

MANAGEMENT DISCUSSION AND ANALYSIS

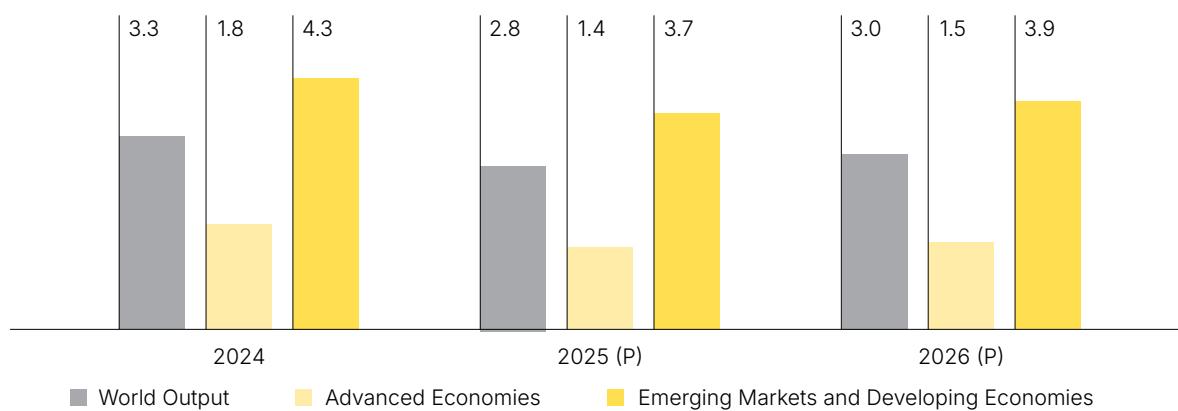


GLOBAL ECONOMY

The global economy demonstrated relative stability in 2024, despite persistent challenges related to economic conditions, international relations, and government policies. According to the International Monetary Fund (IMF), global GDP grew by 3.3% during the year, despite geopolitical and policy headwinds. Growth rates varied significantly across regions, with advanced economies recording slower expansion, while many developing nations, particularly in Asia, sustained steady growth, contributing 35% of global GDP.

The Asia-Pacific (APAC) region is a major contributor to the global economy, accounting for approx. 35% of the world's GDP and 56% of the world's population as of 2024. Its economic growth has shown resilience, supported by strong domestic demand and consumption across diverse economies, from developed nations like Singapore and Japan to rapidly expanding ones such as China and India. The region's average consumer price inflation stood at 4.4% in 2024, a decline attributed to falling commodity prices and domestic demand surpassing pre-pandemic levels.

Real GDP Growth (%)



(Source: World Economic Outlook, IMF)

Outlook

The global economy is on a steady growth path, with projections of a 2.8% expansion in 2025 and 3.0% in 2026. This outlook is supported by a broad recovery in major economies, driven by stable demand and easing inflation. Key emerging markets are expected to be major contributors to this growth.

According to the IMF, the Asia-Pacific (APAC) region is forecasted to grow by 3.7% in 2025, outpacing the global average. This momentum is powered by booming digital and infrastructure sectors, along with strong growth in services exports.

(Source: World Economic Outlook, IMF)



For Smartworks, this signals sustained occupier expansion across Asia, with India at the centre.

INDIAN ECONOMY

India's economy continued on a stable growth path in FY 2024-25, with Real GDP rising 6.5% (NSO) after 9.2% in the prior year, underpinned by strong domestic demand, robust services, and a sound policy framework. In August 2025, S&P Global upgraded India's sovereign rating to 'BBB', its first upgrade in 18 years, citing policy stability, fiscal prudence, and digital reforms. This enhances India's attractiveness for global capital and strengthens its long-term growth trajectory.

Despite near-term pressures such as US tariffs on select exports, India's large domestic market and diversified trade base provide resilience, with GDP expected to expand ~6.5% in FY 2025-26. Structural drivers remain intact: India has overtaken Japan as the world's fourth-largest economy (nominal GDP) and is targeting a \$5 trillion economy by FY 2027-28. Infrastructure push continues with a record capital outlay of ₹ 11.2 lakh crore (3.1% of GDP) in FY 2025-26.

Growth Drivers

The Indian economy continues to be supported by a combination of strong demographic and policy-driven tailwinds.

Youthful Demographics: The country possesses the world's largest working-age population, with approx. 69% of its citizens in this group. This demographic profile is a significant driver of long-term consumption and economic activity.

Rapid Urbanisation: The urban population is projected to grow from 36% in 2023 to 40% by 2036, fuelling substantial demand for modern infrastructure and commercial real estate.

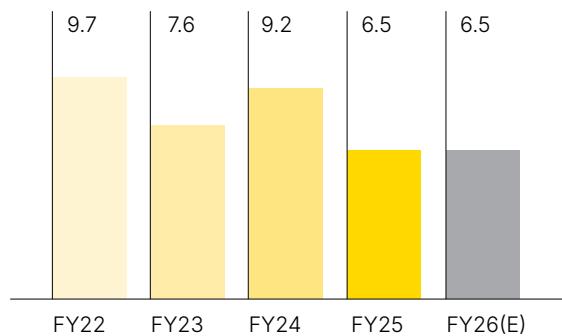
Record Infrastructure Investment: The government's emphasis on infrastructure development is clear, with a record outlay of ₹ 11.2 lakh crore in FY26, equivalent to 3.1% of GDP, enhancing both physical and digital connectivity.

Pro-Growth Policies: Strategic government initiatives, including 'Make in India 2.0', the Production-Linked Incentive (PLI) scheme, and digital reforms, are strengthening manufacturing and exports and creating a favourable business environment.



This macro backdrop is fuelling demand for office stock and managed campuses, directly benefiting Smartworks.

India GDP Growth (%)



(Source: Press Information Bureau)



INDUSTRY STRUCTURE & DEVELOPMENTS

Commercial Real Estate Overview

Asia Pacific (APAC) Region

The Asia-Pacific region's commercial real estate landscape has significantly transformed in recent years. Between 2018 and the first half of 2024, the region saw a net addition of approx. 295.3 Mn. sq. ft. to its office stock, growing at a CAGR of 5.4%.

The office leasing market has returned to normal after the COVID-19 pandemic, with corporates resuming active real estate planning. The total Grade A office stock in the APAC region reached 1,176 Mn. sq. ft. by the first half of 2024. Tokyo leads the markets in terms of Grade A stock, with 284.9 Mn. sq. ft., followed by Indian cities such as Bengaluru with 156.4 Mn. sq. ft., Mumbai with 104.0 Mn. sq. ft., and Hyderabad with 89.3 Mn. sq. ft.

KEY STATISTICS: H1 2025



Singapore has become a leading location for corporate headquarters in the Asia Pacific, with the highest number of completed regional headquarters between 2014 and 2023. This is supported by its developed infrastructure, efficient regulatory processes, and a business environment that was ranked second globally in terms of ease of doing business in 2019, according to the World Bank's Doing Business Report, 2020.

INDIAN REGION

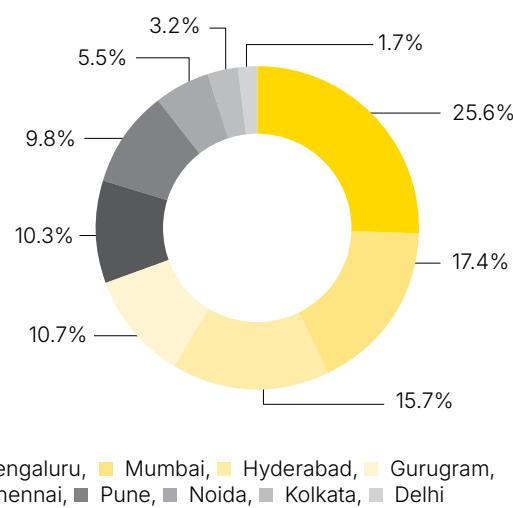
India is fast becoming a global hub for both manufacturing and services, positioning itself as "the office to the world" (as sighted in a report by Morgan Stanley) by leveraging rapid digitalisation and the energy transition for accelerated growth. India is the global leader in offshoring, with an estimated 5.4 million people employed directly in technology-related industries. This sector is forecasted to contribute approx. 57-58% of the global sourcing market in FY 2024-25, an increase from 55% in FY 2018-19 (Source: NASSCOM). The country's business environment has also seen substantial improvement, with its "ease of doing business" rank rising by 79 places from 142nd in 2014 to 63rd in 2019, according to the World Bank's Doing Business Report, 2020.

India's commercial office stock was estimated at approx. 883 Mn. sq. ft. as of March 31, 2025. This supply is forecasted to grow at a compound annual growth rate (CAGR) of 6.7%, reaching an estimated 1,072 Mn. sq. ft. by the close of 2027. With strong economic growth, India is projected to add its next Bn. sq. ft. of office space between

2036 and 2041. Morgan Stanley reports that India is set to become the office to the world with increasing GCCs and international companies establishing a presence in India.

India's commercial real estate sector is undergoing a massive transformation, moving from a modest market to a global hub.

In India, the commercial real estate is concentrated in the top 9 cities of Bengaluru, Mumbai Metropolitan Region ("MMR"), Hyderabad, Gurugram, Chennai, Pune, Noida, Kolkata, and Delhi.



Key Indian cities are experiencing high office absorption rates, driven by the country's economic growth and domestic consumption. The demand for high-quality spaces attracts both domestic and multinational corporations.

Following a period of disruption, gross office absorption in India's top nine Tier 1 cities has shown a strong recovery, rebounding from 35.0 Mn. sq. ft. in CY2020 to 78.9 Mn. sq. ft. in CY2024. This momentum continued into Q1 CY2025, with absorption reaching 17.2 Mn. sq. ft.

As of Q1 CY2025, 85.1% of the commercial office stock was categorised as Grade A, indicating a growing preference for quality spaces. The total occupied office stock in these cities reached 713.1 Mn. sq. ft. by Q1 CY2025.

FLEXIBLE WORKSPACES OVERVIEW

Flexible workspace solutions are primarily fully furnished and serviced real estate offerings that provide end users with flexibility in areas like space design, tenure, area,

location, and product. As organisations adapt to hybrid working models and prioritise capital efficiency and operational outsourcing, their integration into their real estate portfolios is becoming increasingly common. Operators are responding to this demand by offering world-class amenities and tech-enabled office spaces. The market has seen new solutions emerge, such as pay-per-use, day passes, and "fit-out as a service".

