

SMARTWORKS

SHAREHOLDERS' LETTER & RESULTS

Q3 FY26 | JANUARY 16, 2026

Driven by
SPEED.

Built for
SCALE.

Focused on
VALUE.



SAFE HARBOR STATEMENT

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MESSAGE FROM THE LEADERSHIP



Neetish Sarda

Founder & Managing Director



Harsh Binani

Co-Founder & Executive Director

To the Shareholders of Smartworks,

The year gone by marked an important milestone in our journey, with Smartworks entering the public markets. It reflected years of disciplined execution and a deliberate choice to build enterprise workspace infrastructure at national scale, rather than optimise for short-cycle growth.

India's office market is undergoing a structural shift. As enterprises and GCCs expand across cities, workspaces are no longer just real estate decisions. They are becoming core operating infrastructure. Smartworks operates at this intersection, where flexibility meets infrastructure, serving long-tenure demand through large, fully managed campuses built for value, speed, and scale.

Over the year, Smartworks maintained leadership momentum while strengthening its footprint, improving demand visibility, and deepening relationships with large enterprises. A growing share of our growth is coming from existing enterprise clients expanding across multiple cities, reflecting the depth of our relationships and the strength of our integrated ecosystem. By bringing together campuses, technology, amenities, and operational services on a single platform, we enable enterprises to scale consistently across locations without added complexity.

Our growth is increasingly visible and pre-sold, driven by demand pull rather than speculative supply. At the same time, we remained focused on expanding margins and cash flows through disciplined capital deployment. As our platform scales, every incremental square foot improves economics, reinforcing the self-sustaining nature of the model.

As we look ahead, our priorities remain clear. Responsible growth. Operational excellence. And the creation of durable, long-term value. We are moving steadily from growth funding to growth monetisation, supported by a maturing portfolio, expanding multi-city client relationships, and an ecosystem designed for multi-decade relevance.

Thank you for your continued trust and support.

Wishing you all a happy 2026!

OUR MISSION, VISION & VALUES.



Vision

LARGEST MANAGED SPACE OPERATOR

A third of our lives is spent at work! Our vision is to craft and manage workspaces where work meets purpose – every space built to inspire greatness.



Mission

To deliver flexible, tech-enabled, and customized workspaces that empower clients to focus on their core business—through consistent experiences and unwavering client delight.



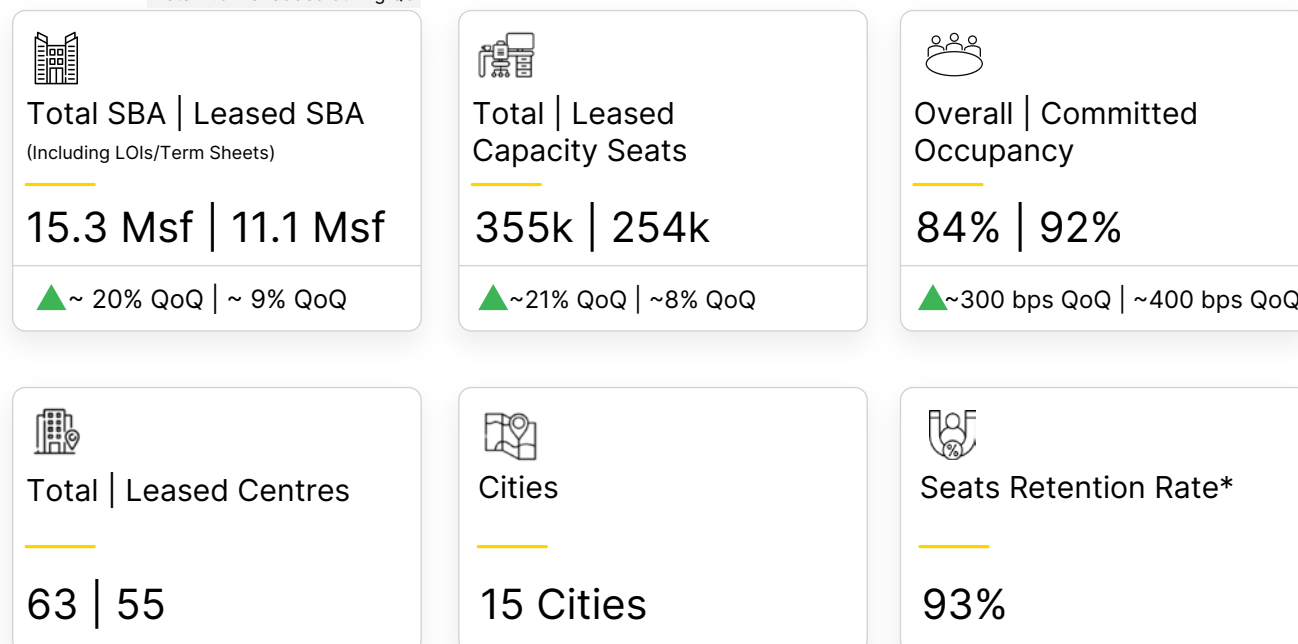
Values

- T - Take Accountability
- H - Honour Integrity
- R - Reach for Results
- I - Ignite Collaboration
- V - Value & Champion Innovation
- E - Embrace Customer Obsession

