

PUREGYM

# Investor Presentation

COVID-19 update
Results for the year ended 31 December 2019
Acquisition of Fitness World on 14 January 2020

29 April 2020

# Disclaimer

## Forward-looking statements

This presentation may include forward-looking statements. All statements other than statements of historical facts included in this presentation, including those regarding the Group's financial position, business and acquisition strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Many factors could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this presentation. The Group expressly disclaims any obligations or undertaking, except as required by applicable law and applicable regulations to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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# Introduction & overview

## COVID-19 Update

- We are making really good progress on mitigating the burn rate, reaching our target of c.£4.5m per week

## 2019 Full Year Results

- An excellent year and start to 2020: we headed into the pandemic from a position of real strength

## Fitness World Acquisition (14 January 2020)

- The strategic logic for this acquisition remains intact for the long-term

## Group Finance Position

- £150m of available liquidity today with strong shareholder support

## Immediate outlook

- Management are very focused on being ready for the reopening phase and "reflating" the business






# COVID-19 Update

## Further update following COVID-19 communication on 24 March 2020

# COVID-19 status

| MARKET | GOVERNMENT INSTRUCTION AND ACTION TAKEN | KEY GOVERNMENT SUPPORT MEASURES |
|---|---|---|
| **UK**<br>269 gyms<br>67% Group EBITDA | • All gyms closed by 21 March following Government instruction<br>– Closure and lockdown protocols in place<br>– 1.1m member subscriptions in "free freeze" mode<br>• Earliest anticipated opening: early to mid June | • Job retention scheme (wage support)<br>• Business rates holiday for 12 months<br>• VAT and Tax payment deferrals<br>• Landlord actions restricted to promote "constructive debate" regarding rent |
| **DENMARK**<br>186 gyms<br>28% Group EBITDA | • Following Government instructions, all gyms closed on 12 March<br>– 480k members in "free freeze" mode<br>• Government lockdown recently extended to 11 May<br>• Earliest anticipated opening: early June | • 75-95% compensation support for laid off workers up to certain thresholds<br>• Fixed cost compensation support<br>• Loan guarantee support, awaiting further details |
| **SWITZERLAND**<br>39 gyms<br>5% Group EBITDA | • Gyms closed on 16 March following Government instruction<br>– Over 85% of Basefit's 75k membership is on 12 or 24 month "pay in advance" membership, largely mitigating the impact<br>• Earliest anticipated opening: mid May | • 60-80% compensation support for laid off workers<br>• VAT and Tax payment deferrals<br>• Legal support for tenants not paying rent<br>• Government loan scheme up to £0.5m available |
| **POLAND**<br>17 gyms<br>0% Group EBITDA | • Gyms in Poland closed on 16 March<br>– 27k members in "free freeze" mode<br>• Earliest anticipated opening: mid May to early June | • 60% salary support, details currently being prepared<br>• Legal support for tenants not paying rent |

**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.

# Weekly cash burn rate

## Base Case COVID-19 12-week full Group closure scenario:

- Unmitigated weekly cash burn rate of £9m
- Successfully reduced to c.£4.5m per week for 12 weeks (excluding revenue initiatives), comprising:
  - £1m interest
  - c.£3.5m operational costs (with scope for further reduction in a prolonged lock down scenario)
  - Operational costs "P&L burn rate" reduced by c.65%
- Equates to a further **33 weeks of available cash** given £150m liquidity

## Key assumptions:

- All new site capex paused
- Committed capex post 31 March only £15m (largely payment of prior period invoices)
- Government support sustained for full period of closure
- "Constructive resolution" being pursued with majority of landlords






# PureGym 2019 Results Highlights

## For the year ended 31 December 2019

# PureGym 2019 Results Highlights

## Continued strong growth in members and revenue

**1,135k**
**closing members**
+12.1% vs 2018

**+11.6%**
**FY revenue growth**
vs 2018

**£18.90**
**ARPM per month**
+2.4% vs 2018

## Exceeded £100m Run Rate Adjusted EBITDA

**£89.1m**
**Adjusted EBITDA**
up +9.6% vs 2018

**£22.9m**
**Q4 Adjusted EBITDA**
up +19.2% vs Q4 2018

**£104.5m**
**Run Rate Adjusted EBITDA**
up +10.1% vs 2018

## Strong Adjusted EBITDA Margin

**34.9%**
**Adjusted EBITDA Margin**
vs. 35.6% in 2018

**35.0%**
**Q4 Adjusted EBITDA Margin**
vs. 33.2% Q4 2018

## Continued organic site rollout and investment in estate

**41**
**New PureGyms opened in 2019**
vs 30 gyms in 2018

**19**
**New organic gyms in Q4 2019**

**21**
**Gym refurbishments in 2019**

## Strong cashflow conversion supporting deleveraging

**87.4%**
**Operating cashflow conversion**
vs 101.8% in 2018

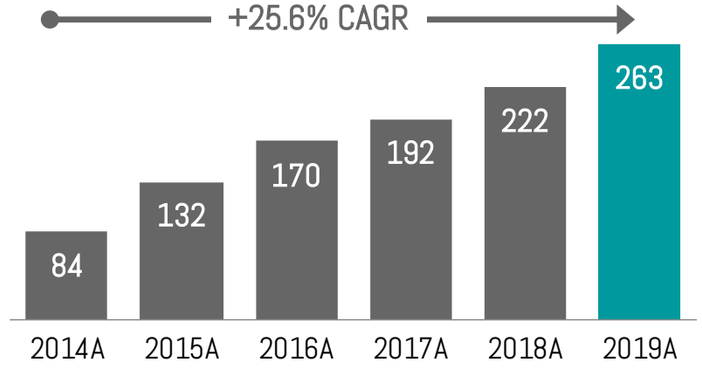
**3.6x**
**2019 pro forma total net leverage**
down from 3.8x at Dec 2018

**3.7x**
**2019 pro forma interest cover**
up from 3.9x at Dec 2018

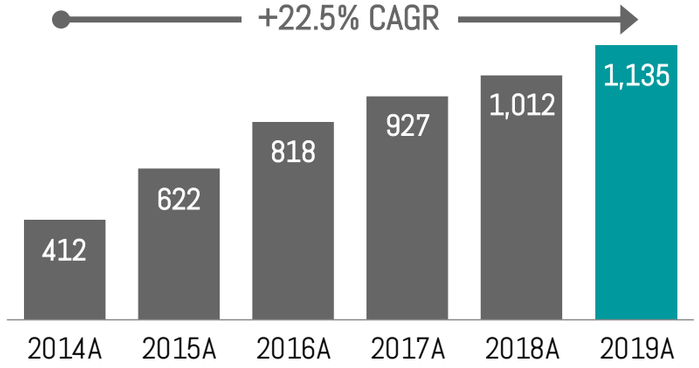
FY2018 financials reflect the result of Pinnacle Bidco plc, restated on a like-for-like basis for the 12 months to 31 December 2018.