This shift in strategy is benefiting landlords who can lease their entire assets to a single-managed campus operator, thereby saving time and effort that would otherwise be spent on leasing to multiple tenants. The managed campus operator, in turn, provides flexible solutions to a diverse clientele with varied requirements.



Smartworks' enterprise-first, managed campus model is aligned with key industry tailwinds.

Reasons for the growing adoption of flexible workspaces

- Support multi-geography expansions
- Support the implementation of hybrid and distributed working policies
- Circumvent upfront investment in office fit-outs
- Convert capital expenditure to operating expenditure
- Outsource non-core commercial real estate operations
- Acquire large floor plates in buildings of preference

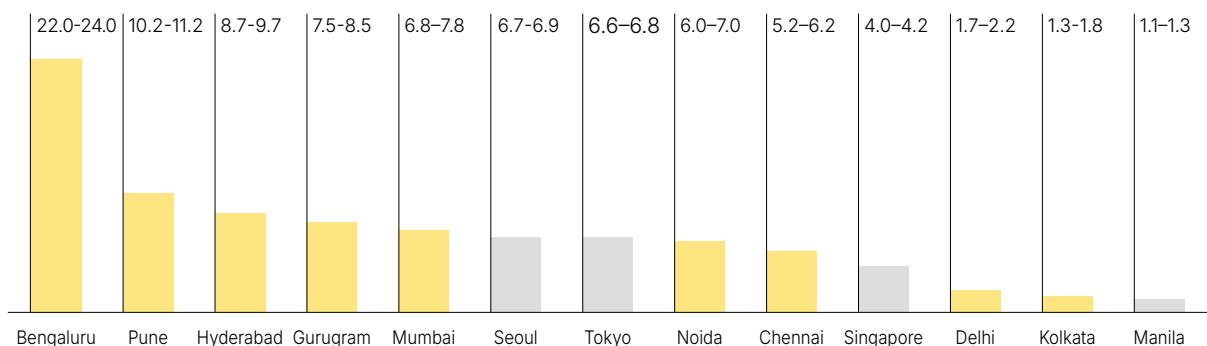
ASIA PACIFIC ("APAC") FLEXIBLE WORKSPACES OVERVIEW

The flexible workspace market in the Asia Pacific region is experiencing stable growth. The total volume of flexible space reached approx. 122 to 124 Mn. sq. ft. by June 2024, with over 3,000 centres now serving a wide variety of users. This expansion is driven by the shift towards hybrid work models, which has created a sustained demand for high-quality, amenity-rich, and sustainable workspaces.

(Source: CBRE Report)

Select Major APAC Cities – Total Flexible Workspace Stock (Mn. sq. ft.)

as of H1 CY 2024



Source: CBRE as of H1 CY2024; The flexible workplaces figures mentioned above include stock across all grades; Manila – Makati & Fort Bonifacio



Major sectors driving demand for flexible workspaces include technology, business services, and finance. High-growth cities such as Bengaluru, Pune, and Seoul have seen remarkable increases in demand. Notably, Bengaluru experienced a 107% year-over-year increase in 2024.

(Source: The Instant Group)

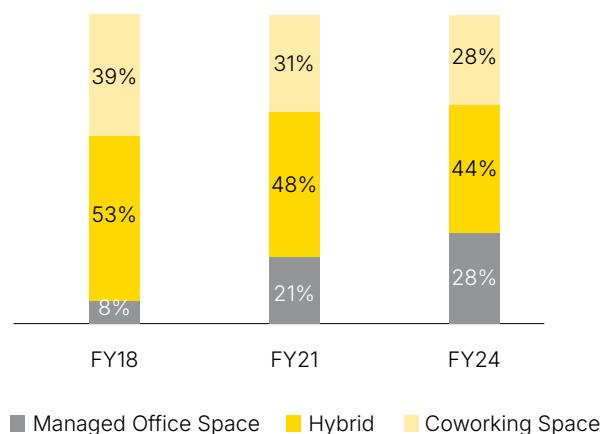
According to a CBRE survey, 78% of APAC occupiers prefer dedicated enterprise spaces, while 48% seek event space. This points to a deeper integration of flexible solutions, with over 25% of corporate real estate decision-makers already allocating more than 10% of their portfolio to flexible space. This is expected to rise to 39% over the next three years. Smaller firms are driving this trend due to their need for prime locations, shared amenities, and adaptability. The APAC flexible office market is projected to grow at a CAGR of over 21% from 2024 to 2031, reaching a market value of \$11.82 billion by 2030. This growth is supported by the continued adoption of hybrid work models, government incentives, and regional entrepreneurial activity.

(Source: NextMSC)

INDIAN FLEXIBLE WORKSPACES MARKET OVERVIEW

Flexible workspace is the fastest growing segment within commercial real estate. In a short span of 10 years, it has grown to approx. 96-100 Mn. sq.ft. as of Q1 2025 and is projected to further grow at a CAGR of 18-20%. This rapid growth of the entire segment reflects a fundamental shift in customer preferences for flexible workspaces as the future of offices.

Managed office space account for 28% of flex workspace stock as of FY 2023-24



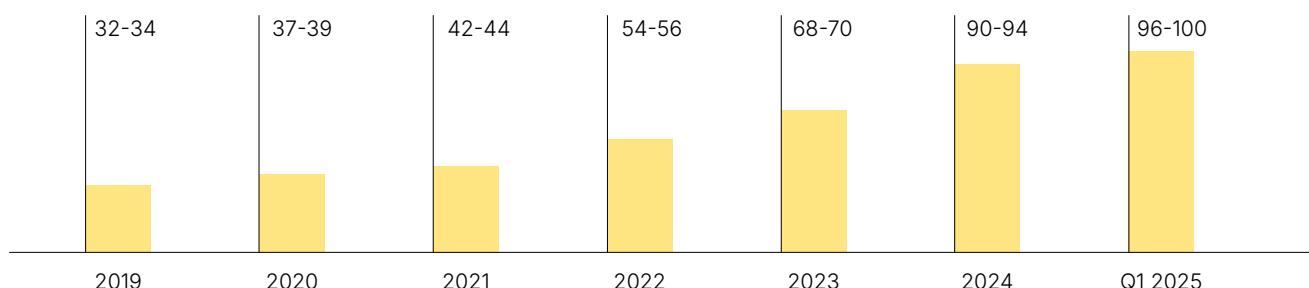
Source: Avendus Spark Real Estate sector - Flexible workspace Thematic

The market share of Managed Workspace (MWS) has grown significantly, from just 8% in FY18 to 30% in FY24. This expansion reflects a major shift away from traditional co-working models towards long-tenure, enterprise-focused solutions.

Flexible workspace stock in India's top nine Tier 1 cities surged from 35 Mn. sq. ft. in 2020 to over 88 Mn. sq. ft. by Q1 2025, with the pan-India stock reaching 96 Mn. sq. ft. This rapid growth is driven by the capital efficiency and flexibility MWS offers. Companies with more than 10% of their office space in flexible arrangements are projected to increase from 42% in 2024 to 59% by 2026.

The chart provides Y-o-Y total flexible workspaces stock across India (Tier 1 & Non-Tier 1 cities):

Flexible Workspaces Stock – Mn. sq. ft.



*All data as of Q1 CY 2025, estimate only.

The flexible workspace industry is moving beyond traditional co-working to offer managed campus solutions. This is a direct response to the growing demand from mid-to-large enterprises for customised, scalable, and amenity-rich office spaces. These managed campuses offer an integrated, hospitality-centric environment with value-added services like wellness programs and concierge services, which are crucial for attracting and retaining talent. Driven by strong and sustained demand, the total flexible workspace stock in Tier 1 cities is forecasted to grow at a CAGR of 18-20% from CY2024-27, reaching approx. 140-144 Mn. sq. ft. This growth momentum is evident in the record-breaking leasing activity, which surged to 39 Mn. sq. ft. in the first half of 2025.

▲ **19%**

H1 2025
SUPPLY Y-O-Y

▲ **3%**

H1 2025
ABSORPTION Y-O-Y

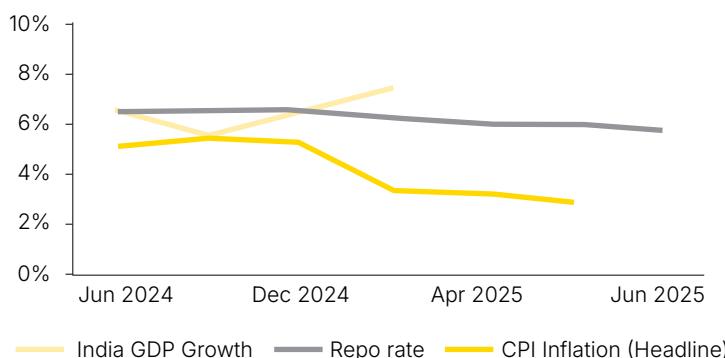
▲ **63%**

Q2 2025
SUPPLY Q-O-Q

▲ **8%**

Q2 2025
ABSORPTION Q-O-Q

INDIA GDP TRENDS



Source: Ministry of Statistics and Programme Implementation (MoSPL), May, June 2025; CBRE Research Q2 2025

INDIAN GDP FORECAST FOR FY2026

▲ **6.5% RBI**

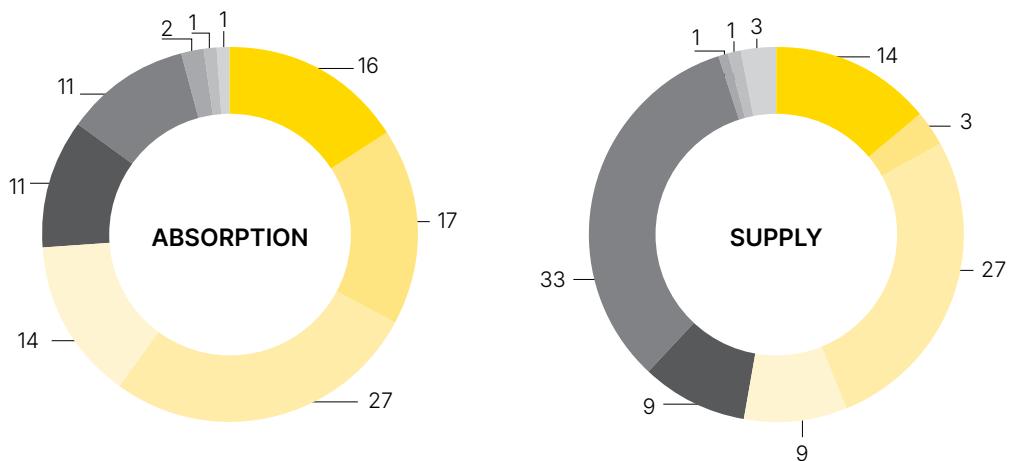
▲ **6.3% World Bank**

▲ **6.5% S&P Global**

Note: Arrows indicate a change from the previous forecast

Source: CBRE Research Q2 2025

CITY-WISE SHARE OF SUPPLY AND ABSORPTION IN H1 2025



■ Delhi-NCR, ■ Mumbai, ■ Bengaluru, ■ Chennai, ■ Hyderabad, ■ Pune, ■ Kolkata, ■ Ahmedabad, ■ Kochi

Key Growth Drivers

The flexible workspace market is poised for continued growth due to several key drivers:

Growing demand from mid-to-large enterprises

Companies are increasingly adopting flexible workspace solutions to align their real estate strategy with business goals and to access high-quality, fully managed spaces without significant upfront capital expenditure.