WHERE WE ARE TODAY

Largest managed office platform: Scale achieved with durable occupancy

Total 2.6 Msf added during Q3

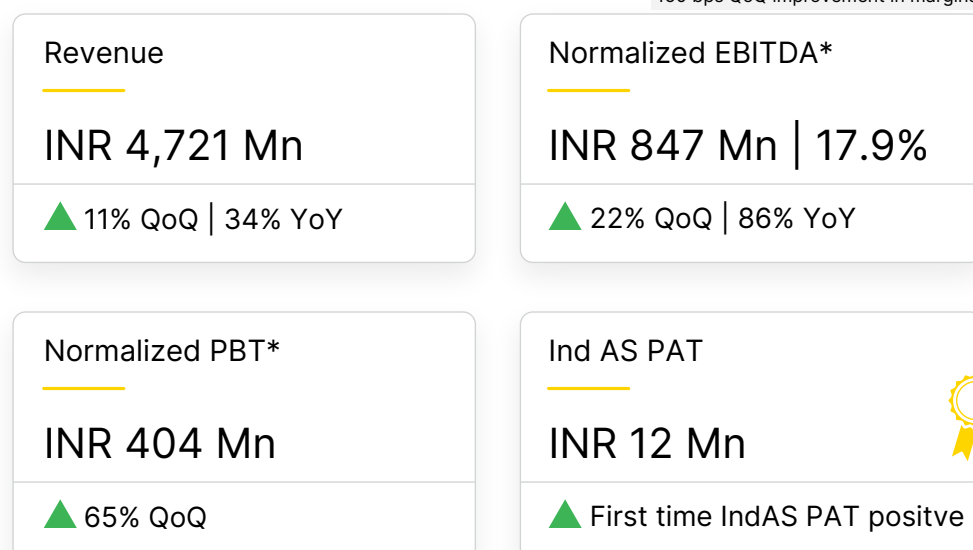


Note: *- For the quarter ended Dec 31,2025. Rest all data as on Dec 31,2025

SBA: Super Built-up Area; LOI: Letter of Intent; Msf: Million square feet; 1 (Includes Leased and LOI/Term Sheets) . 2. Includes operational, fitout and yet to be handed over centers

Quarterly Financial Highlights

150 bps QoQ improvement in margins



Note:

*Numbers Normalized as per Non-GAAP measures. All numbers are for quarter ended Dec 31, 2025 ;

KEY TAKEAWAYS

1. Smartworks has entered a clear cash-compounding phase

Q3FY26 saw improvement across key financial metrics, with growth, margins, cash flows, and returns strengthening together. Revenue grew 34% YoY and 11% QoQ to ~INR 472 Cr, while normalised EBITDA increased to ~INR 85 Cr, with margins expanding by 150 bps QoQ to ~18%. Operating cash flow exceeded EBITDA, and ROCE improved by ~600 bps QoQ to ~21%. This inflection demonstrates that incremental scale is now translating into higher capital efficiency, supported by margin expansion, improving asset turnover, and disciplined capital deployment. The quarter demonstrates that scale is now translating into improving economics rather than incremental risk.

2. Enterprise-led growth continues to enhance durability and predictability

Revenue growth remained anchored in sustained enterprise demand, with 90%+ of rental revenue contributed by enterprise clients. Demand continues to skew toward large-format, long-tenure deployments. Also, ~36% of the rental revenue contribution was from 1,000+ seat cohort clients in Q3FY26. This mix improves contract lock-ins, reduces volatility, and enhances revenue visibility as growth increasingly comes from expansions within existing client relationships.

3. Strong visibility supports continued, disciplined growth

Committed occupancy across operational centres stood at ~92%, translating into a monthly run-rate of ~INR 150 Cr, with committed rental revenue exceeding INR 4,700 Cr, providing strong forward visibility. Growth during the quarter was anchored in large, long-tenure enterprise contracts and continued expansions from existing clients, improving the quality, predictability, and durability of our revenues. With operating cash flow exceeding EBITDA and a net-debt-negative balance sheet, we are scaling through a disciplined, self-funded expansion model.

4. Margin expansion was driven by structure, not pricing

Normalized EBITDA margins expanded by ~150 bps QoQ and ~500 bps YoY, without material pricing actions. Q3 FY26 represents Smartworks' transition into a compounding phase, where scale increasingly translates into margin expansion, stronger cash conversion, and rising returns on capital. With a growing share of the portfolio entering maturity, secured supply visibility through FY27 (with sourcing underway for FY28), and enterprise-led, long-tenure demand, Smartworks' growth is now increasingly visible, and capital-efficient.

5. Returns inflected meaningfully with scale

ROCE improved meaningfully in Q3, increasing from ~14% in Q2 to ~21%. This inflection demonstrates that incremental scale is now translating into higher capital efficiency, supported by margin expansion, improving asset turnover, and disciplined capital deployment. Our prudent capital management, structural operating leverage, and increasing occupancies will ensure RoCE to be in a healthy range for continued shareholder returns.

6. Cash generation strengthened as portfolio maturity increased

Operating cash flow exceeded EBITDA in Q3, reversing the timing-related softness seen in Q2 related to security deposits. With OCF to EBITDA above 1x, cash generation reflected enterprise-led billing cycles, stable receivables, and lower working-capital volatility. As the share of mature centres will increase, cash conversion is expected to remain structurally healthy, supporting a shift toward self-funded growth.

7. Net Debt negative with strengthened credit standing supporting company's growth trajectory

Smartworks ended Q3 net-debt negative, with gross debt reducing further and borrowing costs declining to less than 9.0%, down from ~10.8% a year ago. The recent two-notch credit rating upgrade to CARE A (Stable) strengthens access to low-cost capital and reinforces financial flexibility. Borrowings remain largely cash-flow-backed, reflecting the quality of the enterprise client base and prudent capital management.

8. Ind-AS profitability reflects growing convergence

The Company has turned Ind-AS PAT positive for the first time in Q3. While Smartworks has been profitable on a normalised basis for several years, this milestone reflects increasing alignment between operating performance and reported profitability as the portfolio matures. Further convergence is expected as scale and maturity deepen.

Closing Perspective

Q3 FY26 reflects steady progress in Smartworks' financial and operating profile. With enterprise-led demand, strong revenue visibility, improving margins, rising returns, and a disciplined balance sheet, the Company is increasingly positioned to compound value while scaling responsibly.

QUARTER PERFORMANCE

Q1. How is the mix of deal sizes and tenures evolving, and why does this matter for revenue quality?

Over the past nine months, The deal mix continues to shift toward larger, longer-tenure enterprise contracts. This evolution improves revenue durability, reduces churn risk, and enhances cash-flow predictability compared to smaller, more transactional deployments.

Q2. How should investors think about cash flow performance this quarter?