# PureGym 6 year track record

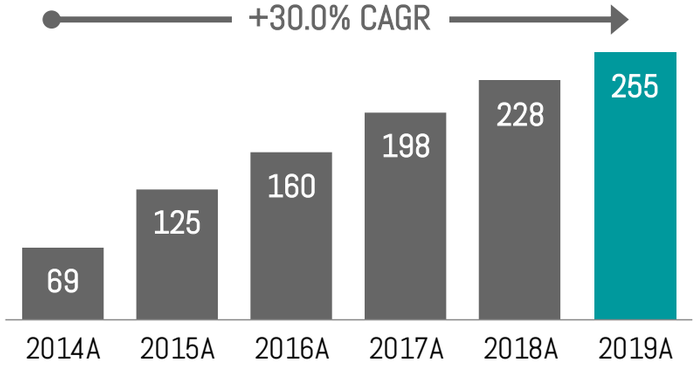
## Gyms (number)[1]



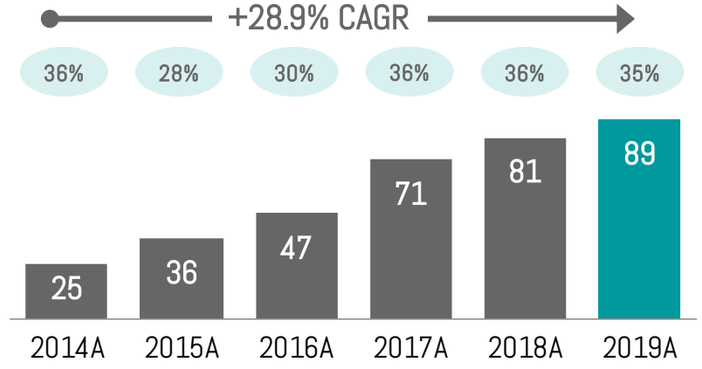

## Members (k)[1]



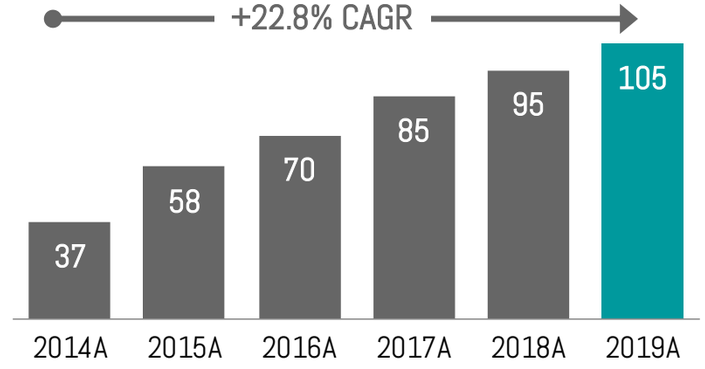

## Revenue (£m)



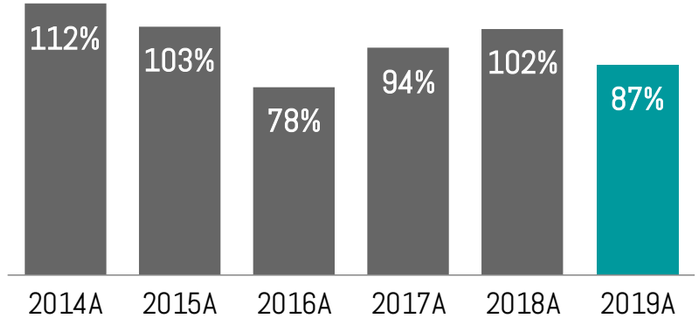

## Adjusted EBITDA (£m)[2]




## RR Adjusted EBITDA (£m)[3]




## Op FCF conversion (%)[4]




Notes: All years stated under IFRS; for 12 months ended 31 December. Financials are for PureGym standalone, excl. Fitness World.

1 Gyms includes PureGym branded sites at year-end. # of members excludes pre-opening members, includes members at PureGym branded gyms only.

2 Adj. EBITDA is before pre-opening costs and adjusted for non-cash expenses.

3 Calculated as Adj. EBITDA plus immature units (open for less than 36 months) EBITDA at maturity less actual contribution of immature units.

4 Op. FCF calculated as Adj. EBITDA less maintenance, refurb, and corporate capex and change in NWC, but before expansion capex. Operating cash flow conversion is calculated as operating cash flow divided by Adj. EBITDA.

# Core strengths of business apparent during Q1 2020

## At a macro and micro level we entered this crisis in "good health"

- In both January and February, all business units were significantly ahead of budget
- A highly successful "peak" trading period with members reaching 1.9m in total across the Group
- Really strong resonance of our product offering and positive member feedback
- Excellent pipeline of high quality new sites, primarily in the UK
- Diversified business with completion of Fitness World acquisition
- Core strengths of business: high quality, affordable fitness with no contractual commitment will be doubly clear in the recovery





# Fitness World Acquisition

## Rationale & business overview

# Creating a pan-European gym champion

## On 14 January 2020, PureGym acquired Fitness World Group for £345 million[1]

- Fitness World Run-rate Adjusted EBITDA of £52 million
- Represents a 7.0x transaction multiple
- Transaction funded by a €445m bridging loan

## Fitness World is a market leading value gym operator

- Strong strategic fit for PureGym with an aligned low-cost model approach
- Clear #1 in Denmark and #7 value operator in Europe[2]
- #1 value in Switzerland (#2 overall [2]) with emerging presence in Poland

## Positions PureGym as a pan-European Champion

- Provides territory, diversification and scale benefits
- Over 500 gyms & 1.7m members combined as at 31 December 2019
- Presence in 4 countries with combined population c.120 million
- Fitness World is a highly resilient, profitable and cash generative business





**Pure Gym Ambassador: Sir Chris Hoy**
(6 times Olympic champion)

1 The Acquisition represented an all cash transaction at an enterprise value of £345m (converted using DKK/GBP of 0.1146 as of 14 January 2020. Includes Fitness World net cash balance of £7m) and excludes finance lease liabilities assumed of £17m, i.e. £355m on a cash-free debt-free basis and 7.0x on a consistent exchange rate basis). Fitness World Group LTM Dec-19A Run Rate adj. EBITDA of c.£52m is converted using DKK/GBP of 0.1173 (representing the average exchange rate over 2019).

2 Measured by members. Source: OC&C analysis.

# Combined group at a glance

| 2019A, unless otherwise noted | PUREGYM | FITNESS WORLD[1] | PUREGYM / FITNESS WORLD | |
|---|---|---|---|---|
| **Countries of operation** | 1 (UK) | 3 (UK, CH, PL) | 4 (UK, DK, CH, PL)) | |
| **Members** (number) | 1.1m[2] | 0.6m | 1.7m | |
| **Gyms** (number) | 263[2] | 241 | 504 | |
| **Revenue** | £255m | £193m | £447m | |
| **Revenue by geography** | UK 100% | DK 83% PL 3% CH 14% | UK 58% CH 6% DK 35% PL 1% | **>40%** of revenue outside the UK |
| **Run-rate adjusted EBITDA** | £105m | £52m | £161m (inc RR synergies) | |
| **Run-rate adjusted EBITDA by geography** | UK 100% | DK 83% PL 1% CH 15% | UK 67% CH 5% DK 27% PL 1% | **~95%** of EBITDA from markets with #1 positions |
| **Adjusted EBITDA[3] / margin** | £89m / 35% | £43m / 22% | £132m / 29% | |
| **Operating FCF / Conversion[4]** | £78m / 87% | £24m / 55% | £101m / 77% | |

1 Converted using 2019 average DKK/GBP of 0.1173.

2 Members # excludes pre-opening members, includes members at PureGym branded gyms only. Gyms # includes PureGym branded gyms only.

3 Adj. EBITDA defined as profit or loss for a certain period before income tax expense, net finance cost, depreciation of property, plant and equipment, right of use assets, amortisation of intangible fixed assets, impairment of property, plant & equipment, profit/loss on disposal of property, plant and equipment, lease modifications, exceptional administrative expenses, and other extraordinary items, after adding back Pre-Opening Costs and the Cash Rent Adjustment.

4 Op. FCF calculated as adj. EBITDA less maintenance, refurb, and corporate capex and change in NWC, but before expansion capex. Operating cash flow conversion is calculated as operating cash flow divided by adj. EBITDA.