Outsourcing non-core operations

Choosing a flexible workspace allows organisations to align with a single provider for all workspace-related needs, such as expenses, support, and escalations, thereby freeing up management's time and resources to focus on their core business functions.

Flight to quality and customisation

There is a strong preference for high-quality, Grade A office spaces that offer modern amenities and superior functionality. The occupiers are also increasingly seeking workspace customisation as per their preference alongside having bespoke, private/semi-private and dedicated office spaces.

Variety of offerings

Leading flexible workspace operators offer a range of solutions, including on-demand options, meeting and training rooms, and private or managed offices. This variety allows organisations to select a mix of services tailored to their specific needs, such as team size, location, and purpose.

Hybrid work models

The widespread adoption of hybrid work models has increased the need for flexible, on-demand office solutions.

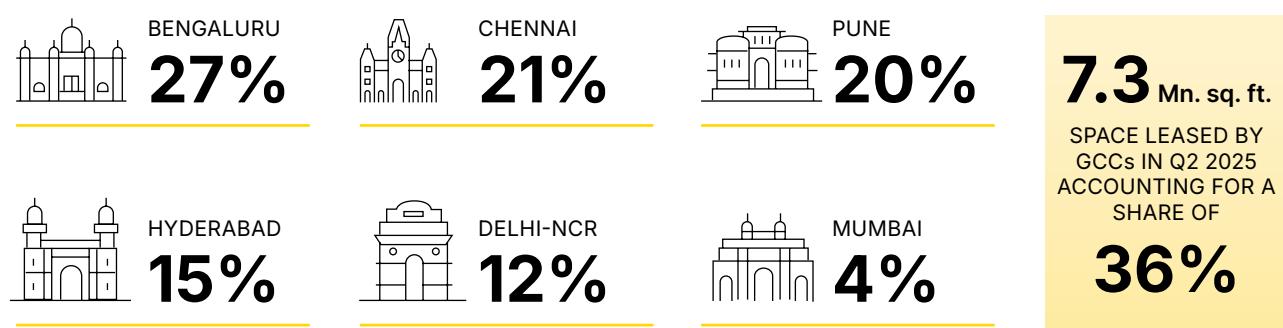
Through flexible workspaces, companies offer their employees consistent experiences and the flexibility to work from multiple locations within a broader network.

Rise of GCCs

The expansion of Global Capability Centres (GCCs) and the shift of Indian tech companies towards higher value-added services are key drivers of demand for managed office spaces.

GCCs have become a dominant occupier group, particularly in cities like Bengaluru, Chennai, and Pune, which attract the majority of this demand. This trend underscores India's continued appeal as a global hub for enterprises seeking talent, cost efficiency, and operational resilience.

GCCs' LEASING SHARE IN Q2 2025



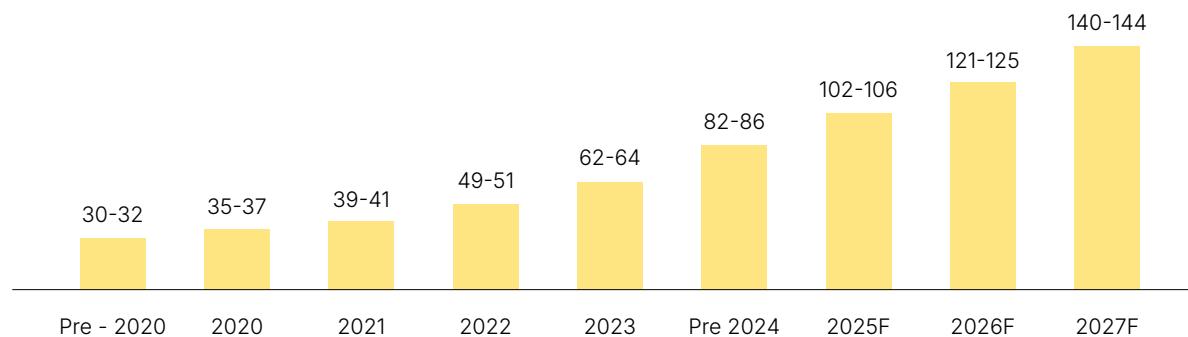
Source: CBRE Research Q2 2025

Growth in Tier 1 Cities

Driven by strong economic fundamentals and robust demand for Grade A office spaces, key Tier 1 cities are witnessing significant growth. This concentrated activity provides a strategic focus for players like Smartworks, which are capitalising on the sustained demand from large enterprises and Global Capability Centres (GCCs) in major metropolitan areas.

Forecasts for Stock of Flexible Workspaces in India (Mn. sq. ft.)

The forecasts for market size for flexible workspaces in India for all the top 9 tier 1 cities is outlined below:



Growth of Tier 2 and Tier 3 Cities

The market is expanding beyond Tier 1 cities, offering opportunities for operators to establish new centres in emerging markets.

OPPORTUNITIES AND THREATS

Opportunities

- Supply Opportunity:** The market is primarily concentrated in nine major cities: Bengaluru, Mumbai Metropolitan Region, Hyderabad, Gurugram, Chennai, Pune, Noida, Kolkata, and Delhi, ranked by market size. Notably, 70.2% of this organised commercial stock in India remains non-institutionally owned as of March 2025.

The Company has capitalised on this fragmented ownership structure by establishing strategic partnerships with passive and non-institutional landlords. We typically lease entire or large bare-shell properties—both newly constructed assets and existing ones transitioning from expiring leases. For example, properties such as Golf View Corporate Towers in Gurugram and Maple Corporate Park in Noida have been successfully integrated into our portfolio after their prior tenants vacated. This model has unlocked significant addressable markets, reflecting a landlord preference shift towards managed leasing arrangements over traditional leases.

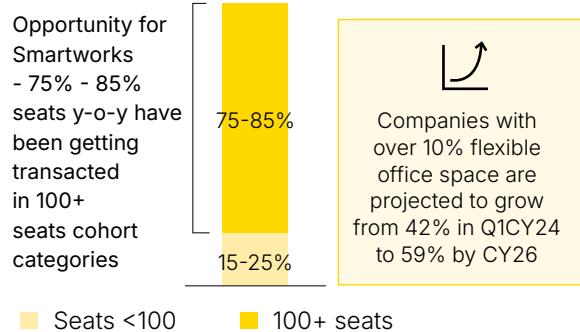
- Demand Opportunity:** Fuelled by steady economic growth, domestic firms in India are emerging as a robust demand driver for office space. The availability of skilled talent, a supportive regulatory environment, and access to quality, cost-effective real estate make India an increasingly preferred destination for Global Capability Centres (GCCs) and multinational corporations. These occupiers are also incorporating flexible workspaces to support operational scalability and outsource elements such as workplace management, thereby boosting demand in the flexible workspace segment.

Occupiers show growing preference for modern integrated business parks with comprehensive amenities including food and beverage outlets, open outdoor spaces, wellness centres, and community events. Flexible workspace solutions continue evolving in use-cases, with organisations evaluating them to facilitate relocations, consolidations, and post-lease expiries.

The share of flexible workspace stock within Non-SEZ office stock across Tier 1 cities expanded from 7%-9% pre-2020 to 14%-16% by end-2024. According to CBRE's India Office Occupier Survey 2024, companies with over 10% of their office portfolio as flexible space are expected to surge from 42% in Q1 2024 to 59% by 2026. The majority of leasing activity over the past 2-3

years has occurred in flexible workspace centres accommodating 300 or more seats—a segment where the Company's pan-India footprint, value-oriented pricing, and expertise in managing large properties position it strongly.

Flex space lease mix increased for 100+ seats cohort



Flexible workspace stock in Tier 1 cities grew from over 35 Mn. sq. ft. in 2020 to more than 82 Mn. sq. ft. by end-2024, at a CAGR of approx. 23-24%. The Company's managed leased area in Tier 1 cities grew at an even stronger CAGR of 38.37% during the same period, outpacing industry growth by more than 1.5 times in total area. The Company is well-positioned to leverage these supply and demand tailwinds to continue expanding its managed workspace portfolio.

Threats

The flexible workspace industry has witnessed considerable growth over the past few years. However, despite the consistent growth, there are certain inherent risk factors associated with this segment.

The flexible workspace industry is subject to risks arising from intense competition, economic cycles, and client turnover due to the short- to medium-term nature of contracts. Operators face potential supply constraints, rising costs, and asset-liability mismatches from long-term lease commitments versus shorter client arrangements. Further, rental escalations and client concentration may impact cash flows and profitability, necessitating effective risk management and diversification strategies.



Smartworks' long leases, diversified clients, and annuity-driven model mitigate these risks.

COMPANY OVERVIEW

India's largest Managed Office Platform

Smartworks Coworking Spaces Limited (referred to as 'Smartworks' or 'the Company') is an Office Experience and Managed Office Platform. From the very beginning, our vision has been to create office spaces that transcend the ordinary and revolutionise commercial spaces in India. In less than a decade, which includes two years of Covid, Smartworks has grown to be the largest managed office platform in India in terms of total stock. Our model addresses diverse workspace needs while driving greater productivity and engagement for enterprise clients across the country.

We offer high quality, customised, tech-enabled offices at value-centric prices, which provide both scalability and flexibility to our clients. Our managed campuses are designed to support the dynamic needs of modern businesses, providing seamless access to amenities such as cafeterias, gyms, crèches, medical centres, smart convenience stores, and collaborative zones. These aspirational amenities create environments that promote well-being, productivity, team cohesion, and a place where employees feel welcome every single day.