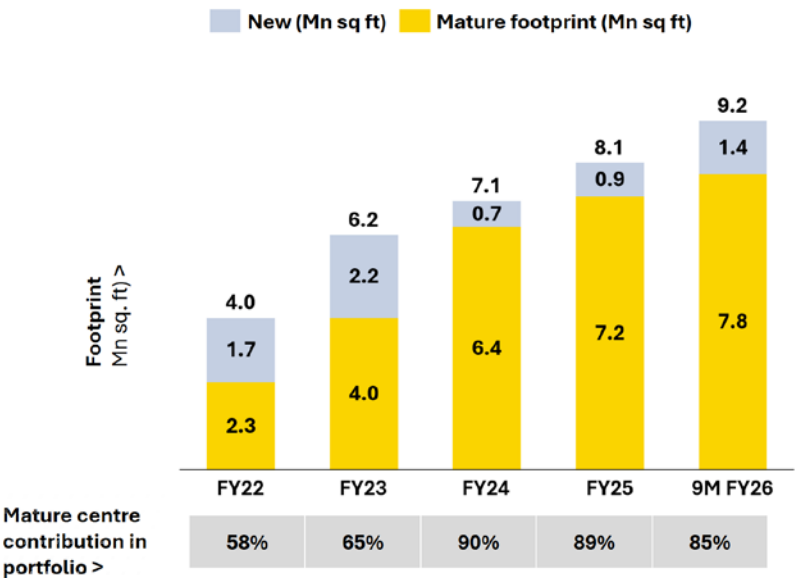
Operating cash flow remained strong and structurally healthy, with OCF-to-EBITDA conversion above 1x, consistent with the annuity-like, enterprise-led nature of the business. We occasionally see some softness in our OCF on a QoQ basis due to the timing nature of deposits in our pursuit of locking in supply, but from a yearly and long-term structural growth perspective we expect strong earnings to cash conversion.

Q3. What does ROCE tell us about the quality of growth in Q3?

ROCE improved meaningfully from 14% in Q2 to ~21% in Q3. This inflection demonstrates that incremental scale is now translating into higher capital efficiency, supported by margin expansion, improving asset turnover, and disciplined capital deployment. Our prudent capital management, structural operating leverage, and increasing occupancies will ensure RoCE to be in a healthy range for continued shareholder returns.

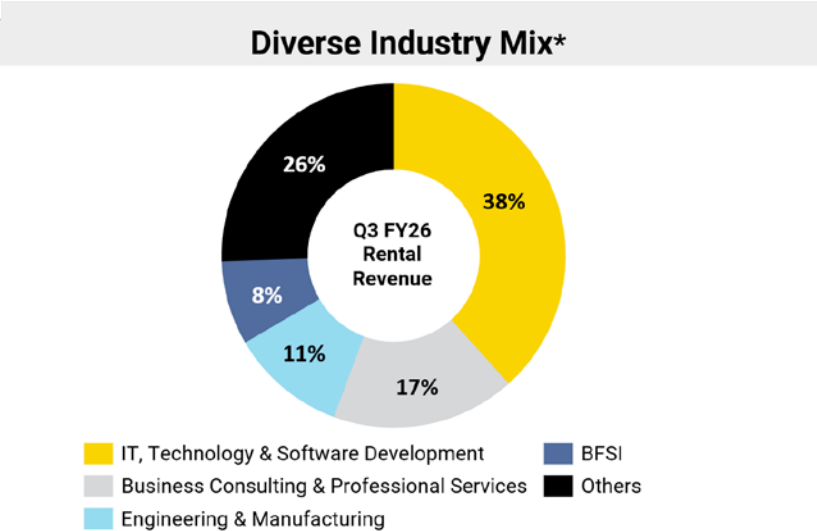
Q4. How stable was occupancy in the mature portfolio during Q3?

While our mature centre footprint reached 7.8 Mn sq ft in Dec’25, committed occupancy at mature centres remained at ~92%. Management continued to prioritize yield discipline and client quality over marginal occupancy gains, particularly in mature assets.



Q5. Does increasing enterprise exposure create client concentration risk?

While enterprise clients contribute the majority of revenue, demand remains diversified across industries, geographies, and clients. Growth is increasingly driven by multiple enterprises expanding across cities rather than dependence on a small number of accounts. This reduces concentration risk while improving stability and predictability.



Source: *Data for the quarter ended Dec 31,2025.

Q6. What is Company’s current net debt position and average cost of borrowing?

The Company continues to be net debt negative this quarter, underscoring our strong balance sheet discipline and prudent approach to growth. To further enhance transparency, we are disclosing our cost of borrowing this quarter.

Smartworks enjoys a highly competitive cost of funding, reinforcing our ability to access low-cost capital efficiently and deliver superior returns to shareholders. This efficient access to capital validates the strength of our asset light model and underpins long term value creation.

As reflected in the table below, our metrics have improved consistently throughout the quarters:

Sno	Metrics	Q3 FY26	Q3 FY25
1	Gross Debt	2,327	3,446
2	Cash & Equivalents	2,745	674
3	Net Debt	-418	2,772
4	Avg Cost of Borrowing for Term Loans	<9%	~10.8%
5	Credit Rating	A (Stable)	BBB+ Positive

Smartworks have deleveraged meaningfully and remain net debt negative post IPO, underscoring enhanced balance sheet strength. Borrowing costs have reduced significantly, from ~10.8% in Q3 FY25 to less than 9% in Q3 FY26.

During the quarter, our credit rating was upgraded by two notches to CARE A (Stable) from CARE BBB+ (Positive), reflecting Smartworks' robust financial profile, strong liquidity, and improved debt servicing ability. This improvement in borrowing cost is driven by the rating upgrade, repayment of borrowings using IPO proceeds and internal accruals, and resilient operational performance underpinned by predictable enterprise led cash flows.

Our borrowings are primarily backed by cashflow linked receivables and structured as discounting facilities, further highlighting the quality of our client base. With very competitive cost of funding, Smartworks is uniquely positioned to sustain expansion while maximizing shareholder returns.

Q7. How much growth do we expect from Design and fitout services ?

Design and fitout services revenues are expected to scale meaningfully over near to medium term. Going forward, we will be increasing our Design and fitout revenue. Smartworks continue to selectively evaluate projects.

INDUSTRY OUTLOOK

The Indian flexible workspace market has transitioned from a cyclical supplement to a structural component of office demand. By the end of 2025, Grade A flex stock across the top seven office markets was estimated to exceed 70 Mn sq. ft, representing 8–9% of total office stock, significantly higher than the 3–5% penetration across other APAC markets. Flex spaces now account for nearly one-fifth of Grade A office absorption, up from 10–15% a few years ago, reflecting occupiers' growing preference for agile and experience-led workspace solutions.

As flex adoption matures, operating models built around managed offices at scale are best positioned to benefit, compared to fragmented, floor-level coworking. Enterprises increasingly prioritise predictability, speed-to-market, and execution certainty, favouring operators that can deliver integrated, end-to-end solutions across large footprints. In this context, the managed campus model has emerged as a structural advantage, enabling tighter control over design, delivery timelines, service quality, and ongoing operations. Demand is also concentrating around premium Grade A assets, where vacancy is tightening and absorption remains strong, making early access to large-format campuses a long-term competitive advantage rather than a tactical choice.

