

PUREGYM

COVID-19 Update

24 March 2020

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Introduction and overview

Key numbers:

- £150m available liquidity
- Weekly cash burn will fall from £9m to below £6m, targeting £4.5m - £5.5m
- 27 – 33 weeks without any further capital or financial measures required

- **1,800,000 members ready** to start paying us again
- We entered this crisis from a **position of real strength** from a business performance point of view
- Management teams in the UK, Denmark, Switzerland and Poland have risen to the challenge **magnificently**



COVID-19 status

MARKET	GOVERNMENT INSTRUCTION AND ACTION TAKEN	KEY GOVERNMENT SUPPORT MEASURES
UK 269 gyms 67% Group EBITDA	• All gyms closed by 21 March following Government instruction – Closure and lockdown protocols in place – 1.25m member subscriptions in "free freeze" mode • Closure instruction to be reviewed on a monthly basis	• Job retention scheme (wage support) • Business rates holiday for 12 months • VAT and Tax payment deferrals • Potential loan guarantees and other support
DENMARK 186 gyms 28% Group EBITDA	• Following Government instructions, all gyms closed on 12 March – 500k members in "free freeze" mode • Government lockdown recently extended to 13 April	• 75-95% compensation support for laid off workers up to certain thresholds • Fixed cost compensation support • Loan guarantee support
SWITZERLAND 39 gyms 5% Group EBITDA	• Gyms closed on 16 March following Government instruction – c.80% of members in Switzerland on 12 or 24 month "pay in advance" membership, providing cash buffer • Government lockdown until 19 April	• 60-80% compensation support for laid off workers up to certain thresholds • Credit facilities being developed
POLAND 17 gyms 0% Group EBITDA	• Gyms in Poland closed on 16 March – 28k members in "free freeze" mode	• 60% salary support, details currently being prepared

Note: Membership data and gym numbers as at 23 March 2020. Group EBITDA reflects the proforma combined Group Run-Rate Adjusted EBITDA of Pure Gym and Fitness World for the year ended 31 December 2019, including an adjustment made to those gyms which are less than three years old at the end of the reporting period to replace the Adjusted EBITDA earned by these sites in the last twelve-month period with the projected Adjusted EBITDA for their third year of operation, but excluding any potential synergies for the combined group.

Group liquidity

£150m available liquidity includes:

- c.£70m cash on the balance sheet at end March
- £85m drawn down from Revolving Credit Facility
- £10m overdraft facility available
- Less £15m committed capital expenditure

Actions taken to preserve available liquidity:

- Postponed all new site capital expenditure and most site refurbishment projects
- Pulled back on non-discretionary expenditure
- Implemented broad programme of mitigation measures across the entire Group

No "cliff edge" on bridge loan: Acquisition related €445m bridge loan remains in place until January 2021, after which it converts to a term loan[1]

1) In the event that the bridge is not refinanced by January 2021, the documentation provides for it to convert into a term loan with maturity matching that of the current fixed rate notes (due 2025). In general, the key terms of this debt and maximum interest rate are consistent with our existing sterling notes.

Weekly cash burn rate

Base Case COVID-19 full Group closure scenario:

- Unmitigated weekly cash burn rate of £9m
- Confident in reducing below £6m per week
- **Targeting £4.5m - £5.5m post-mitigation**
- Equates to **27 – 33 weeks of available cash**

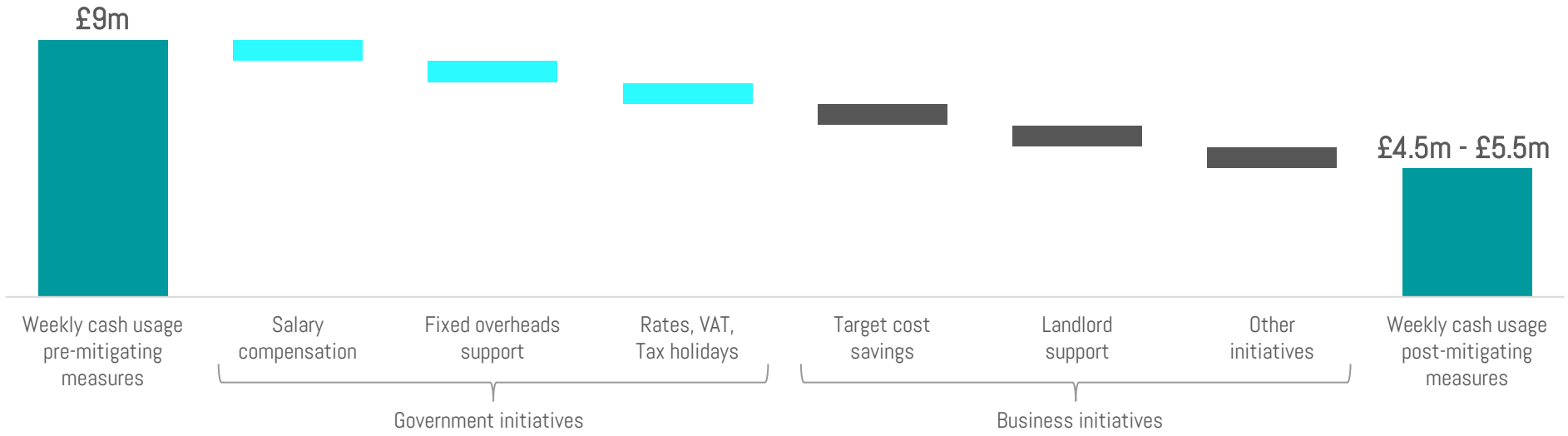
Key assumptions:

- £nil revenue (all memberships frozen)
- All new site capex paused
- Committed capex post 31 March only £15m
- Full advantage taken of Government schemes



Weekly cash burn rate

Scenario: Base Case COVID-19 full Group closure



Government initiatives

- UK and DK: partial salary underwritten (£0.9m)
- DK: underwriting fixed overheads (£0.6m)
- UK: providing 1-year rates exemption (£0.4m)
- UK and DK: tax and VAT deferral (£0.5m)

Business initiatives

- Target savings due to site closures (£0.5m - £1m), comprising mainly marketing, utilities and cleaning
- All landlords asked to stand "shoulder to shoulder"
- Relentless focus on other initiatives, including material senior management salary reductions

Note: Chart illustrative only and not to scale.

Financial discipline

- We anticipated this scenario and are well prepared
- We benefit from a rigorous financial control environment
- Early scenario analysis and modelling complete
- Cost and cash management well progressed
- 13-week cash flow forecast discipline in place
- We are set up to respond quickly to a range of scenarios as the COVID-19 crisis evolves:
  - Considering 3, 6 and 12 month outlooks
  - Full, partial and relaunch scenarios
  - By geographical business unit



Conclusions

1. We have an exceptionally strong management team in the UK, Denmark and beyond
2. Entered crisis from a “position of strength” and have over £150m liquidity on hand today
3. Governments have “stepped up” and implemented sizable support packages
4. Multiple levers at our disposal to reduce cash burn rate and preserve liquidity
5. Sufficient liquidity to withstand 6 – 8 months of group wide closedown
6. Our core assets of a strong estate, large supportive membership base, world class systems and great people and culture remain intact

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