We focus on mid-to-large enterprises, with approx. 88% of our revenue coming from enterprises, majority of whom commit to more than 300 seats. From Forbes 2000 companies, global MNCs, Indian conglomerates to well-funded startups, our clients come from different diverse range of sectors and industries. Landlords, particularly passive and non-institutional owners, trust us to convert their bare-shell spaces into vibrant Smartworks-branded campuses. Each centre is designed using our extensive design library and is enabled by proprietary technology

platforms that simplify operations and elevate the user experience.

As of March 31, 2025, the company has a total super built-up area (SBA) of 11.79 Mn. sq. ft., across 55 centres in 14 Indian Cities and Singapore (incl. centres under fit-out, yet to be handed over and signed LOIs/Term sheets). The company's footprint is spread across key cities such as Bengaluru, Pune, Hyderabad, Gurugram, Mumbai, Delhi, Noida, Chennai & Kolkata.



Smartworks = REIT-like annuity stability, flex agility, and client experience.



Predictable cash flows with a Normalised OCF/ EBITDA



Capital Efficiency; Scaled up with just ₹ 5,000 Mn equity raised till March 2025



Scaling Fast. Growing Profits. Generating Cash

	TOTAL* LEASED SBA		CITIES		TOTAL* LEASED CENTRES		TOTAL* LEASED SEATS
11.79 Mn. sq. ft. 	15	55 50	270K 203K				
	REVENUE FROM OPERATIONS		NORMALISED EBITDA [#]		NORMALISED OPERATING CASHFLOW		NORMALISED ROCE
₹ 13,741 Mn		₹ 1,722 Mn		₹ 2,435 Mn		6.52%	

*Incl. LOIs/term sheets

Financial numbers Normalised in this Annual Report are as per Non-GAAP measures

Smartworks, initially a co-working space provider, has strategically evolved into a managed office platform at an early stage. The company saw a distinct and compelling opportunity in India. While approx. 70% of the supply was with standalone, non-institutional landlords, majority of the demand came from mid to large enterprises. This gap led us to pioneer the Managed Office Platform – and yes, Smartworks created this category.

Smartworks has outpaced the segment and grown 1.5 times faster at a Footprint CAGR of ~38% from 2020-24.

Our platform seamlessly integrates all stakeholders, i.e., our landlords, clients, their employees and vendor partners into one ecosystem. Our landlords benefit from guaranteed rent which makes them increase their exposure with us. In fact, out of our 55 centres, 12 are from landlords or developers who have leased multiple buildings to Smartworks. For our 700+ customers, they get a flexible, hassle-free office across India at a value-centric price customised to their needs and delivered in 45-60 days. Over 30% of our revenue today comes from multi-city clients. And for our rate-contracted Vendor partners, they get regular work throughout the year with majority of them working on multiple projects with us. All this together has created a flywheel effect.

Our business model is long-term, annuity-like contracts with highly predictable cash flows from Forbes 2000 companies, global MNCs, Indian conglomerates, and well-funded startups. These aren't just one-off deals—they're stable, recurring revenue streams. We can think of it like a REIT but with a host of office services such as design, fit-out, day-to-day operations and all amenities included – achieved through an asset-light, capital-efficient model.

All of this has enabled Smartworks to scale significantly. Company's unique ability to take large campuses, which continue to grow in size, allows us to add 2-3 Mn. sq. ft. of space every year by taking only 7-8 buildings.

Supply Strategy

On the supply side, Smartworks is present across India, with supply in 14 Indian cities and Singapore, and approx. 94% of our spaces are in the key micro-markets of India. The company works with a diverse range of landlords, ensuring no dependency on any single developer or landlord. ~80% of our portfolio is sourced from city-linked regional promoters and landlords, who own around approx. 70% (as on March 31, 2025) of India's commercial stock—highlighting our exceptional ability to organise a highly fragmented market comprising one-time promoters and small / regional developers.

Source: CRBE report, Smartworks Prospectus

The company's supply typically responds directly to customer demand with strong pre-fill commitments from our existing clients, allowing us to scale up in a deliberate and de-risked manner.

Demand Strategy

The company's demand is enterprise-focused, coming primarily from clients with requirements of 300+ seats who commit to long tenures of over 4 years. We have a highly sticky client base with a high retention rate of over 85%.

On the Sector-side, we remain well-diversified: although IT & ITeS share is the largest in India's commercial real estate, for us, that share is only ~42%. We serve a broad spectrum of sectors including manufacturing, BFSI, and consulting and professional services.

Revenue Model

Our revenue is primarily generated from annuity-based rental income, in fact ~94% of our revenue is rental revenue, which provides us with significant stability and predictability. This gives us strong visibility into upcoming years.

Our cost of doing business continues to reduce because of economies of scale and standardisation – both CAPEX and OPEX continues to go down. As we continue to build our brand and with the use of technology, our cost of acquisition of customers and the sales cycles will also continue to decrease. Today we leverage a vast design library having built over 1,000 offices. We have built a proprietary platform, BuildX which brings together design, project and procurement team enabling us to deliver offices in 45-60 days.

From the outset, we have emphasised cash flow predictability and frugality as our core values.

Our Normalised Operating Cash Flow to Normalised EBITDA has consistently exceeded 1. As our EBITDA grows, our cash flows—which is the funds available for reinvestment and growth—have also increased significantly. The Normalised Cash Flow from operations is approx. ₹ 2,435 Mn in FY25.



Delivers 30–32 month payback vs 51–52 months for typical operators.

Our terms of trade are among the superior terms in the industry, with receivable days of less than seven days driven by our strong client base and ERP driven collection systems.

We believe our industry is unique with IND-AS accounting and different accounting policies are being followed, One common unified way to measure ROCE is to compute it basis Normalised Cash Flows. Our normalised ROCE for FY25 was 6.52%.



Receivable days of less than seven days consistently for last 3 Years.

RISK MITIGATION STRATEGY

Client Concentration Risk

Smartworks has a robust strategy to mitigate key business risks.

To manage client concentration risk, the top 10 clients contribute only less than 20% of rental revenue in FY25. The company typically limits any single client to a maximum of 30% of a centre's space. Its diversified client base across industries and regions further protects it from sector-specific risks. Long-term contracts add an additional layer of stability.

Asset liability mismatch risk:

Our focus on mid-to-large Enterprises sets us apart and drives longer lock-in periods and Client retention. Our pricing strategy strives to achieve Rental Revenue from Clients, which is at least double the lease rentals we owe to our landlords. As of March 31, 2025, in terms of the existing contractual arrangements with our clients and the balance lease period with them, the contracted lease rental income covers our rental obligations for FY 2025-26 and FY 2026-27, in terms of the lease agreements executed with our landlords. In terms of the existing contractual arrangements and the balance tenure of the lock-in period of the lease with our clients, the contracted lease rental income from such balance lock-in period is ₹ 20,604.15 million.

Cyclical Risks:

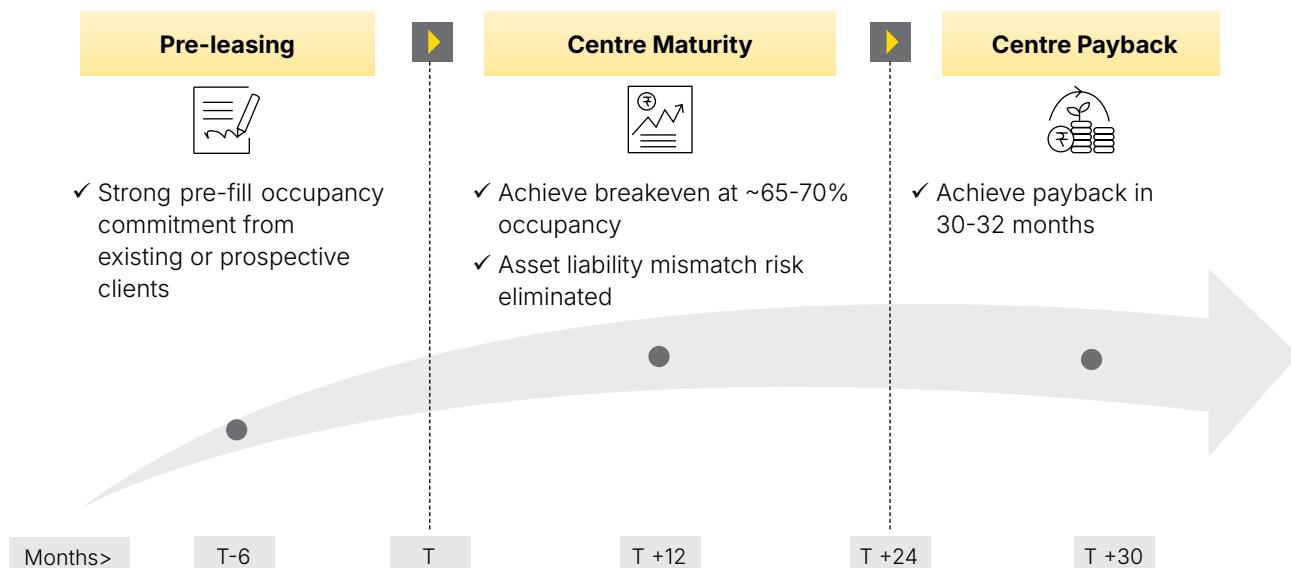
Our long-term contractual agreements with both landlords and clients create a protective buffer against the inherent cyclical fluctuations in occupancy and rental rates typical of commercial real estate markets. **This structural resilience was notably demonstrated during the COVID-19 pandemic period (FY 2020-21 and FY 2021-22), during which our revenue increased.** Our fortified contractual framework ensured steady income flows and reinforced business continuity amidst unprecedented market disruptions.

Our economics

Our profitability is driven by the maturity of our Centres. We classify our Centres as 'mature' (more than 12 months from the date of commencement of operations) and 'developing' (less than or equal to 12 months from the date of commencement of operations). Typically, we achieve breakeven vis-à-vis the operational cost of a Centre during the period of transition from 'developing' to 'mature'. Most of the initial operational expenditure incurred for a Centre is recovered by this breakeven point. Any incremental utilisation beyond breakeven flows to our unit-level profitability, as most of the cost is already recovered. Separately, our corporate costs, which primarily comprise employee expenses and corporate overheads, create a source of operating leverage as they get spread over a higher SBA across our Centres.