Geographic diversification has become increasingly important as the market matures. While Southern India remains a highly penetrated and competitive flex market, West and North India continue to see strong enterprise demand and rental momentum. A pan-India footprint allows operators to aggregate demand across cities, underwrite assets at a portfolio level, support multi-city enterprise clients, and reduce concentration risk while improving ramp-up visibility and Rising fit-out costs, execution complexity, and enterprise expectations are directing large-format transactions toward a smaller set of scaled platforms, making institutionalisation, balance-sheet strength, and operating discipline key differentiators that favour financially resilient operators with repeatable execution.

Source: *Colliers India Flex Workspace Outlook-2025, CBRE India office figures.

Q8. How is the shift toward enterprise-led and GCC-driven demand reshaping the flexible workspace industry in India?

The centre of gravity in India's flex market has decisively shifted from SMEs to large enterprises and GCCs. Demand is increasingly driven by larger deployments, longer tenures, and multi-city rollouts, positioning flex as a core component of enterprise real estate strategy rather than a short-term capacity tool.

This shift favours platforms that can deliver scale, execution certainty, and operational depth, as flex demand moves away from desk-led models toward managed, enterprise-grade office solutions.

Q9. As flex becomes a long-term real estate strategy rather than a tactical solution, which operating models are structurally best positioned to benefit?

Operating models built around managed offices at scale with campus level deployments with long-term enterprise contracts that are best positioned. Enterprises increasingly prioritise speed to market, predictability, and balance sheet light expansion, which fragmented coworking formats struggle to deliver. Platforms that combine flexibility with institutional-grade execution, standardised delivery, and integrated services are structurally advantaged as flex adoption matures.

Q10. How does the shift toward managed, integrated campuses change the competitive landscape within flex workspaces?

It raises entry barriers materially. The market is shifting away from fragmented, single-centre coworking toward integrated campuses that require capital, execution capability, landlord credibility, and operating discipline. This dynamic is through demand concentration, as large-format enterprise transactions increasingly flow to a smaller set of scaled, institutional platforms.

Q11. How does geographic diversification across West and North India improve resilience in a growing flex market?

Southern India remains a large, deep, and structurally strong market for flexible workspaces. However, as these markets mature, competition has intensified and incremental growth is increasingly driven by selective, enterprise-led absorption rather than broad-based expansion. In this context, expanding and scaling across West and North India, where enterprise demand is rising and market penetration remains lower, improves portfolio balance and demand resilience, while providing exposure to newer growth corridors. This diversification reduces concentration risk and allows growth to be underwritten at a portfolio level rather than city by city.

A pan-India footprint also aligns with how large enterprises increasingly design multi-city, hub-and-spoke real estate strategies, positioning Smartworks as a reliable, single-platform infrastructure partner rather than a local workspace provider. Importantly, this expansion leverages an already-built operating and corporate backbone, meaning scale across additional cities does not require proportional increases in corporate costs, reinforcing operating leverage as the portfolio grows.

BUSINESS MODEL

Q12. Your model is increasingly large-enterprise led (1000+ seats deals). Are you becoming over-dependent on a small set of large clients?

Enterprise clients contribute 90% of our rental revenue which includes Indian Corporates, Global MNC's Forbes 2000, Indian startups etc. diversified across various industries and sectors. Interestingly over ~35% of rental revenue is contributed by clients with seat requirement of 1000+ who come with longer tenures and lock-ins. As these clients grow and expand with us across centres and geographies, we become their infrastructure partner making revenue from such clients more predictable, steady and sticky. Mature centre occupancy remains in the range of 85%-90% since the past 3 years.

Top 10 clients contribute ~20% of the rental revenue, which has decreased from ~40% in last 6 years. This mix provides greater visibility, longer contract tenures, and lower volatility compared to smaller, transactional occupancies.

Sno	Particulars	Q3 FY26	Q2 FY26	FY25
1	Overall Occupancy	84%	81%	83%
2	Committed Occupancy	92%	88%	-
3	Mature Occupancy	88%	88%	89%
4	Committed Mature Occupancy	93%	93%	-
	1000+ Seat Cohort			
5	Revenue contribution	36%	35%	29%
6	Total Tenure (in months)	52	52	52
7	Lock-in Tenure (in months)	38	37	33
8	Revenue contribution from multicity clients	31%	31%	32%
9	Revenue contribution from Enterprise clients	90%	90%	88%
10	Retention %	93%	74%	87%

Q13. What is the overall GCCs demand in India and how prepared is Smartworks for it?

With a total of ~2,400 GCCs in India and market size of USD 110 Bn, Global Capability Centres (GCCs) are poised to become the backbone of India office space with 14% CAGR (2023-2030), they have become a critical demand engine for Smartworks, currently contributing over 15% of rental revenue, a figure we expect to double within the next few years. Our SmartVantage (GCC-as-a-Service) platform uniquely positions us to capture this growth by enabling global firms to go live in just 6-8 weeks, offering the speed, compliance, and large-scale campus environments these clients demand.

Q14. What defines Smartworks' "right to win" as competition intensifies?

Smartworks' right to win is built on speed, scale, and value. The platform delivers enterprise-ready campuses in 45 to 60 days and can absorb and operate large buildings across cities through standardised execution. A low-capex transformation model, deep vendor and landlord partnerships with better commercial terms, and operating efficiencies enable competitive pricing without margin dilution.

On the demand side, repeat enterprise expansion drives stickiness, with ~90% of revenue from enterprise clients and ~31% from multi-city deployments, creating durable, annuity-like revenue.

Q15. How should investors interpret mature centre occupancy in the context of industry benchmarks and downturn risk?

Smartworks’ mature centers have sustained occupancy closer to ~88%, driven by enterprise and multi-city clients rather than pricing-led fill. Importantly, the lever here is not pricing. Occupancy is underpinned by higher committed seats, longer-tenure contracts, and embedded operating setups. This means occupancy tends to hold through cycles, offering natural downside protection during periods of demand softness. While our mature centers operate at a ~93% committed occupancy, characterized by low volatility and deeply embedded cost controls. Hence, our rapid expansion into new centers is not a source of margin dilution.