# Clear path to drive stakeholder value from combination

## Margin improvement through application of Group best practice

- Apply world class revenue and yield management techniques
- Optimisation of the Danish estate
- Transfer value adding initiatives across portfolio such as ancillary sales

## Capture benefits of geographic diversification & scale

- We are already seeing the benefits of geographical diversification
- Cost synergies from procurement, eliminating overhead duplicated and harmonising operating models
- Leverage scale in key areas such as IT, digital strategy and online investment

## Accelerate market expansion

- Switzerland and Poland currently underserved markets providing further growth opportunity



# Global "Premier League" of budget gym operators emerging

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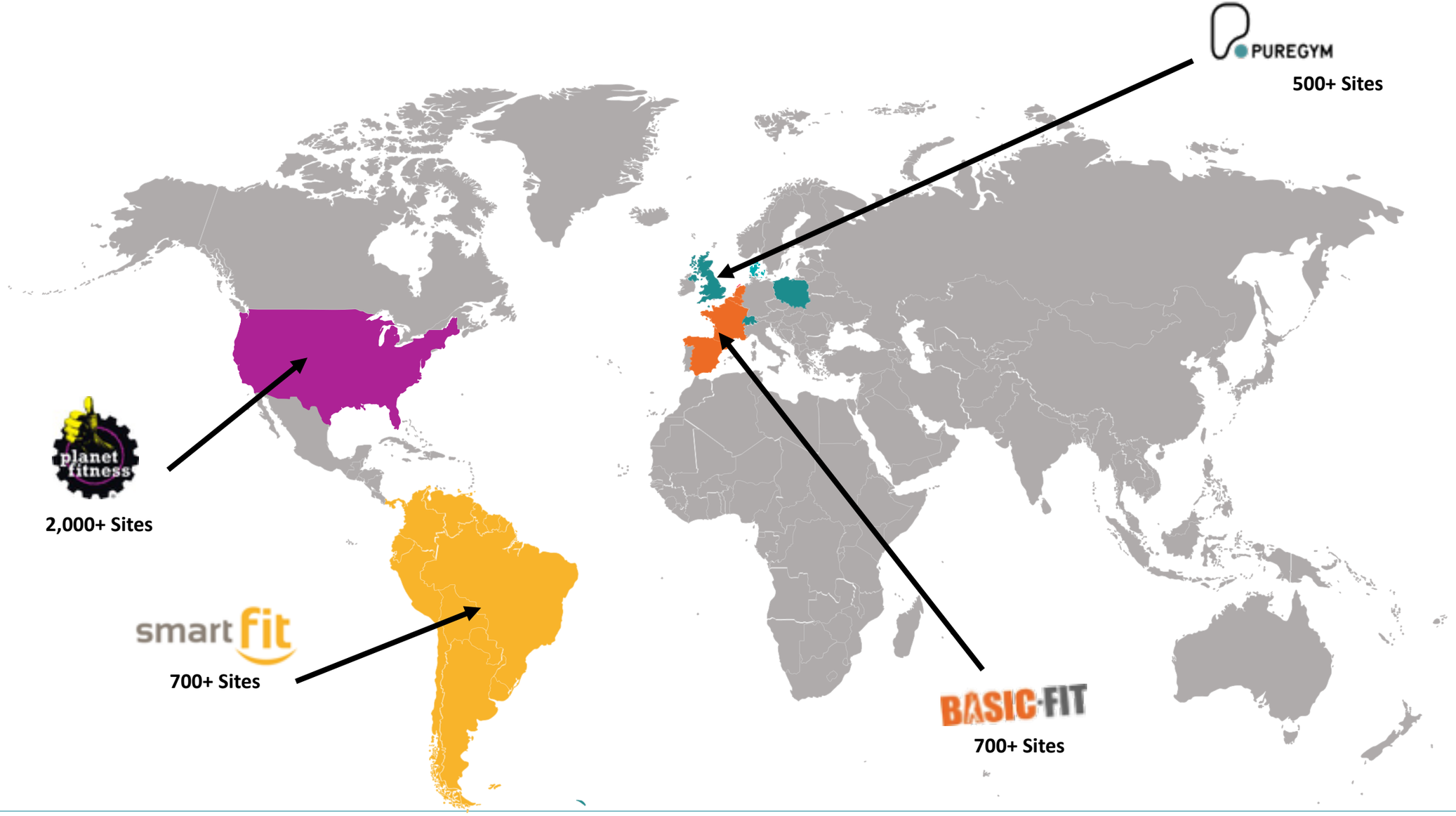





# Group Financial Position

## Combined Group liquidity & pro-forma leverage position

# Group liquidity

## £150m available liquidity as at 20 April 2020:

- £155m cash on the balance sheet, includes:
  - Benefit of £14m Fitness World revenue generating initiatives during closure period
  - £85m fully drawn Revolving Credit Facility
- £10m overdraft facility available
- Less £15m capital expenditure already incurred

## Actions taken to preserve available liquidity:

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

## Equates to 33 weeks of current burn rate



# Pro-forma Combined Group leverage position at Dec'19

## 4.6x Pro-Forma Group Leverage Position

- Fitness World transaction funded by €445m bridge loan (£381m)
- Pro-Forma Senior Secured Net debt £738m as at 31 December 2019
- Run-Rate Adjusted EBITDA £161m[1], includes £4.5m potential synergies
- Returning to 4.6x leverage, consistent with leverage at original bond issuance (Jan'18)

## No "cliff edge" on bridge loan

- Bridge loan remains in place until January 2021, after which it converts to a term loan[2]

## COVID-19 closure impact

- Weekly cash burn and working capital deferments of c.£25m will increase the Group's net debt position in the second half
- Leverage update will be provided during Q1 2020 results in May

| Pro-forma at 31 Dec 2019 (£m) | £m | Leverage |
|---|---|---|
| Cash | (73) | |
| Senior Secured Notes 6.375% | 430 | |
| EUR Senior Secured Bridge Loan | 381 | |
| **Total Senior Secured Net Debt** | **738** | **4.6x** |
| Non-property leases | 20 | |
| **Total Net Debt** | **758** | **4.7x** |
| 2019 Run-Rate Adjusted EBITDA[1] | 161 | |

1 Includes 2019 PureGym Run-Rate Adjusted EBITDA of £105m and 2019 Fitness World Run-Rate Adjusted EBITDA of £52m (converted at an average rate for 2019 of DKK/GBP 0.1173) and £4.5m of potential synergies.
2 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.

# Key stakeholders have affirmed their support

## Highly supportive and well capitalised equity sponsor

- PureGym majority owners Leonard Green & Partners ("LGP") are experienced fitness investors with a global perspective
- LGP closely involved through weekly updates and are pleased with progress on cash burn and liquidity position
- Highly supportive of management team, the business and its future prospects
- Recognise PureGym's strong leadership position and the ability for the value segment to gain significant market share in recessionary environments
- $15bn of recently raised funds available to support portfolio investments if required

## 'B' rating intact as Credit Rating Agencies account for COVID-19 disruption in April

- Fitch 'B-'
- S&P 'B-'
- Moody's 'B3'

*"The company has sufficient liquidity headroom to weather a lockdown period of at least three to six months, while its low-cost business model should help the company recover and perform well in a recessionary environment."*