Below is a conceptual model of our Centre's economics

Lifecycle of a Typical Centre: Strong Unit Economics driving Superior Payback



As of March 31, 2025, the company had 794 employees dedicated to delivering operational excellence and customer delight.

The Company has successfully completed its Initial Public Offering (IPO) of Issue Size of ₹ 5,825 million out of which the primary issue size was ₹ 4,450 million. The issue size comprised of 14,321,474 equity shares with a face value of ₹ 10 each at an issue price of ₹ 407 per share (this includes 88,812 shares issued under the employee quota at a discounted price of ₹ 370 per share).

The market has overwhelmingly responded to our IPO. The resounding success of our IPO, oversubscribed by

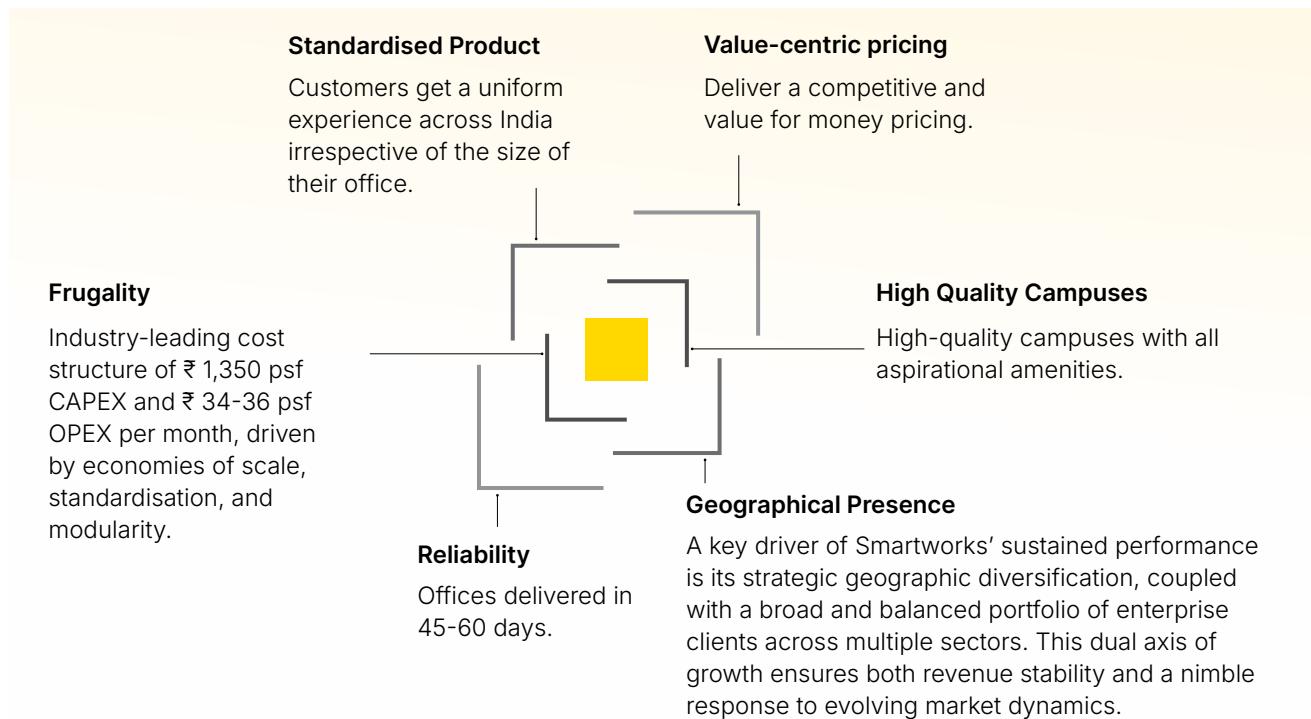
~13.5 times, is a powerful endorsement of the strength of our business model and the potential of the opportunity we are pursuing.

Following the IPO, the equity shares of the Company were listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) on July 17, 2025.

The proposed utilisation of the net proceeds from this issue includes towards repayment of certain borrowings, capital expenditure for fit-outs in the new centres and security deposits of the new centres and for General Corporate Purposes.

Sr. No.	Particulars	₹ in millions Total estimated amount/expenditure
1.	Repayment/prepayment/redemption, in full or in part, of certain borrowings availed by our Company	1,140.00
2.	Capital expenditure for fit-outs in the New Centres and for security deposits of the New Centres	2,258.40
3.	General corporate purposes	566.32
		3,964.72

SMARTWORKS: WHAT WE STAND FOR



OUR STRATEGIC CHOICES DRIVING SUSTAINABLE GROWTH

	IMPACT	
Scalability	Floors	Entire Campuses
Customer Focus	Retail clients	Enterprises & Multi-city clients
Cash Flow	Unpredictable	Highly Predictable
Risk Mitigation	Highly Uncertain	De-risked
Pricing	Niche Market	More Accessible

MULTIPLE SOURCES OF SUSTAINABLE COMPETITIVE ADVANTAGE**1. Largest Managed Office Platform**

The company has a total super built-up area (SBA) of 8.99 Mn. sq.ft. as of March 31, 2025, across 50 centres in 15 cities, with a total seating capacity of 203,118.

From 2020-24, our managed leased area in Tier 1 cities grew at a CAGR of 38.37% during the period, outpacing industry growth by more than 1.5 times in total area - demonstrating our leadership position and ability to scale faster than the market. Between March 2023 and March 2025, we expanded our managed office space footprint at a 20.8% CAGR, while revenues grew at a strong ~39% CAGR, reflecting both operational excellence and scale leadership.



Largest managed office platform, amongst the benchmarked players, in terms of total stock.

2. Financially Stable Business Model

Our revenue base is strongly annuity-driven, with approx. 94% derived from rental income, ensuring steady cashflows and high visibility into future performance. Importantly, growth is backed by long-term enterprise relationships, ~88% revenue share from enterprise customers with large seat requirements (More than 60% of revenues come from customers with 300+ seats) and high client stickiness (~46 months average tenure and seats retention rate of over 85%)



~88% revenue from enterprise clients - predictable cashflows, high-volume, longer tenures and occupancy security

Our Demand is Enterprise-focussed, De-risked and Diversified across Cities and Sectors

Large, Multicity Enterprise Clients

~88%

RENTAL REVENUE (ENTERPRISE CLIENTS)

High Rental Visibility

83%

OVERALL OCCUPANCY RATE

~63%

RENTAL REVENUE (FOR 300+ SEATS)

85%+

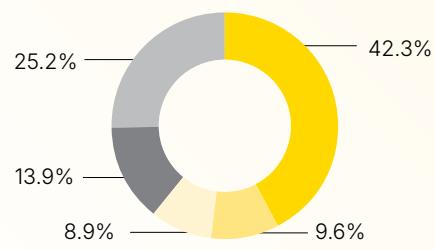
SEATS RETENTION RATE

~32%

RENTAL REVENUE (MULTI-CITY CLIENTS)

50 months

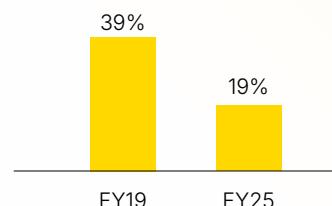
AVERAGE CLIENT TENURE (FOR 300+ SEATS)

Diverse Industry Mix

■ Information technology, technology & software development
■ Engineering and manufacturing
■ Banking, financial services and insurance
■ Business consulting and professional services
■ Others

Reducing portfolio concentration risk

% Rev Contribution of Top 10 Clients



2. Financially Stable Business Model (Contd.)

Our client base diversification further reduces concentration risk. The top 10 clients together account for less than 20% of rental revenue, with the largest contributing ~4%. Sectoral diversity also supports resilience, with IT/ITeS contributing ~42% versus 60% in broader Indian commercial real estate, balanced by BFSI, engineering, professional services, and manufacturing clients.

Derisked, Insulated Business Model: The model is fully de-risked—asset-liability mismatch has been eliminated, allowing to benefit from both market cycles. During downturns, properties can be exited while maintaining the position as the lowest-cost provider and preferred landlord. In up markets, renewal benefits enable charging higher market rentals.

3. Highest Potential to Scale up the Fastest

With visibility to add ~2.5–3.0 million sq. ft. annually, the company is uniquely positioned to expand capacity at a pace unmatched by peers while maintaining operational efficiency and financial prudence.

Core strength of Smartworks' model lies in its ability to run operations for large, standalone campuses typically ranging from 300,000 to 500,000+ sq. ft. Combined with our proven execution—delivering fit-outs in 45–60 days, achieving ~65–70% occupancy within a year, and recovering investments in under three years—this model allows enterprises to consolidate and scale seamlessly within our ecosystem.

Potential to add ~2.5-3.0 Mn. sq. ft. annual supply

Run operations for ~300-500k sq. ft. standalone buildings

4. Unique Supply Access at Competitive Prices

Smartworks' growth and cost leadership are underpinned by its unique supply-side access and sourcing strategy. The real estate supply remains fragmented and largely non-institutional while demand remains organised with 75–85% of the seats being transacted falling in the 100+ seats cohort, highlighting the importance of catering to large enterprise clients.

Smartworks has built deep relationships across this segment, with ~80% of our portfolio sourced from non-institutional landlords. This access gives us a competitive advantage by enabling us to lease entire buildings or campuses at preferred rates.

This differentiated approach is now being recognised by leading institutional landlords as well. Prominent names such as DLF, Raheja and Tata Realty, have partnered with Smartworks to deploy their campuses under our model. The ability to source competitively across both

fragmented non-institutional supply and large, branded developers gives Smartworks unparalleled supply depth and flexibility.



5. High Capital efficiency through Execution capabilities

Capital efficiency is another hallmark of our frugal & stable business model. With only ~₹ 5,000 Mn of equity raised till Mar'25, we have scaled to a footprint of 8.99 Mn. sq. ft., delivering normalised ROCE of 6.52% in FY25, expected to rise significantly as utilisation improves and margins broaden.

The industry-standard payback period for operators typically ranges around 51-52 months from the fit-out commencement and approx. 45-46 months from the start of operations (CBRE Report). In contrast, as of March 31, 2025, Smartworks exhibit an average payback period of

just 30-32 months from the initial capital deployment for fit-outs – a testament to our operational efficiency and robust revenue generation.



Built India's largest managed office platform with just ~₹ 5,000 Mn of equity raised till Mar'25 – A capital-efficient model that scales.