Below is an illustrative table showing occupancy, Centre EBITDA, and ROCE at various time intervals:

Sno	Particulars	End of			
		12 months	24 months	36 months	72 months
1	Occupancy %	50%-60%	85%-90%	85%-90%	85%-90%
2	Centre EBITDA Margin	<10%	20%-25%	25%-30%	30%-32%
3	ROCE %	<0%	20%-30%	45%-50%	>60%

Q16. How does technology support execution quality and scalability as Smartworks expands?

Technology at Smartworks is designed as an integrated operating backbone, increasingly moving towards AI-enablement, that embeds intelligence directly into how centres are built, operated, and experienced. The objective is to improve execution speed, cost efficiency, and decision-making as the platform scales.

On the supply and execution side, platforms such as BuildX standardise design, digitise vendor coordination, and embed quality and safety controls, enabling faster and more predictable delivery of large campuses. On the demand and revenue side, the CRM system extends beyond pipeline tracking to cover contracts, occupancy, receivables, and collections, providing real-time visibility into portfolio health and strengthening revenue governance.

At the workplace level, the WorkCtrl integrates access control, service requests, and workspace management, simplifying daily operations and improving the user experience. Looking ahead, Smartworks is progressively layering AI-driven automation and analytics across building management, service delivery, and internal workflows to reduce manual intervention, lower operating costs, and create data-driven advantages in service quality.

Together, this technology stack allows Smartworks to scale campuses, teams, and clients without proportionately increasing complexity or overhead, turning technology into a durable operating advantage rather than a support function

FINANCIAL INTERPRETATIONS

Q17. How is Normalised EBITDA and Gross Block calculated? What is the process of calculating it in simple terms?

Normalized EBITDA is EBITDA (as per Ind AS) adjusted for cash outflow for lease liabilities (Principal + Interest) during the year / period.

Particulars (INR Mn)	For the period / year					
	Q3 FY26	Q3 FY25	Q2 FY26	9M FY26	9M FY25	FY 2025
Consolidated Statement of Profit & Loss						
Reported EBITDA (a)	3,056	2,183	2,701	8,168	6,248	8,573
Less: Repayment of Lease Liabilities (b)	2,209	1,726	2,006	6,011	5,026	6,772
Interest	837	701	773	2,298	2,094	2,791
Principal	1,372	1,025	1,233	3,712	2,932	3,981
Normalized EBITDA (a-b)	847	456	696	2,157	1,222	1,801

Gross Block represents the Property Plant and Equipment as consolidated financial statements;
Normalized Gross Block is the reported Gross Block (Ind AS), less fit-out costs capitalised and other Ind AS adjustments towards Stamp duty paid and buy back of assets taken on lease

Particulars (INR Mn)	As at			
	Dec'25	Dec'24	Sep'25	Mar'25
Consolidated Balance Sheet				
Reported Gross Block* (a)	20,857	15,524	19,918	16,490
Less: Fitout cost capitalised (b)	5,866	4,365	5,815	4,373
Less: Other IndAS adjustments (c)	-1	-250	11	42
Normalized Gross Block (a-b-c)	14,992	11,409	14,093	12,075

*includes maintenance capex

Q18. What do you mean by fit-out cost being capitalized?

Cost which includes depreciation on right of use asset, interest expense on lease liability incurred during fit-out period is capitalized as part of leasehold improvement.

Q19. What is the depreciation policy followed by the company and what is the rationale for the same?

Depreciation policy followed by Smartworks is as follows:

- Depreciable amount - cost of an asset less its estimated residual value (estimated to be 5% of total cost, except for certain leasehold improvement and electrical equipment classes of assets where it is estimated to be nil.)
- Depreciation method - using straight line method over the estimated useful lives.
- Rationale - useful lives have been estimated by management basis its past experience and technical assessment as follows:

Sno	Categories	Useful life (in years)
1	Leasehold improvement	Lower of lease term and 10 years
2	Electrical installations and equipment	10
3	Plant and equipment	15
4	Furniture and fixtures	3 to 10
5	Vehicles	8 to 10
6	Computer and data processing unit	3 to 6
7	Office equipment	3 to 10

The same are reviewed for any possible adjustment at lease at each FY end.

CORPORATE GOVERNANCE

Q20. Why do you continue to present normalized equivalent results alongside Ind-AS?

Ind-AS financials remain our primary and statutory reporting framework, and we place strong emphasis on audited disclosures. At the same time, we also present non-GAAP equivalent metrics to help investors better understand the underlying operating performance and capital productivity of the business.

Our normalized EBITDA is derived from our audited/reported Ind-AS financial statements, primarily adjusted for payment of lease liabilities.

By presenting both Ind-AS and non-GAAP equivalent metrics, we enable investors to clearly distinguish accounting impacts from core cash profitability and returns. This dual presentation offers a more transparent view of business fundamentals and is consistent with how operator-led platforms are commonly analyzed globally.

We believe this approach anchored in audited financials provides investors with greater clarity, comparability, and confidence in assessing the Company's operating trajectory.

Q21. As the Company scales, how is Smartworks strengthening its governance and oversight framework?

As Smartworks scales, we continue to strengthen governance in step with the size and complexity of the business. In the near term, the Company plans to expand the Board and further strengthen Board-level committees, ensuring appropriate oversight as operations and capital allocation scale.

Governance is supported by well-established internal controls, reporting processes, and audit mechanisms. Deloitte Haskins & Sells LLP has been the Company's statutory auditor since FY 2020 and is currently in its second term, providing continuity and rigor in financial reporting. In addition, Grant Thornton Bharat LLP continues as internal auditor since FY 2021, reinforcing independent oversight of internal controls and risk processes.

Together, these structures ensure that growth remains disciplined, decision-making remains well governed, and execution continues to be supported by institutional-grade oversight as the Company evolves.

Q22. How is Smartworks strengthening financial reporting processes and timeliness as the Company scales?

Normalized EBITDA is EBITDA (as per Ind AS) adjusted for casaSmartworks has invested early in systems-led financial reporting and process discipline to support scale. The Company has been operating on an ERP (Microsoft Dynamics 365) driven financial and operational platform for over two years, enabling standardised reporting, strong data integrity, and limited manual intervention across centres and functions.

This systems backbone has supported consistent and timely financial reporting, including one of the fastest result disclosures in the industry. Going forward, the Company intends to publish quarterly results by the third week of the subsequent month for all quarters, except full year audit, further enhancing predictability and transparency for investors.