Fitch 8 April 2020



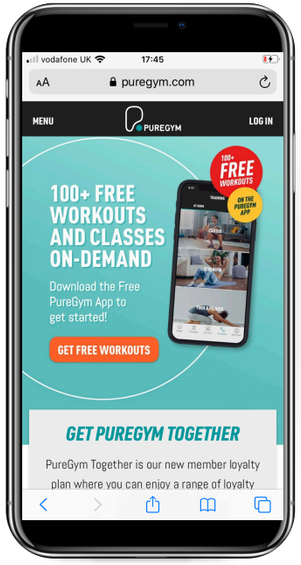

# Outlook

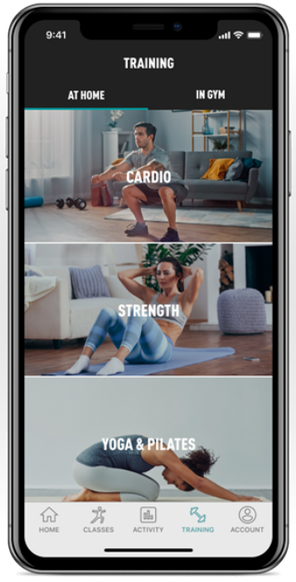
## Looking to the future

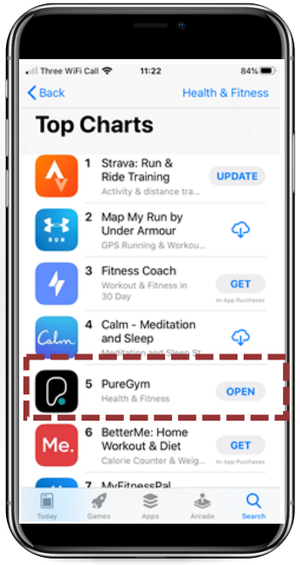
# Focus during closure on member engagement, trust & loyalty

## Free app with over 100 workouts and classes for existing and previous members

- Over 400k active mobile app users since 20th March, who have conducted more than 1m sessions
- During closure still a top 5 ranked Apple Health & Fitness sector app

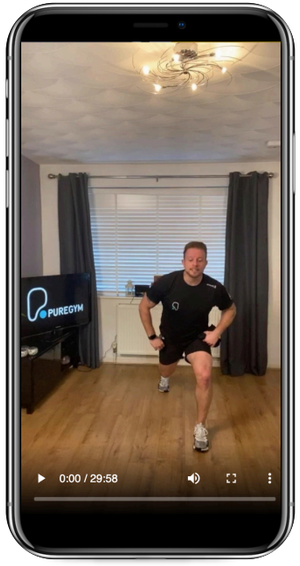


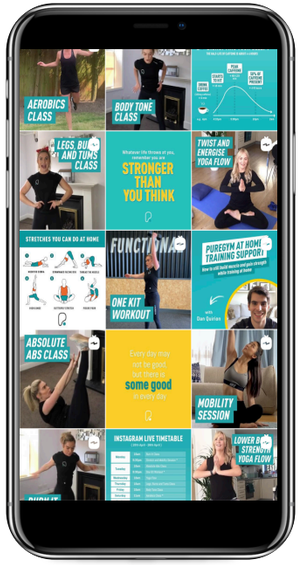



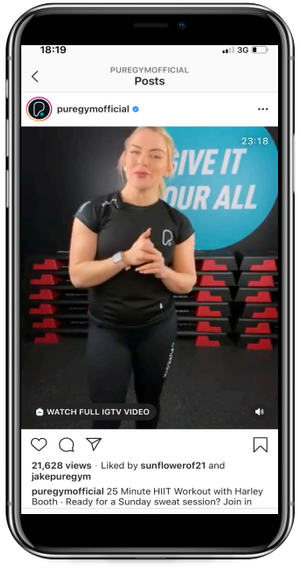




## Exclusive live daily classes, workouts and nutrition and wellbeing content

- Over 1.4 million views of live and on demand classes
- Social following now over 650k, with Instagram growing 20% since lockdown

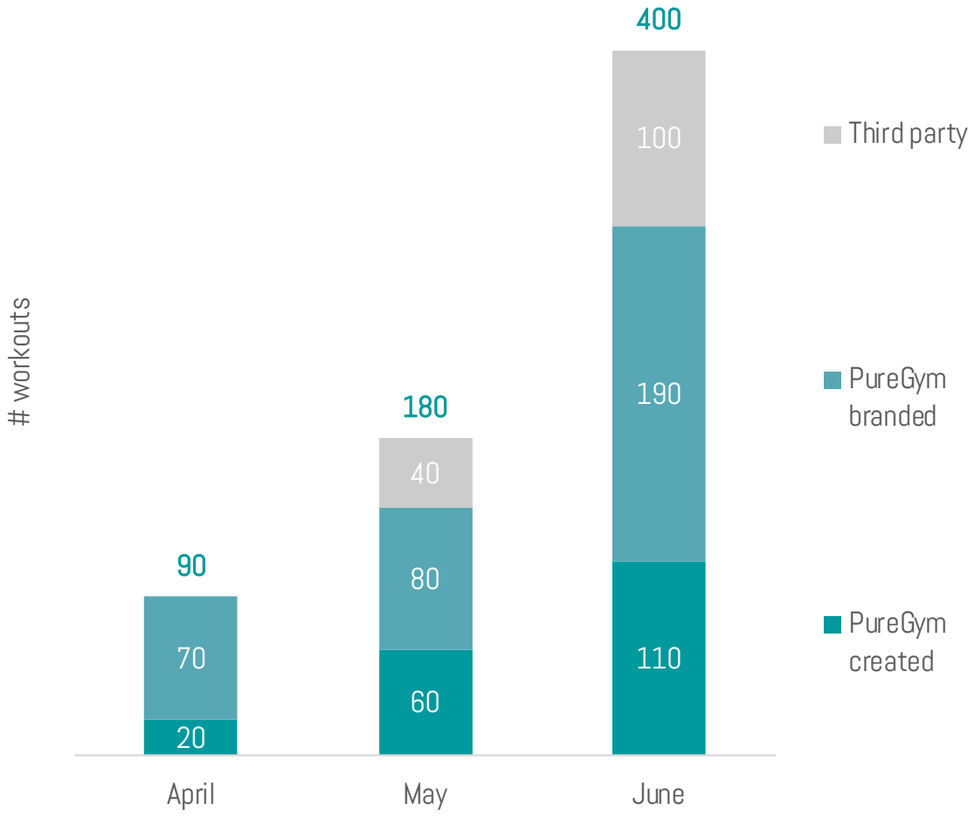


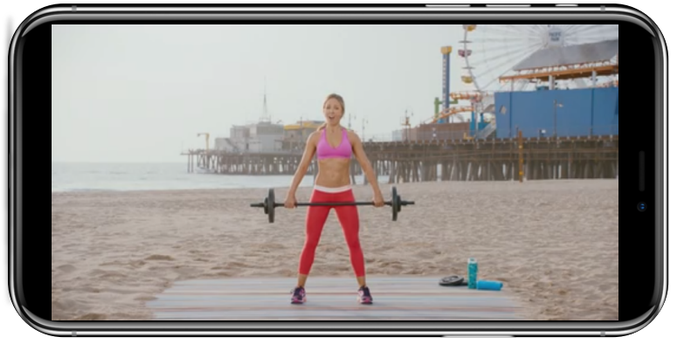



# New normal: ongoing content added to app & ahead of reopen

## Home workout content developed in mobile app









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# Membership base is proving to be reasonably resilient