6. Strong Normalised OCF/EBITDA ratio

Smartworks' financial strength is anchored in its ability to consistently convert earnings into cash flows. In FY25, the Company generated normalised operating cash flow of ₹ 2,435 Mn, reflecting a healthy cash conversion cycle with Normalised OCF/EBITDA consistently greater than 1x.

This is driven by our long-term, annuity-driven contracts with enterprise clients, who account for ~88% of revenues and retention rates of over 85%. Our negative working capital structure—with receivable days as low as less than seven days—further enhances cash flow certainty, ensuring superior liquidity compared to industry benchmarks.

Smartworks is one of the most cash-accretive platforms in the flexible workspace industry, reinforcing its ability to self-fund growth while maintaining financial stability.



Underpinned by predictable cash flow from enterprises, Normalised cash flows of ₹ 2,435 Mn and OCF/EBITDA >1 in FY25

7. Cost & Operational Leadership

We operate with frugality and economies of scale—standardisation, modular design, and reusable components ensure lower capital intensity and faster payback across centres. Our focus on frugality and scale efficiency has made us the lowest-cost operator, with existing Opex of ~₹ 34-36 per sq. ft. per month and Capex of ~₹ 1,350 per sq. ft., while still maintaining industry-comparable EBITDA margins and offering lowest price per seat.

Through these measures, Smartworks delivers not only value-driven pricing for its enterprise clients but also

ensures efficient deployment of capital, creating a robust structural advantage and reinforcing its leadership as the most cost-efficient Managed Office Platform in India.



Industry Leading Cost Metrics with existing Opex of ~₹ 34-36 per sq. ft. per month and Capex of ~₹ 1,350 per sq. ft.

With our rapidly scalable model, operational strength, expanding margins and growing return on capital, Smartworks has the potential to grow rapidly driven by consistent growth, market leadership, and innovation.

OPERATIONAL PARAMETERS

Particulars	Unit	₹ in millions	
		FY 2024-25	FY 2023-24
Cities	Numbers	15	13
Centres	Numbers	50	41
Operational Centres	Numbers	46	39
Super Built-Up Area	Mn. sq. ft.	8.99	8.00
Number of Capacity Seats in all Centres	Numbers	203,118	182,228
Number of Capacity Seats in Operational Centres	Numbers	183,613	163,022
Number of Occupied Seats in Operational Centres	Numbers	152,619	130,047
Occupancy rate in Operational Centres	%	83.12%	79.77%
Number of Clients	Numbers	738	603
Seats Retention Rate	%	86.83%	88.27%

Operational Highlights (as of March 31, 2025)

Super Built-Up Area (SBA): The company has expanded its leased footprint from 8.00 Mn. sq. ft. as on March 31, 2024 to 8.99 Mn. sq. ft. as on March 31, 2025. This expansion underscores Smartworks' aggressive scaling and deeper penetration into India's flexible workspace market.

Number of Centres: The portfolio of operational centres has increased steadily, from 41 centres as on March 31, 2024 to 50 centres (includes SBA of 0.18 Mn. sq. ft. of one Centre which was yet to be handed over by the Landlord and SBA of 0.72 Mn. sq. ft. of three Fit-outs Centres) as on March 31, 2025. This broadened footprint across multiple cities enables us to serve a wider client base and diversify geographic risk.

Number of Clients: As of March 31, 2025, we proudly serve 738 clients, a testament to our growing reputation and preferred status amongst Indian and multinational corporations.

Operational Centres: We operate 46 fully operational centres as of March 31, 2025, ensuring high service availability and efficient management of its portfolio.

Capacity (Seats) in Operational Centres: Seating capacity for clients has grown impressively from 163,022 seats in 2024 to 183,613 seats in 2025.

Occupied Seats: As of March 31 2025, 152,619 seats were occupied within operational centres, which grew from 130,047 seats in 2024, highlighting strong client demand and effective tenant management.

Occupancy Rate: The operational centres maintain a healthy occupancy rate of 83.12% as of March 31, 2025, signalling high utilisation and balanced supply-demand dynamics.

Seat Retention Rate: Demonstrating client loyalty and satisfaction, the seat retention rate stood at a robust 86.83% in 2025, indicative of high client stickiness and stable revenue streams.

FINANCIAL OVERVIEW

Profit and loss analysis

Particulars	Unit	₹ in millions	
		FY 2024-25	FY 2023-24
Total Income	₹	14,096.69	11,131.10
Total Income Growth (y-o-y)	%	26.64%	49.60%
Revenue from Operations	₹	13,740.56	10,393.64
Revenue from Operations Growth (y-o-y)	%	32.20%	46.10%
Reported EBITDA	₹	8,572.64	6,596.70
EBITDA Margin*	%	62.39%	63.47%
Normalised EBITDA	₹	1,722.30	1,060.37
Reported Loss before tax for the year	₹	(794.59)	(676.22)
Normalised profit/(loss) before tax for the year	₹	154.65	(341.25)

*EBITDA Margin = Reported EBITDA/Revenue from Operations

Total Income

Our total income comprises revenue from operations and other income. Total income increased by 26.64% to ₹ 14,096.69 million for FY 2024-25 from ₹ 11,131.10 million for FY 2023-24. This increase was primarily due to an increase in revenue from operations and was partially offset by a decrease in other income.

Revenue from operations

Our revenue from operations increased by 32.20% to ₹ 13,740.56 million for FY 2024-25 from ₹ 10,393.64 million for FY 2023-24. This increase was primarily due to an increase in revenue from lease rentals. This increase in revenue, driven by a 29.31% rise in lease rentals to ₹ 12,892.73 million in FY 2024-25 from ₹ 9,970.62 million in FY 2023-24, was primarily attributable to:

Increase in Capacity Seats

Our SBA increased to 8.99 Mn. sq. ft. across 50 Centres (includes SBA of 0.18 Mn. sq. ft. of one Centre which was yet to be handed over by the Landlord and SBA of 0.72 million square feet of three Fit-outs Centres as of March 31, 2025), as of March 31, 2025, from 8.00 Mn. sq. ft. across 41 Centres as of March 31, 2024 (including SBA of 0.18 Mn. sq. ft. in one Fit-outs Centre and SBA of 0.61 Mn. sq. ft. in one Centre yet to be handed over by the Landlord). As a result, our Capacity Seats increased to 203,118 Seats, as of March 31, 2025, from 182,228 Seats, as of March 31, 2024.

Increase in Occupancy Rate:

- i. Increase in Occupancy Rate to 83.12% in FY 2024-25 (excludes three Fit-outs Centre and one Centre yet to be handed over) from 79.77% in FY 2023-24 (excludes one Fit-outs Centre and one Centre yet to be handed over) across existing and new Clients, resulting in increased total number of Occupied Seats to 152,619 Seats as of March 31, 2025, from 130,047 Seats as of March 31, 2024.
- ii. Increase in our Seats Retained to 41,050 Seats during FY 2024-25, from 28,336 Seats during FY 2023-24.
- iii. Increase in Rental Revenue from Clients with more than 300 Seats to ₹ 8,133.63 million during FY 2024-25, a growth of 37.39% over FY 2023-24, demonstrating continued success in catering to the evolving needs of Enterprise Clients.
- iv. Increase in revenue contribution of Rental Revenue of multi-city Clients by 35.20% to ₹ 4,090.42 million for FY 2024-25 from ₹ 3,025.40 million for FY 2023-24.

Our revenue from ancillary services also increased by 16.40% to ₹ 488.79 million for FY 2024-25 from ₹ 419.92 million for FY 2023-24, primarily due to an increase in Occupancy Rate at our Centres, resulting in higher usage of ancillary services offered.

We have introduced design and fitout service as a new revenue stream in FY 2024-25, leveraging our in-house design team, design library and network of vendors. Our revenue from design and fit-out service was ₹ 347.04 million during FY 2024-25.

We had introduced software fees services as a new revenue stream in FY 2023-24, primarily due to the increasing focus of our business on expertise in software selection, implementation, and integration, driving demand for advisory services. Our revenue from software fees services increased to ₹ 12.00 million in FY 2024-25 from ₹ 3.10 million in FY 2023-24.

Other income

Our other income decreased by 51.71% to ₹ 356.13 million for FY 2024-25 from ₹ 737.46 million for FY 2023-24, primarily due to:

- i. Decrease in gain on lease termination/reassessment by 100% to ₹ Nil for FY 2024-25 from ₹ 310.86 million for FY 2023-24.
- ii. Decrease in interest income on bank deposits by 61.83% to ₹ 28.64 million for FY 2024-25 from ₹ 75.03 million for FY 2023-24.

Total Expenses

Our total expenses increased by 26.12% to ₹ 14,891.28 million in FY 2024-25 from ₹ 11,807.32 million in FY 2023-24.

Operating expenses

Our operating expenses increased by 37.33% to ₹ 4,160.34 million for FY 2024-25 from ₹ 3,029.41 million for FY 2023-24, primarily due to:

- i. Increase in electricity and water charges, which increased by 26.73% to ₹ 1,191.32 million for FY 2024-25 from ₹ 940.01 million for FY 2023-24 and an increase in housekeeping, security, support service, plantation and pest control by 27.94% to ₹ 998.14 million for FY 2024-25 from ₹ 780.15 million in FY 2023-24. This increase was primarily attributable to an increase in the number of Operational Centres and a higher Occupancy Rate, leading to a higher utilisation of electricity.

- ii. Increase in building maintenance charges by 20.25% to ₹ 835.06 million for FY 2024-25 from ₹ 694.44 million for FY 2023-24. This increase was primarily due to expansion of our operations in terms of Centre SBA of 8.99 Mn. sq. ft. (including SBA of 0.18 Mn. sq. ft. of one Centre yet to be handed over by the Landlord and SBA of 0.72 Mn. sq. ft. of three Fit-outs Centres) as on March 31, 2025, from SBA of 8.00 Mn. sq. ft. as on March 31, 2024 (including SBA of 0.61 Mn. sq. ft. of one Centre yet to be handed over by the Landlord and SBA of 0.18 Mn. sq. ft. of one Fit-outs Centre);
- iii. Increase in our commission and brokerage expenses by 16.85% to ₹ 407.31 million for FY 2024-25 from ₹ 348.59 million for FY 2023-24. This increase was primarily on account of an increase in the number of Clients to 738 as on March 31, 2025, from 603 as on March 31, 2024. We have been able to maintain commission and brokerage expenses under 4.00% of revenue from lease rentals during FY 2023-24 and FY 2024-25.
- iv. Subcontracting costs amounted to ₹ 283.55 million for FY 2024-25. This expense was primarily attributable to the new revenue stream from design and fit-out services introduced during FY 2024-25.