Financial reporting continues to be anchored in audited disclosures, with Deloitte Haskins & Sells LLP serving as statutory auditor since FY 2019-20 and Grant Thornton as internal auditor since FY 2020-21, reinforcing continuity and institutional-grade oversight as the business scales. h outflow for lease liabilities (Principal + Interest) during the year / period.

ESG

Q23. How is Smartworks integrating ESG into its core operations, particularly on climate and resource efficiency?

At Smartworks, ESG is integrated into how we design, operate, and scale our campuses rather than treated as a parallel initiative. Our focus is on building workspaces that are efficient by design, resilient in operation, and aligned with the long-term needs of enterprise clients.

On climate and resources, our approach centres on reducing intensity rather than adding complexity using technology, design standardization, and operating discipline to lower energy and water consumption as the portfolio scales. Investments such as building management systems, renewable energy sourcing, and green-certified assets are embedded into new developments and progressively rolled out across existing centres.

As a result, sustainability improvements compound alongside portfolio maturity. ESG, in our model, is less about one-time interventions and more about creating a structurally efficient platform where better environmental outcomes naturally follow scale, standardization, and long-term occupancy.

PEOPLE

Q24. As Smartworks scales, how are leadership capability and culture being institutionalised to support consistent execution?

As Smartworks scales, leadership capability is treated as a critical operating lever. Over the past year, the company undertook a structured leadership assessment followed by focused one-on-one coaching conversations aimed at strengthening leadership impact and self-awareness. These interventions created deliberate reflection points for leaders, helping them better understand their influence, refine decision-making, and align more closely with the culture Smartworks seeks to sustain. Culture reinforcement is tracked through regular listening mechanisms. Together, these outcomes indicate that leadership behaviours and cultural norms are being embedded consistently as the organisation grows.

Q25. How does Smartworks' people and culture strategy translate into long-term stakeholder value?

The THRIVE values framework (Take Accountability, Honour Integrity, Reach for Results, Ignite Collaboration, Value and Champion Innovation, Embrace Customer Obsession) which guides everyday behaviour and decision-making. This approach is reinforced through performance alignment, including the introduction of performance-linked variable compensation, and ongoing feedback and recognition mechanisms. High engagement and advocacy levels are reflected in a high Pride & Advocacy score, which management views as translating into stronger execution, lower talent risk, and sustained organisational resilience. Over time, this creates a durable people advantage that supports scalable growth and long-term shareholder value.

Q26. Why has the impact of recent labour law changes been relatively low for Smartworks compared to other companies?

The impact has been limited primarily due to Smartworks' existing salary structure. Historically, the salary has been such structured that the exclusions as per new definition had already been below 50 % and approximately 50% of employee compensation has already been structured as basic salary, which aligns closely with the revised definition of wages under the updated labour regulations.

As a result, the incremental impact of INR 5.4 Mn is largely attributable to the change in wage definition and the corresponding adjustment to gratuity obligations for past service, rather than a structural increase in ongoing employee costs. Since the company was already largely compliant with the revised framework, the transition impact has been modest.

The Company continues to monitor the finalization of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting impact, if any, based on such developments.

CREATING BROADER IMPACT BEYOND WORKSPACES

Impact is woven into how our infrastructure is designed to function. While our centres enable productivity and collaboration at scale, we believe these capabilities should also be accessible to the communities around us.

Over the year, we supported social organisations such as the Eka Fellowship, which works with children from underprivileged backgrounds to drive long-term learning outcomes, and the Robin Hood Army, which coordinates large-scale food distribution efforts. By making our spaces available for workshops, planning sessions, and volunteer meet-ups, we enable these organisations to focus on building skills, mobilising action, and delivering outcomes at scale.



Impact also begins within our own ecosystem. We continue to invest in training, safety, and recognition programmes for our centre operations and facilities teams, who play a vital role in keeping our campuses safe, efficient, and consistent every day. These initiatives strengthen skills, reinforce pride in work, and support long-term stability across our operations.



HIGHLIGHTS

1. Advancing the GCC and Enterprise Ecosystem

Through our GCC-focused industry report, developed in collaboration with UneathIQ, Smartworks continues to contribute insights on how global enterprises are rethinking scale, talent, and infrastructure in India.



ETPrime
Flex space providers to capture 40% of GCCs demand of office space by 2030: Report



India's flexible workspace market to grow to 3 times in size by 2028 with GCC push: Report

2. Shaping the Conversations

We continued to shape conversations around managed campuses, flex space adoption, enterprise expansion, and the evolving role of workspaces as core infrastructure, with perspectives featured across leading business and industry platforms.



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How Neetish Sarda Built India's Largest Managed Office Platform

By Emily, Correspondent | Wednesday, 10 December 2025, 07:00:58 PM IST

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ANNEXURE

Compounding Dashboard

Particulars (INR Mn)	As at for Fiscal					
	Q3 FY26	Q3 FY25	Q2 FY26	9M FY26	9M FY25	FY 2025
Revenue from Operations	4,721	3,518	4,248	12,761	10,156	13,741
QoQ growth %	11%					
YoY growth %	34%			26%		
Normalised EBITDA	847	456	696	2,157	1,222	1,801
Normalised EBITDA Margin %	17.9%	13.0%	16.4%	16.9%	12.0%	13.1%
QoQ growth %	22%					
YoY growth %	86%			76%		
Normalised Earnings Before Interest and Tax (EBIT)	416	114	274	931	251	531
Normalised EBIT Margin %	8.8%	3.2%	6.5%	7.3%	2.5%	3.9%
QoQ growth %	52%					
YoY growth %	265%			270%		
Normalised Profit Before Tax (PBT)	404	54	245	824	49	233
Normalised PBT Margin %	8.6%	1.5%	5.8%	6.5%	0.5%	1.7%
QoQ growth %	65%					
YoY growth %	647%			NA		
Normalised cash flow from operations (B)	1,009	407	614	2,485	1,777	2,513
Gross Debt	2,327	3,446	2,535	2,327	3,446	3,978
Net Debt	(418)	2,772	(590)	(418)	2,772	2,993
Normalised Capital Employed (C)	8,113	6,499	7,691	8,113	6,499	6,929
Normalised OCF / Normalised EBITDA (#)	1.2	0.9	0.9	1.2	1.5	1.4
Annualised Cash RoCE % (B/C)	50%	25%	32%	41%	36%	36%
Annualised RoCE % (A/C)	21%	7%	14%	15%	5%	8%