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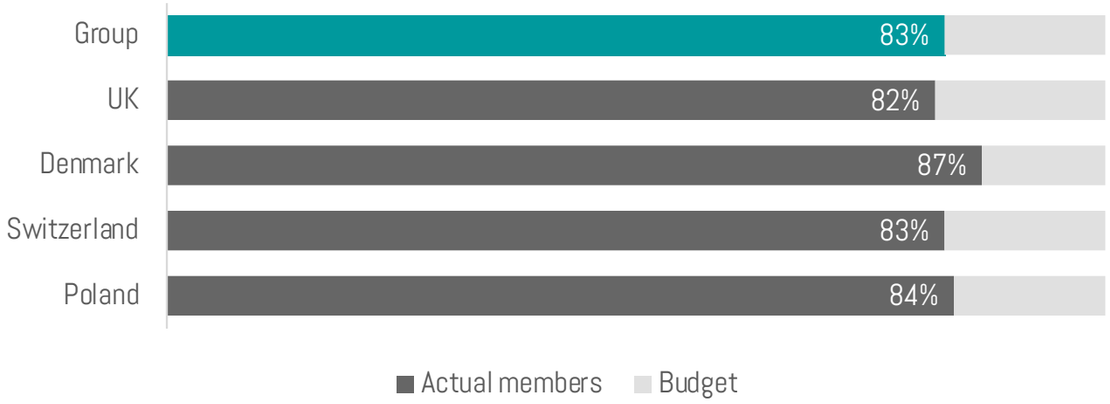
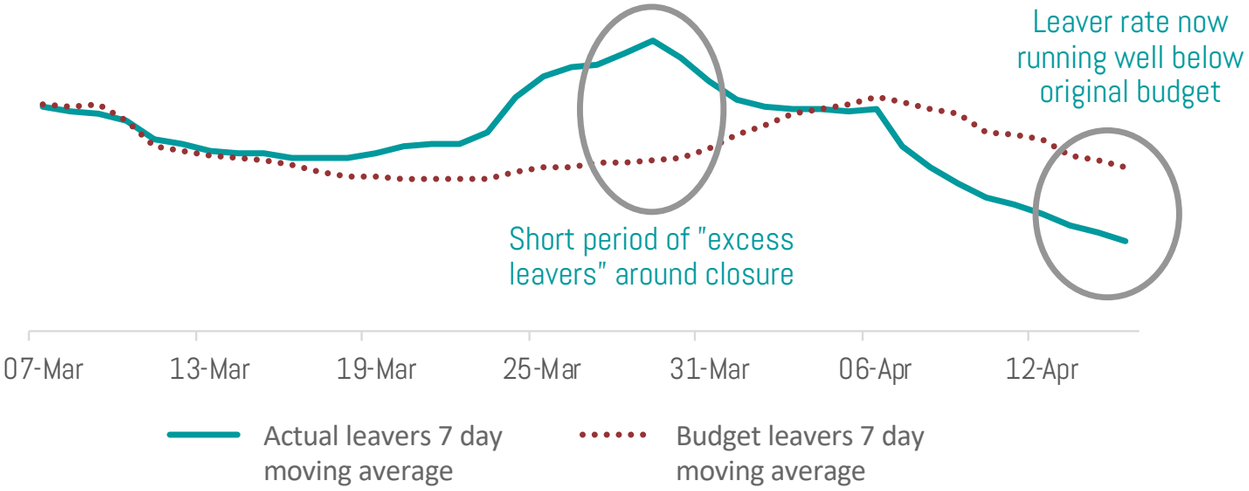
Forecast member base at opening versus original budget




Number of UK leavers vs budget




## Robust member base largely intact at reopening

- 83% of Group member base expected to be intact vs budget around time of reopening - 1.5m members forecast to be in “freeze” mode
- New joiners expected to re-commence, albeit slowly, when business reopens

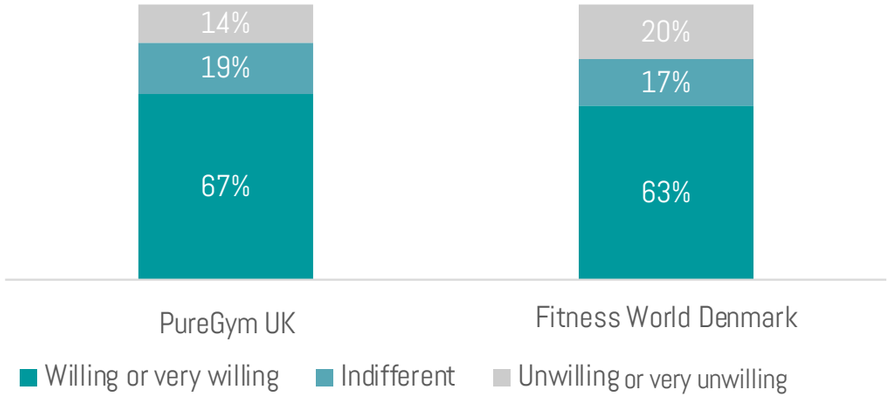
**Note:** Data as at 15 April 2020

# Research suggests willingness to return to the gym

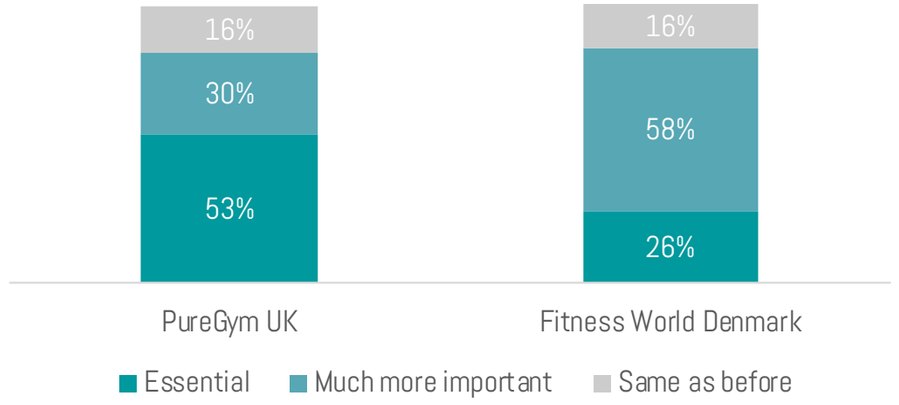
## Current research suggests a healthy willingness to return to the gym and that hygiene will be critical

- Positive indication that members intend to return
  - 67% of members indicate willingness to come back (63% in Denmark) when gyms re-open
  - 61% of recent UK leavers[2] state the intention to re-join when gyms re-open
- However, cleanliness and hygiene will be critical and members want to play their part
  - 83% of members describe cleanliness and hygiene as 'essential' or 'much more important' than before the crisis in the UK (84% in Denmark)
  - 70% intend to change their behaviour in the UK, including wiping down kit and social distancing (76% in Denmark)

### Willingness to come back when gyms reopen[1]




### Importance of cleanliness & hygiene to members[1]




1 Member survey conducted in April 2020, includes responses from 1,616 members in the UK and 399 members in Denmark.
2 Leaver survey conducted in April 2020, includes responses from 651 members in the UK.