Employee benefit expenses

Our employee benefits expenses increased by 31.77% to ₹ 653.69 million for FY 2024-25 from ₹ 496.08 million for FY 2023-24, primarily due to increase in salaries and wages by 23.83% to ₹ 557.27 million for FY 2024-25 from ₹ 450.02 million for FY 2023-24 which was primarily attributable to an increase in the number of employees to 794 as on March 31, 2025, from 651 as on March 31, 2024.

Finance costs

Our finance costs increased by 2.44% to ₹ 3,363.38 million for FY 2024-25 from ₹ 3,283.18 million for FY 2023-24, primarily due to:

- i. Increase in the interest expense on lease liabilities by 11.71% to ₹ 2,790.52 million for FY 2024-25 from ₹ 2,498.10 million for FY 2023-24. This increase was primarily attributable to increase in SBA to 8.99 Mn. sq. ft. as of March 31, 2025 (including SBA of 0.18 Mn. sq. ft. of one Centre yet to be handed over by the Landlord and SBA of 0.72 Mn. sq. ft. of three Fit-outs Centres) from 8.00 Mn. sq. ft. as of March 31, 2024 (including SBA of 0.61 Mn. sq. ft. of one Centre

yet to be handed over by the Landlord and SBA of 0.18 Mn. sq. ft. of one Fit-outs Centres).

- ii. Decrease in the interest on borrowings by 26.19% to ₹ 395.93 million for FY 2024-25 from ₹ 536.43 million for FY 2023-24. This decrease was primarily attributable to a decrease in net debt to ₹ 2,992.51 million for FY 2024-25 from ₹ 3,270.59 million for FY 2023-24.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 34.54% to ₹ 6,359.98 million for FY 2024-25 from ₹ 4,727.20 million for FY 2023-24, primarily due to:

- i. Increase in depreciation of property, plant, and equipment by 18.43% to ₹ 1,801.73 million for FY 2024-25 from ₹ 1,521.32 million for FY 2023-24. This increase was due to an increase in property, plant and equipment to ₹ 11,379.92 million as on March 31, 2025 from ₹ 9,638.61 million as on March 31, 2024; and
- ii. Increase in the depreciation of right-of-use assets by 42.08% to ₹ 4,526.83 million for FY 2024-25 from ₹ 3,186.14 million for FY 2023-24. This increase was due to additions in right-of-use assets amounting to ₹ 7,761.30 million for FY 2024-25. The increase in right-of-use assets and increase in property, plant and equipment were primarily attributable to expansion of our Centres and our SBA.

Other expenses

Our other expenses increased by 30.37% to ₹ 353.89 million for FY 2024-25 from ₹ 271.45 million for FY 2023-24, primarily due to an increase in Provision for customer claims to ₹ 33.22 million during FY 2024-25 which was Nil in FY 2023-24 and increase in Information Technology expenses to ₹ 54.00 million during FY 2024-25 from ₹ 27.80 million during FY 2023-24.

EBITDA and Margins

EBITDA increased to ₹ 8,572.64 million in FY 2024-25, against ₹ 6,596.70 million in FY 2023-24.

EBITDA margin remained resilient at 62.39% in FY 2024-25, compared to 63.47% in FY 2023-24, underscoring operational efficiency and effective cost controls despite expansionary spends.

This margin stability validates the scalability of the company's operating model and its ability to manage input costs relative to revenue growth.

Normalised EBITDA

Particulars	Unit	FY 2024-25	FY 2023-24
Reported EBITDA	₹	8,572.64	6,596.70
Less: Repayment of lease liabilities	₹	6,850.34	5,536.33
Normalised EBITDA (A)	₹	1,722.30	1,060.37
Revenue from Operations (B)	₹	13,740.56	10,393.64
Normalised EBITDA Margin (C=A/B)	%	12.53%	10.20%

Normalised EBITDA

In FY 2024-25, while Reported EBITDA rose 29.95% to ₹ 8,572.64 million, after adjusting for lease liability repayments, the Normalised EBITDA grew by 62.42% to ₹ 1,722.30 million, compared to ₹ 1,060.37 million in FY 2023-24, driven by strong revenue growth, higher occupancy, and improved operating leverage. Normalised EBITDA Margin strengthened to 12.53% from 10.20% in the previous year.

Normalised Profit/ (Loss) before tax for the year

Particulars	Unit	FY 2024-25	FY 2023-24
Normalised EBITDA	₹	1,722.30	1,060.37
Less: Depreciation on fit-out	₹	1,270.18	1,002.70
Normalised Earnings before Interest and Tax (EBIT)	₹	452.12	57.67
Less: Finance cost on borrowings	₹	397.74	538.88
Add: Other Income	₹	100.27	139.96
Normalised Profit/ (Loss) before tax for the year	₹	154.65	(341.25)
Normalised Profit Before Tax Margin	%	1.13%	(3.28)%

Smartworks delivered a strong turnaround, with Normalised Profit Before Tax rising by ₹ 495.90 million to ₹ 154.65 million, compared to a loss of ₹ 341.25 million in FY 2023-24. This improved profit before tax margin from -3.28% to 1.13%. This performance was reinforced by a ₹ 661.93 million increase in Normalised EBITDA, supported by robust revenue growth, higher occupancy levels, and improved operating efficiencies.

Reported Loss before tax for the year

For the reasons discussed above, since our total income was ₹ 14,096.69 million and ₹ 11,131.10 million, and our total expenses were ₹ 14,891.28 million and ₹ 11,807.32 million for FY 2024-25 and FY 2023-24, respectively, the reported loss before tax for the year increased by 17.50% to ₹ 794.59 million for FY 2024-25 from ₹ 676.22 million for FY 2023-24. The higher reported loss in FY 2024-25 was largely attributable to the increased impact of Ind AS 116, under which lease-related expenses are recognised as interest and depreciation, leading to higher charges in the initial years. Despite this, our net profit ratio improved marginally to (4.60)% in FY 2024-25 from (4.81)% in FY 2023-24.

Balance sheet analysis FY 2024-25

Particulars	Unit	As on March 31, 2025	As on March 31, 2024
Total Assets	₹	46,508.54	41,470.84
Total Equity	₹	1,078.81	500.07
Normalised Equity	₹	3,936.59	2,421.07
Capital Employed	₹	4,071.32	3,770.66
Normalised Capital Employed	₹	6,929.10	5,691.66
Normalised Return on Capital Employed	%	6.52%	1.01%
Total Borrowings	₹	3,977.70	4,273.50
Net Debt	₹	2,992.51	3,270.59
Normalised Gross Block of Property, Plant and Equipment	₹	12,074.85	9,209.00
Normalised Net Block of Property, Plant and Equipment	₹	8,566.74	6,883.57

Total Assets

Total assets increased from ₹ 41,470.84 million in FY 2023-24 to ₹ 46,508.54 million in FY 2024-25. This growth was mainly driven by significant increase in property, plant and equipment, right-of-use assets, and security deposits paid to landlords reflecting ongoing capital investments and capacity expansion.

Property, plant and equipment rose by ₹ 1,741.31 million from ₹ 9,638.61 million as on March 31, 2024 to ₹ 11,379.92 million as at March 31, 2025, reflecting ongoing capital investments and capacity expansion, right-of-use assets increased by ₹ 1,879.26 million rising from ₹ 24,402.60 million as at March 31, 2024 to ₹ 26,281.86 million as at March 31, 2025, indicating additions and renewal of leases during the year. Trade receivables increased from ₹ 140.92 million as at March 31, 2024 to ₹ 255.31 million as at March 31, 2025.

This substantial asset growth underscores the company's prudent investment strategies and solid financial foundation, equipping it to capitalise on future growth opportunities and drive operational excellence.

Total Equity

Total Equity increased to ₹ 1,078.81 million as of March 31, 2025, from ₹ 500.07 million in the previous year, reflecting the Company's efforts to strengthen its capital base through fresh equity issuance, which has been partially set off by an increase in reported losses largely due to the accounting impact of Ind AS 116.

Normalised Equity

Particulars	₹ in millions	
	As on March 31, 2025	As on March 31, 2024
Reported Equity	1,078.81	500.07
Add: Ind AS adjustments	2,857.78	1,921.00
Normalised Equity	3,936.59	2,421.07

Normalised Equity increased to ₹ 3,936.59 million as of March 31, 2025, from ₹ 2,421.07 million as of March 31, 2024, reflecting the Company's efforts to strengthen its capital base through fresh equity issuance and normalised profit after tax for the year, after adjusting for Ind AS accounting impacts.

Normalised Capital Employed

Particulars	₹ in millions	
	As on March 31, 2025	As on March 31, 2024
Reported Capital Employed	4,071.32	3,770.66
Add: Ind AS adjustments	2,857.78	1,921.00
Normalised Capital Employed	6,929.10	5,691.66

Normalised Capital Employed rose to ₹ 6,929.10 million as of March 31, 2025, from ₹ 5,691.66 million as of March 31, 2024, reflecting the Company's initiatives to strengthen its capital base through fresh equity issuance.

Return on Capital Employed (ROCE)

Particulars	₹ in millions	
	As on March 31, 2025	As on March 31, 2024
Normalised EBIT (A)	452.12	57.67
Normalised Capital Employed (B)	6,929.10	5,691.66
Normalised ROCE (A/B)	6.52%	1.01%

Return on Capital Employed increased to 6.52% as of March 31, 2025, from 1.01% as of March 31, 2024, driven by robust growth in Normalised EBIT, underpinned by strong revenue growth, higher occupancy, and improved operating efficiencies.

Borrowings

As of March 31, 2025, the company's total borrowings stood at ₹ 3,977.70 million, compared to ₹ 4,273.50 million as at March 31, 2024, reflecting a decrease over the year. Non-current borrowings decreased from ₹ 2,397.48 million in FY 2023-24 to ₹ 2,160.26 million in FY 2024-25. On the current borrowings front, there was a marginal decline from ₹ 1,876.02 million in FY 2023-24 to ₹ 1,817.44 million in FY 2024-25. This is primarily due to repayment of borrowings partially set off by availing of new term loans from banks and financial institutions.