Terms of Trade

Metric	As at and for Fiscal					
	Q3 FY26	Q3 FY25	Q2 FY26	9M FY26	9M FY25	FY 2025
Normalised OCF / Normalised EBITDA	1.2	0.9	0.9	1.2	1.5	1.4
Working Capital	1,112	865	1,089	1,112	865	903
Trade Receivable	432	271	297	432	271	255
Debtor Days ⁽¹⁾	7	8	6	7	6	5

Note: ⁽¹⁾ Debtor days refers to average trade receivables divided by revenue from operations for the period under calculation

Reported Financial Performance

Particulars	Q3FY26	Q3FY25	YoY Growth %	Q2FY26	QoQ Growth%	9M FY26	9M FY25	YoY Growth%	FY25
Revenue from operations	4,721	3,518	34%	4,248	11%	12,761	10,156	26%	13,741
Revenue from Lease rentals	4,059	3,300	23%	3,795	7%	11,420	9,480	20%	12,893
Other operating revenue*	663	219	203%	453	46%	1,342	676	98%	848
Expenses	1,665	1,336	25%	1,546	8%	4,594	3,908	18%	5,168
Operating expenses	1,326	1,032	28%	1,223	8%	3,616	3,154	15%	4,160
As % of revenue from operations	28.1%	29.3%		28.8%		28.3%	31.1%		30.3%
Employee expenses	245	159	54%	231	6%	710	461	54%	654
As % of revenue from operations	5.2%	4.5%		5.4%		5.6%	4.5%		4.8%
Other expenses	94	144	(34)%	93	2%	268	293	(8)%	354
As % of revenue from operations	2.0%	4.1%		2.2%		2.1%	2.9%		2.6%
EBITDA	3,056	2,183	40%	2,701	13%	8,168	6,248	31%	8,573
EBITDA Margin	64.7%	62.0%		63.6%		64.0%	61.5%		62.4%
Depreciation	2,233	1,670	34%	1,980	13%	5,952	4,745	25%	6,360
Finance Cost	968	853	13%	928	4%	2,711	2,568	6%	3,363
Other Income	160	118	36%	163	(2)%	411	320	28%	356
Profit Before Tax (PBT)	16	(223)	NA	(44)	NA	(84)	(745)	NA	(795)
Less: Taxes	3	(63)		(12)		(23)	(196)		(163)
Profit After Tax (PAT)	12	(160)	NA	(31)	NA	(61)	(549)	NA	(632)

Normalized Business Performance (1/3)

Business Performance	Q3FY26	Q3FY25	YoY Growth	Q2FY26	QoQ Growth	9M FY26	9M FY25	YoY Growth	FY25
Revenue from operations (A)	4,721	3,518	34%	4,248	11%	12,761	10,156	26%	13,741
Reported EBITDA	3,056	2,183	40%	2,701	13%	8,168	6,248	31%	8,573
<i>Adjustments to EBITDA</i>									
Less: Repayment of lease liabilities	(2,209)	(1,726)		(2,006)		(6,011)	(5,026)		(6,772)
Normalised EBITDA (B)	847	456	86%	696	22%	2,157	1,222	76%	1,801
Normalised EBITDA Margin (B/A)	17.9%	13.0%		16.4%		16.9%	12.0%		13.1%
Less: Depreciation on fitouts	431	342		422		1,226	971		1,270
Normalised Earnings Before Interest and Tax (EBIT) (C)	416	114	265%	274	52%	931	251	270%	531
Normalised EBIT Margin (C/A)	8.8%	3.2%		6.5%		7.3%	2.5%		3.9%
Less: Finance cost on borrowings	58	97		74		220	301		398
Add: Other Income	46	37		46		113	99		100
Normalised Profit Before Tax (PBT) (D)	404	54	647%	245	65%	824	49	1580%	233
Normalised PBT Margin (D/A)	8.6%	1.5%		5.8%		6.5%	0.5%		1.7%

Normalized Business Performance (2/3)

Business Performance	Q3FY26	Q3FY25	YoY Growth	Q2FY26	QoQ Growth	FY25
Reported Gross Block	20,857	15,524		19,918		16,490
Less: Fitout cost capitalised	(5,866)	(4,365)		(5,815)		(4,373)
(Less) / Add : Other INDAS adjustments #	1	250		(11)		(42)
Normalised Gross Block	14,992	11,409	31%	14,093	6%	12,075
Reported Accumulated Depreciation	6,743	4,994		6,133		5,110
Less: Fitout cost capitalized	(2,222)	(1,547)		(2,010)		(1,696)
Add: Other INDAS adjustments	125	83		114		94
Normalised Accumulated Depreciation	4,647	3,530	32%	4,237	10%	3,508
Normalised Net Block	10,345	7,879	31%	9,855	5%	8,567
Gross Debt	2,327	3,446		2,535		3,978
Less: Cash & Bank *	2,745	674		3,125		985
Net Debt	(418)	2,772	NA	(590)	NA	2,993
Reported Equity	5,106	1,146		5,093		1,079
Add: IndAS adjustment	3,425	2,581		3,187		2,858
Normalised Equity	8,532	3,727	129%	8,280	3%	3,937
Capital Employed **	4,688	3,918		4,503		4,071
Add: IndAS adjustment	3,425	2,581		3,187		2,858
Normalised Capital Employed	8,113	6,499	25%	7,691	5%	6,929
Annualised Return on capital employed (RoCE) ***	20.5%	7.0%		14.3%		7.7%
Normalised OCF / Normalised Capital Employed (Cash RoCE)	49.7%	25.0%		31.9%		36.3%
Debtor Days	7	8		6		5
Trade Receivable (D)	432	271		297		255
Trade Payable (E)	1,544	1,136		1,386		1,159
Payable over Receivable (E-D)	1,112	865	29%	1,089	2%	903

Notes: *Cash & bank (including bank deposits, security deposit (cash collateral) and investments in mutual funds); ** Capital Employed is calculated as Normalized Equity plus Net Debt; *** RoCE is calculated as Normalized EBIT / Normalized Capital Employed; # towards Stamp duty paid and buy back of assets taken on lease

Normalized Business Performance (3/3)