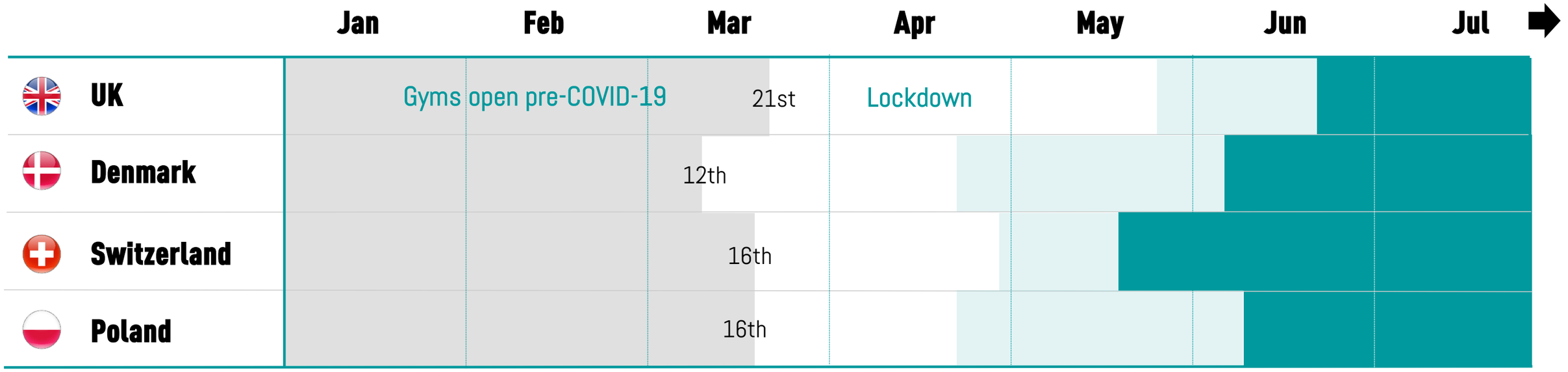
# PureGym takes a leading role in achieving reopening

## PureGym is playing a leading role within the industry to seek Government agreement on reopening protocols and approaches

- Governments typically following WHO guidance (with local "tweaks") on lifting restrictions
- When Governments allow gyms to reopen, certain restrictions likely to be in place for sometime:
  - Limit member numbers in gym, potentially controlled via "slot booking"
  - Social distancing measures (workout space delineation and equipment separation)
  - Restrictions to certain facilities (group exercise and locker rooms)
  - Enhanced cleaning regimes: setting a new standard
  - Clear communication and enforcement of health and safety guidance
- Phased approach to reopening society and businesses is emerging across Europe

# Current view on reopening phase by geography

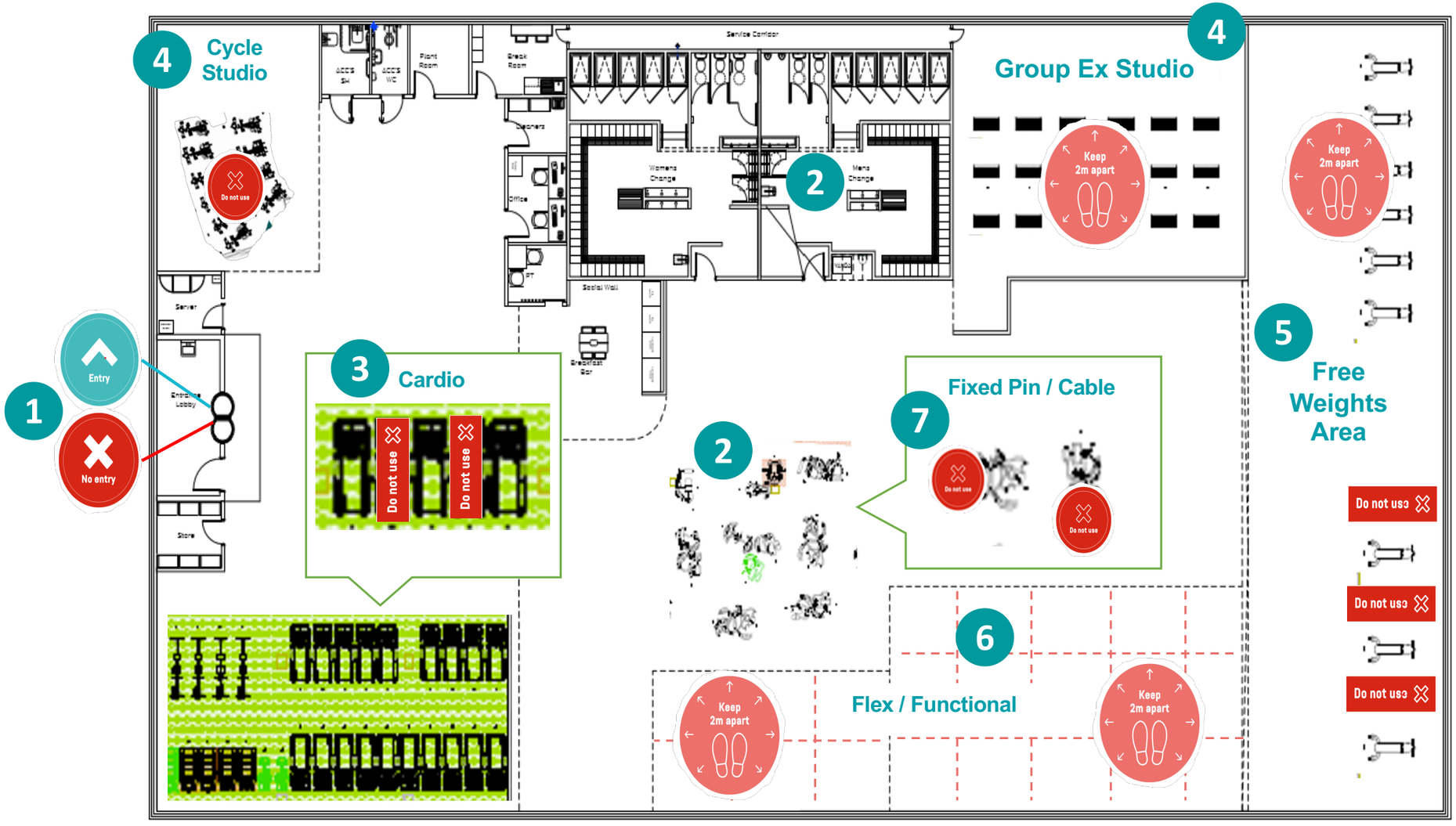
Diversification benefiting the business through staggered commencement of cash inflows




## Management intensely focused on reopening phase:

- Extensive day-to-day plan for two-week recommissioning period
- Operational processes, including capacity control, revised cleaning regimes and direct debit management
- Commercial and marketing plans for reopening progressing well

# Delivering social distancing in a typical PureGym site

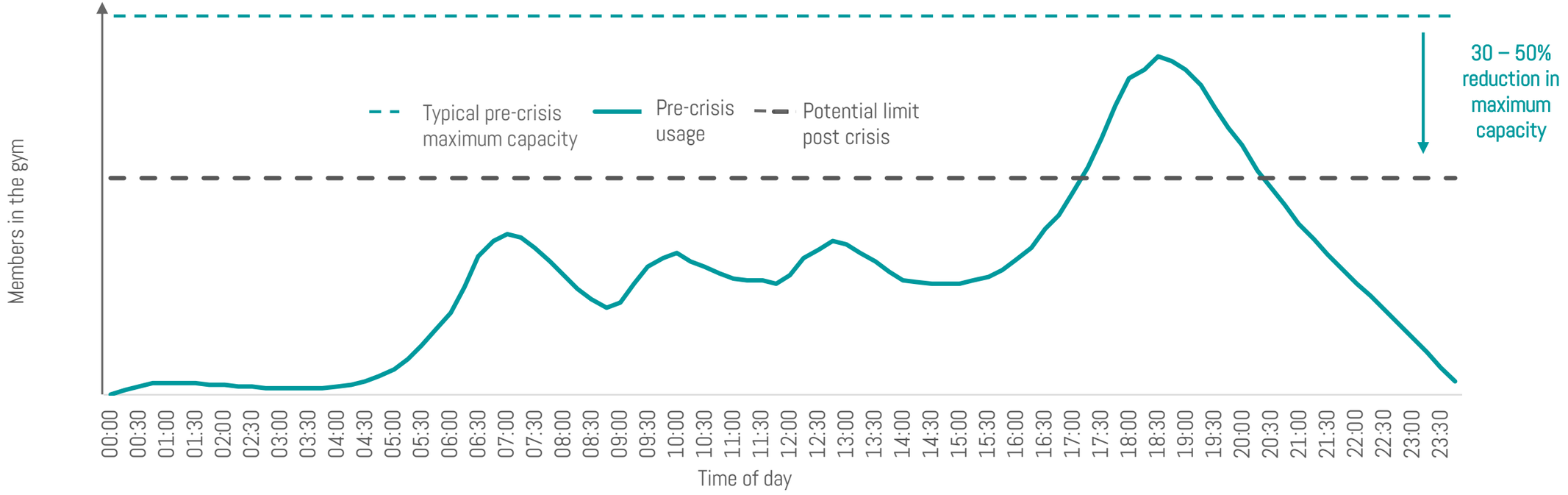



## Controls in place:

1. Controlled POD entry
2. 2 metre rule across the gym floor and locker room
3. Cardio: every other machine out of use to maintain separation
4. Studio's: 50% maximum occupancy in Group Exercise and Cycle
5. Free Weights: some equipment removed from the floor and spaced at 2m intervals
6. Flex and Functional: floor spacers to create 2m stations
7. Fixed Pin and Cable: some equipment out of use to maintain separation

