually operating as per plan and the way we would like it. We see that any incremental revenue coming in for the next few quarters, a lot of it will directly result in EBITDA growth, and then finally PAT growth at the P&L and the business level.

And our focus remains unchanged. We want to deliver the best workplace experience to our members while continuing to grow profitably, sustainably and responsibly. And that's really what's playing out.

So, thank you very much for joining, and we will see you next quarter.

Moderator: Thank you on behalf of WeWork India Management Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.