Business Performance	Q3FY26	Q3FY25	YoY Growth	Q2FY26	QoQ Growth	9MFY26	9MFY25	YoY Growth	FY25
Reported cash flow operations	3,218	2,133		2,620		8,496	6,803		9,285
Less:									
- Interest paid on lease liabilities	(837)	(701)		(773)		(2,298)	(2,094)		(2,791)
- Payment of Principal portion of lease Liabilities	(1,372)	(1,025)		(1,233)		(3,712)	(2,932)		(3,981)
Normalised Operating Cash Flow (OCF)	1,009	407	148%	614	64%	2,485	1,777	40%	2,513
Capex	1,114	525		947		2,972	2,065		2,910
Free Cash Flow	(105)	(119)		(333)		(487)	(289)		(397)
Normalised OCF / Normalised EBITDA	1.2	0.9		0.9		1.2	1.5		1.4

GLOSSARY

Term	Definition
Cities	Total number of cities in which we have geographic presence
Super Built-up Area	The super built-up area of a property is the total contracted area, which includes the carpet area, along with the terrace, balconies, areas occupied by walls, and areas occupied by common/ shared construction
Centres	Centres refer to any facility (floor and building) with or without shared amenities or services for which lease agreement has been executed with the Landlords. It includes the total number of operational centres, centres under fit outs and centres yet to be handed over by the landlord.
Operational Centres	Centres of our Company which are under operation and managed by us, but exclude Fitouts Centres or/ and Centres which are yet to be handed over to us by the respective Landlord(s)
Number of Centres	Sum of our Company's Centres for which our Company has entered into definitive agreements with the respective Landlords, and includes Operational Centres, Fit-outs Centres and Centres yet to be handed over by the respective Landlords
Mature Centre(s)	Centres which are operational for more than 12 months from date of commencement of operations
Number of Capacity Seats in all Centre	The maximum number of Seats available across all our Centres (Operational Centres + Centres under fit outs + centres yet to be handed over by landlord)
Number of Capacity Seats in Operational Centres	Number of Capacity Seats in Operational Centres means the maximum number of Seats available across all our Operational Centres
Number of Occupied Seats in Operational Centres	Total number of Seats contracted in our Operational Centres. This also includes the Seats occupied by our Company in respective Centres
Number of Occupied Seats for Mature Centres	Total number of Seats contracted in our Mature Centres. This also includes the Seats occupied by our Company in respective Centres
Occupancy Rate in Operational Centres	The percentage of the Occupied Seats out of Capacity Seats in Operational Centres
Occupancy Rate in Operational Centres	The percentage of Occupied Seats in all Mature Centres out of the Capacity Seats for all Mature Centres
Occupied Seats	The total number of Seats contracted with our Clients in our Operational Centres. This also includes the Seats occupied by our Company in the respective Centres
Committed Occupancy Rate in Operational Centres	Committed Occupancy Rate is the percentage of Committed Seats out of the total Capacity Seats in Operational Centres

Term	Definition
Committed Seats in Operational Centres	Committed Seats refers to the sum of (i) Occupied Seats of Operational Centres; and (ii) Seats occupancy in our Operational Centres reserved by the Client(s) through an agreement or a letter of intent and by payment of security deposit, and such Client(s) are yet to move-in to our Operational Centre(s) pursuant to such agreement or letter of intent
Committed Occupancy Rate in Matured Centers	Committed Occupancy Rate is the percentage of Committed Seats out of the total Capacity Seats in Matured Centres
Committed Seats in Matured Centres	Committed Seats refers to the sum of (i) Occupied Seats of Matured Centres; and (ii) Seats occupancy in our Matured Centres reserved by the Client(s) through an agreement or a letter of intent and by payment of security deposit, and such Client(s) are yet to move-in to our Matured Centre(s) pursuant to such agreement or letter of intent
Seats Retention Rate	Seats Retention Rate is defined as the percentage of Seats Retained upon total Seats due for Retention. (i) Seats Retained refers to Occupied Seats by Clients who chose to continue occupying Seats after expiry of Lock-in tenure during the year / period (ii) Total Seats due for Retention refers to the total Occupied Seats by Clients for which Lock In tenure was due for expiry during the year / period
Revenue from Operations	Revenue from operations means revenue from operations as per the Consolidated Financial Statements
Revenue from Operation Growth	Revenue from operations growth means (Revenue from Operations in current period - Revenue from Operations in previous period) / Revenue from Operations in previous period.
EBITDA	Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA) is calculated as profit / (loss) before tax plus finance costs, depreciation & amortisation expenses less other income as per consolidated financial statements
EBITDA Margin	EBITDA Margin is calculated as EBITDA divided by Revenue from operations
No. of Clients	The Customers of our Company, which include Enterprises, other companies, other legal entities and individuals which occupy Seats in our Operational Centres.
Normalised EBITDA	Normalised EBITDA is EBITDA adjusted for cash outflow for lease liabilities during the year / period
Normalised Equity	Normalised equity is calculated as the sum of equity share capital and other equity plus Ind AS adjustments
Gross Debt	Gross Debt is calculated as the sum of non-current borrowings and current borrowings of the Company on a consolidated basis as per the Consolidated Financial Statements.

Term	Definition
Net Debt	Net debt is calculated as Gross Debt minus cash and bank (including bank deposits, security deposit (cash collateral) and investments in mutual funds)
Gross Block	Gross Block represents the Property Plant and Equipments as per consolidated financial statements
Fitout cost capitalised in Gross Block	Cost which includes depreciation on right of use asset, interest expense of lease liability incurred for the expected fit-out period is capitalised as part of leasehold improvement
Normalised Gross Block	Reported Gross Block less Fitout cost capitalized and other IndAS adjustments towards Stamp duty paid and buy back of assets taken on lease
Capital Employed	Capital Employed is calculated as the sum of Total Equity, total borrowings minus cash & bank (including bank deposits, security deposit (cash collateral) and investments in mutual funds)
Normalised cash flow from operations	Normalised cash flow from operations is reported cash flow less Interest paid on lease liabilities and Payment of Principal portion of lease Liabilities
Normalised Capital Employed	Normalised Capital Employed is calculated as Capital Employed plus Ind AS adjustments
Annualised Cash Return on Capital Employed	Annualised Cash Return on Capital Employed is calculated as Normalised cash flow from operations divided by Normalised capital employed
Annualised Return on Capital Employed	Annualised Return on Capital Employed is calculated as Normalised EBIT divided by Normalised capital employed



SMARTWORKS

Workspaces that work for you