Normalised Gross Block of Property, Plant and Equipment

Particulars	Unit	₹ in millions	
		As on March 31, 2025	As on March 31, 2024
Reported Gross Block	₹	16,490.09	12,986.91
Less: Fitout cost capitalised	₹	-4,373.24	-3,974.39
(Less) / Add: Other Ind AS adjustments	₹	-42.00	196.48
Normalised Gross Block of Property, Plant and Equipment	₹	12,074.85	9,209.00

The normalised gross block of property, plant and equipment registered a robust growth of 31.12% in FY 2024-25, rising from ₹ 9,209.00 million in FY 2023-24 to ₹ 12,074.85 million in FY 2024-25, reflecting a year-over-year increase of ₹ 2,865.85 million.

The reported gross block expanded from ₹ 12,986.91 million in FY 2023-24 to ₹ 16,490.09 million in FY 2024-25, an increment of ₹ 3,503.18 million. The fitout

cost capitalised showed a growth of 10.04%, with the value increasing from ₹ 3,974.39 million in FY 2023-24 to ₹ 4,373.24 million in FY 2024-25. The increase in gross block was primarily driven by ongoing capital investments and capacity expansion.

Normalised Net Block

Particulars	Unit	As on March 31, 2025	As on March 31, 2024
Normalised Gross Block	₹	12,074.85	9,209.00
Normalised Accumulated Depreciation	₹	3,508.11	2,325.43
Normalised Net Block	₹	8,566.74	6,883.57

The Normalised net block experienced a considerable increase of ₹ 1,683.17 million, rising from ₹ 6,883.57 million in FY 2023-24 to ₹ 8,566.74 million in FY 2024-25, representing a healthy growth of approx. 24.45% year-over-year.

CASH FLOW ANALYSIS

Cashflows

The following table sets forth our cash flows and cash and cash equivalents for the Fiscals indicated:

Particulars	Fiscals	
	2025	2024
Net cash generated from operating activities	9,285.16	7,433.00
Net cash used in investing activities	(2,760.77)	(1,921.59)
Net cash used in financing activities	(6,377.07)	(5,771.80)
Net increase / (decrease) in cash and cash equivalents	147.32	(260.39)
Cash and cash equivalents at the beginning of the year	(36.75)	223.64
Cash and cash equivalents at the end of the year	110.57	(36.75)

Operating Activities

Net cash generated from operating activities aggregated to ₹ 9,285.16 million for FY25 while our operating cash flow before working capital changes was ₹ 8,634.70 million. Our restated loss before tax of ₹ 794.59 million for FY25, was primarily adjusted for depreciation and amortisation expenses of ₹ 6,359.98 million and finance cost of ₹ 3,363.38 million. Our changes in working capital for FY25 primarily due to an increase in other financial and non-financial liabilities to ₹ 1,051.09 million and increase in other financial and non-financial assets to ₹ 549.40 million and increase in trade receivables to ₹ 113.29 million.

Investing activities

Net cash used in investing activities aggregated to ₹ 2,760.77 million for FY25 primarily due to ₹ 2,910.44 million used for purchase of property, plant, and equipment, intangible assets and capital work-in-progress, ₹ 1,615.01 million used for investments in mutual funds, ₹ 1,648.93 million generated from sale of mutual fund units and ₹ 98.34 million generated from bank deposits not considered as cash and cash equivalents.

Financing activities

Net cash used in financing activities aggregated to ₹ 6,377.07 million for FY25 and primarily included proceeds from long-term borrowings of ₹ 1,158.71 million and proceeds from issue of equity shares and share warrants of ₹ 1,165.50 million and proceeds from issue of cumulative convertible preference shares of ₹ 2.88 million, this was significantly offset by payment of principal portion of lease liabilities of ₹ 4,059.83 million, repayment of long-term borrowings of ₹ 1,465.12 million, interest paid on lease liability of ₹ 2,790.51 million and interest paid on borrowings of ₹ 416.98 million.

Normalised Operating Cashflows

Particulars	FY 2024-25	FY 2023-24
Cash flow from Operations	9,285.16	7,433.00
Less: Interest paid on lease liabilities	2,790.51	2,498.10
Less: Payment of Principal portion of lease liabilities	4,059.83	3,038.23
Normalised Operating Cash Flow (OCF)	2,434.82	1,896.67

Our normalised Operating cashflows has increased to ₹ 2,434.82 million in FY 2024-25 from ₹ 1,896.67 million in FY 2023-24, reflecting a robust annual growth of approx. 28.37%.

Our Operating Cashflow (OCF) is the Key Strength of our Business. As our EBITDA grows, our cash flows—which is the funds available for reinvestment and growth—have also increased significantly. The normalised cash flow from operations for FY 2024-25 is ₹ 2,434.82 million. This highlights our strong and sustainable cash flow generation. This is driven by our long-term, annuity-driven contracts with enterprise clients, which accounts for 88.49% of rental revenue and seats retention rates of 86.83%. Our negative working capital structure – with receivable days as low as less than seven days–further enhances cash flow certainty, ensuring superior liquidity compared to industry benchmarks.

Smartworks is one of the most cash-accractive platforms in the flexible workspace industry, reinforcing its ability to self-fund growth while maintaining financial stability.

KEY FINANCIAL RATIOS

Ratios	₹ in millions	
	As on March 31, 2025	As on March 31, 2024
Net Debt to Normalised Equity	0.76	1.35
Total Borrowings to Normalised Equity	1.01	1.77

Net Debt to Normalised Equity

The net debt to normalised equity ratio has substantially improved from 1.35 in FY 2023-24 reflecting a reduction in net debt from ₹ 3,270.59 million in FY 2023-24 to 0.76

in FY 2024-25 to ₹ 2,992.51 million in FY 2024-25 and a rise in normalised equity by ₹ 1,515.53 million from ₹ 2,421.07 million in FY 2023-24 to ₹ 3,936.59 million in FY 2024-25. This indicates more balanced leverage for the company.

Total Borrowings to Normalised Equity

Total Borrowings to Normalised Equity ratio fell from 1.77 as on March 31, 2024 to 1.01 as on March 31, 2025. This was driven by a reduction in total Borrowings from ₹ 4,273.50 million as on March 31, 2024 to ₹ 3,977.70 million as on March 31, 2025 and the substantial increase in Normalised Equity, enhancing the company's overall financial stability and creditworthiness.

STRATEGIC GROWTH OUTLOOK/FUTURE PLANS

From Category Creator to Market Leader

At Smartworks, our story is deeply intertwined with the optimism and resilience of the new India. As we reflect on our journey and look forward with the spirit of purposeful innovation, driven by frugality and a commitment to creating impact at scale.

We see India playing a pivotal role as the "Office to the World". The country's talent pool, entrepreneurial drive, and digital-first approach are attracting global organisations to its shores. As these enterprises look to India for scale, innovation, and agility, Smartworks is ready to welcome them—providing workspaces that reflect India's ingenuity and hospitality, powered by cost-effective, tech-forward solutions.

Smartworks is committed to accelerating its market leadership through a multi-faceted growth strategy that prioritises expansion, operational excellence, innovation, and sustainability. Our strategic initiatives for the future include:

Growth Strategy fuelling our Market Leadership

 <h4>Supply Expansion</h4> <ul style="list-style-type: none"> As new centres mature over FY26 occupied utilisation will rise Visibility of additional approx. 2 Mn. sq. ft. coming up in following quarters 	 <h4>Operational Leverage driving margin expansion</h4> <ul style="list-style-type: none"> Operating leverage in Corporate and SG&A including cost of acquisition driven by scale quarters 	 <h4>Value-Added Services</h4> <ul style="list-style-type: none"> VAS - Value-added services like cafes, meeting rooms, parking, gyms – continue to expand 	 <h4>Post IPO Impact</h4> <ul style="list-style-type: none"> Brand value has grown significantly with more visibility, transparency, and the backing of thousands of investors Post IPO - company is net debt negative
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RISK MANAGEMENT:

The Company's risk management philosophy is to proactively identify, assess, and mitigate potential risks to ensure the long-term sustainability and stability of its business model. Smartworks promotes a culture of risk awareness across all levels of the organisation, and its framework is designed to balance risk and opportunity effectively. The Board of Directors has constituted a Risk Management Committee (RMC), which is responsible for overseeing the Company's risk management framework. The RMC operates in accordance with the provisions of the SEBI Listing Regulations.

The primary functions of the Risk Management Committee include:

Formulating and Reviewing Policy: The committee is tasked with formulating and periodically reviewing a detailed risk management policy. This policy provides a comprehensive framework for the identification of internal and external risks, including financial, operational, sectoral, and sustainability (ESG) risks. It also outlines measures for risk mitigation, such as internal control systems and a business continuity plan.

Oversight and Monitoring: The committee monitors and oversees the implementation of the risk management policy, evaluating the adequacy of existing systems and processes. It reviews and recommends potential risks associated with new business plans and provides guidance on major decisions that could affect the company's risk profile.

Board Reporting: The committee ensures that the Board of Directors is kept informed about the nature of its discussions, recommendations, and actions taken, thereby assisting the Board in its overall governance responsibilities. The company's risk management approach is designed to be dynamic and responsive to

changing industry dynamics and evolving complexities. The committee meets at least twice a year to ensure a continuous review of the risk landscape and the effectiveness of the Company's mitigation strategies. By maintaining this structured and proactive approach, the Company aims to protect its financial stability and operational resilience, while continuing to pursue strategic growth opportunities.

HUMAN RESOURCES

At Smartworks, our people remain the foundation of our success. With a workforce of 794 full-time employees as on March 31, 2025, we strengthened our culture through capability building, fast-track career opportunities, and innovative HR practices aligned to our long-term vision.

This year, we invested in targeted trainings and launched Ascent, a leadership development program to groom future leaders. To enhance employee experience, we introduced feedback sessions, and recognition initiatives that shaped people-centric policies. Our commitment to inclusion and wellness continued to ensure a safe, supportive, and diverse workplace where employees can thrive.

CAUTIONARY STATEMENT

The Management Discussion and Analysis may incorporate certain statements deemed forward-looking. These statements are inherently subject to various risks and uncertainties. Actual results could materially deviate from those expressed, as significant factors such as government policies, local political and economic developments, industrial relations, and risks inherent to the Company's growth may influence operations.

Market data and product analysis presented herein are derived from internal Company reports, alongside industry and research publications. However, their accuracy and completeness cannot be guaranteed, nor can their absolute reliability be assured.