# Clubs have capacity to operate if members adjust behaviour

## Actual usage vs potential limit (average across large box format estate[1])




- There is sufficient capacity to accommodate members although some "flattening of the peak" will be required
- In our recent survey many members suggested they will aim to visit at less busy times

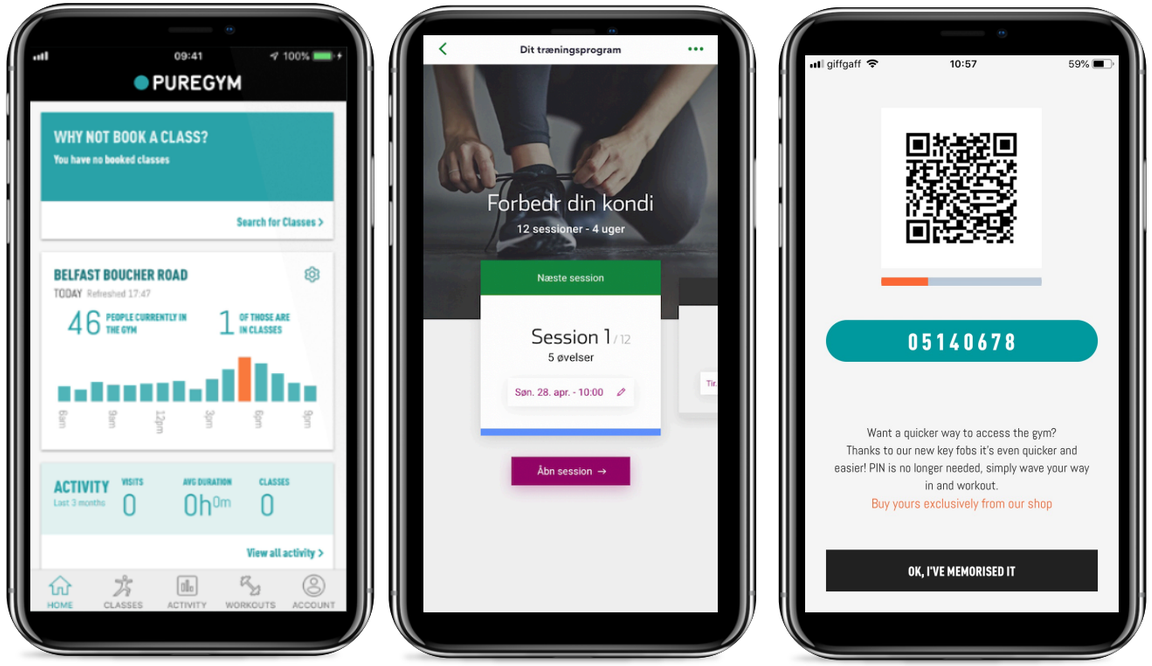
1 Actual member usage on Monday 9th March 2020

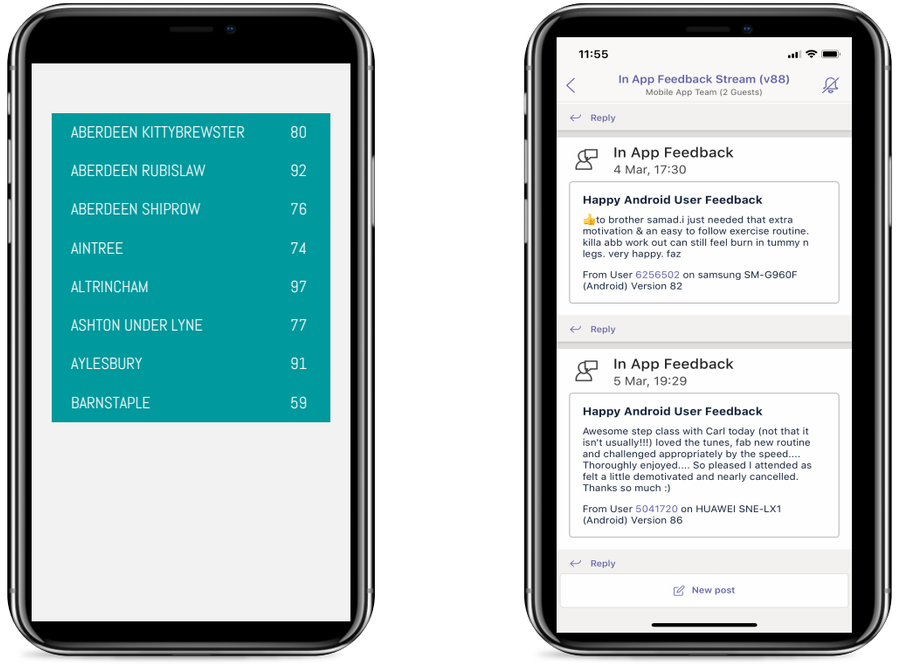
# Using technology platform to help manage restricted access

PUREGYM

Tools and functionality to support members in choosing when to visit gyms, booking slots, gaining access, etc

"Live" feeds of current attendance by gym and member feedback used by staff for monitoring and control



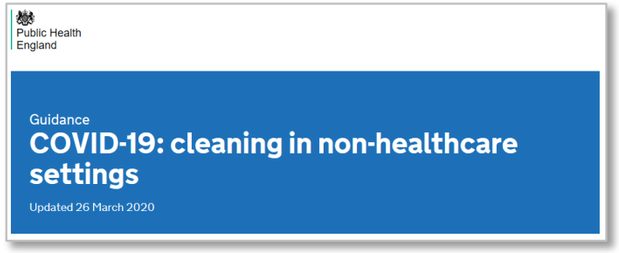
# Sufficient available space to adopt safety measures



# Cleanliness and hygiene will clearly be the #1 priority

## Define & maintain excellent cleaning & hygiene standards

- Benchmarked on NHS non-clinical settings
- 3 hourly cleaning of high touch points - 24/7
- Complemented by overnight deep cleans by external cleaning provider
- Extensive provision of member cleaning stations (anti-viral wipes)
- Full PPE for staff along with temperature checking and health declarations






## Shift member and staff behavior to ensure safety

TrainSafe




- TrainSafe will drive a significant and permanent shift in member behaviour to ensure their safety, as well as that of other members and staff
- It will extend beyond the gym itself with an extensive communication programme backed up with contractual and enforcement changes

# Reinforced and extensive in gym and online communications

## In gym and multi channel communication of "new rules"

*Extensive in gym communications*




*All members and new members will be fully educated on the new standards*

**TrainSafe**

Safety is our No.1 priority and everyone must play their part

1. If you are showing any symptoms of Covid-19, do not visit the gym
2. Check the app to check availability and bring your own towel & water bottle
3. You must follow the TrainSafe rules clearly laid out in the gym all times

## Multi-stage approach to enforcing adherence

### Engage

We will ensure all members are fully aware of the new regimes in place, in advance of visiting the gym:

- Full CRM education programme with video walk throughs for members and staff
- Full visibility throughout the website, social media, and app

### Encourage

- Full in gym messaging in all areas, including video screens
- App notifications will remind and encourage members on visiting the gym
- Members will be encouraged to self-police with a shared-conduct approach; *keeping gyms safe for everyone*

### Enforce

- Terms and conditions will be updated with new Safety & Hygiene procedures
- This will form part of the joining and welcome processes
- Members will be banned if they fail to uphold collective standards

# Conclusions

1. Strong position heading into pandemic following an excellent FY 2019 and start to 2020
2. Reacted quickly as pandemic situation progressed
3. Good progress delivered in mitigating cash burn rate although more to do
4. £150m of available liquidity today with strong shareholder support
5. Management team are dealing with the past but really focused on the reopening phase
6. Expecting revenue from a solid member base to be switched back on, albeit slowly, in June
7. Strategic logic for Fitness World acquisition remains intact for the long-term




# Appendix 1

## PureGym additional information for FY 2019

# Capital expenditure

| £m | 2018 | 2019 |
|---|---|---|
| Expansionary capital expenditure | 32.5 | 50.6 |
| Maintenance and refurb capital expenditure | 11.3 | 16.5 |
| **Total capital expenditure** | **43.8** | **67.1** |

- £50.6m spent on expansionary capex
  - 41 new sites including 11 SBF
  - 263 total gym estate (15 SBFs)
- £16.5m spent on maintenance & refurbishment works across estate
- 21 refurbishments completed YTD



# IFRS 16 Lease Accounting

## Implementation of IFRS 16 1 January 2019[1] .... Operating leases capitalised 'on balance sheet'

- **No economic impact on the group** and no affect on how business run
- **No impact on Adjusted EBITDA** which is reported on a consistent basis[2]
- **No impact on Agency Credit Ratings**
- **Income statement**
  - Rent charge replaced by depreciation of ROU asset and finance charge on unwind of lease liability
  - Overall income statement charge is higher in the earlier portion of a lease and lower in the later compared to previous accounting treatment. As PureGym has a relatively "young" lease portfolio, loss before tax will increase in 2019 as a result of the change
- **Balance sheet as at 1 Jan 2019**
  - ROU asset created of £215.3m, being the discounted future cashflows at inception less depreciation to 31 Dec 2018
  - Present Value of lease payments, net of deferred rent creditor resulted in lease liability of £295.9m on implementation, split between current and non-current
  - Reduction in net assets of £70.7m

### Pinnacle Topco Ltd Consolidated balance sheet

| At 31 Dec 2019, £m | Pre-IFRS 16 | IFRS 16 adjustment | Post-IFRS 16 |
|---|---|---|---|
| Non-Current assets | 744.5 | 247.6 | 992.16 |
| Current assets | 28.2 | (4.3) | 23.9 |
| Cash | 51.6 | - | 51.6 |
| Total assets | 824.3 | 243.3 | 1,067.6 |
| Publicly traded bond debt | (430.0) | - | (430.0) |
| Capitalised finance costs | 7.3 | - | 7.3 |
| Lease liabilities | (2.7) | (334.3) | (337.3) |
| Net deferred tax liability | (10.0) | 7.7 | (2.3) |
| Other current liabilities | (102.0) | 9.9 | (92.1) |
| Total liabilities exc preference shares | (537.4) | (316.7) | (854.1) |
| **Reconciliation to IFRS balance sheet:** | | | |
| Net assets exc preference shares | 286.9 | (73.4) | 213.5 |
| Less preference shares* | (338.0) | - | (338.0) |
| Net liabilities | (51.1) | (73.4) | (124.5) |

1 Modified retrospective application with right of use ('ROU') asset measured using the retrospective method
2 See definitions in Glossary which are updated to reflect differences pre and post IFRS 16 implementation

# PureGym KPIs

| £m | Quarter ended 31 Dec 2019 | Quarter ended 31 Dec 2018[1] | 12 months ended 31 Dec 2019 | 12 months ended 31 Dec 2018[1] |
|---|---|---|---|---|
| Total number of PureGyms | 263 | 222 | 263 | 222 |
| Total number of unconverted, open Soho gyms | - | 6 | - | 6 |
| Total number of gyms | 263 | 228 | 263 | 228 |
| Total number of Mature Gyms | n/a | n/a | 192 | 170 |
| Total number of members ('000s) | 1,135 | 1,012 | 1,135 | 1,012 |
| Average number of members ('000s) | 1,160 | 1,039 | 1,124 | 1,032 |
| Average number of members per gym | 4,602 | 4,789 | 4,710 | 4,994 |
| Average revenue per member per month (£) | 18.84 | 18.56 | 18.90 | 18.45 |
| Reported EBITDA (£ million) | 31.7 | 16.4 | 125.2 | 73.1 |
| Adjusted EBITDA (£ million) | 22.9 | 19.2 | 89.1 | 81.3 |
| Adjusted EBITDA margin | 35.0% | 33.2% | 34.9% | 35.6% |
| Gym Site Adjusted EBITDA (£ million) | 29.0 | 24.6 | 113.0 | 102.7 |
| Gym Site Adjusted EBITDA margin | 44.2% | 42.6% | 44.3% | 45.0% |
| Mature Gym Adjusted EBITDA (£ million) | n/a | n/a | 99.4 | 88.3 |
| Average Mature Gym Adjusted EBITDA (£ million) | n/a | n/a | 518 | 519 |
| Average Mature Gym Adjusted EDITDA Margin (%) | n/a | n/a | 45.5% | 45.9% |
| Average Mature Gym ROCE (%) | n/a | n/a | 43.3% | 43.6% |
| Average Initial Capital Investment for Mature Gyms (£ million) | n/a | n/a | 1,195 | 1,190 |
| Run-Rate Adjusted EBITDA (£ million) | n/a | n/a | 104.5 | 95.0 |
| Operating Cash Flow (£ million) | 23.6 | 28.0 | 77.8 | 82.7 |
| Operating Cash Flow Conversion | 103.1% | 145.7% | 87.4% | 101.8% |
| Pro Forma Net Debt (£ million) | 381.1 | 370.2 | 381.1 | 370.2 |
| Ratio of Pro Forma Net Debt to Group Run-Rate Adjusted EBITDA (LTM) | n/a | n/a | 3.6x | 3.9x |
| Ratio of Run-Rate Adjusted EBITDA to Pro Forma Net Interest Expense | n/a | n/a | 3.7x | 3.7x |

**Note:** IFRS 16 implemented from 1 January 2019. Prior periods continue to report under IAS 17

1 FY2018 financials reflect the result of Pinnacle Bidco plc, restated on a like-for-like basis for the 12 months to 31 December 2018.




# Appendix 2

## Fitness World acquisition and the Combined Group

# Fitness World Group at a glance

- Founded in 2005
- Market leader in Denmark with 45% market share[1]
- Acquired the leading value operator in Switzerland, Basefit.ch, in Oct 2018
- Growing presence in Poland since 2015
- Fitness World operates a similar business model as PureGym in the U.K., characterised by affordable and flexible gym memberships with no fixed term contracts and extended opening hours
  - High customer engagement through strong digital member platform
  - Wide range of membership options catering to different consumer needs
  - Ability to change or freeze membership at any time, increases the likelihood of re-joiners
  - Strong circulation model with c.40% joiners being previous members
  - Very high Value Added Sales (VAS) per visit including own, high margin, nutrition brand, "Functional Nutrition"

**241 Gyms**
Across Denmark, Switzerland and Poland

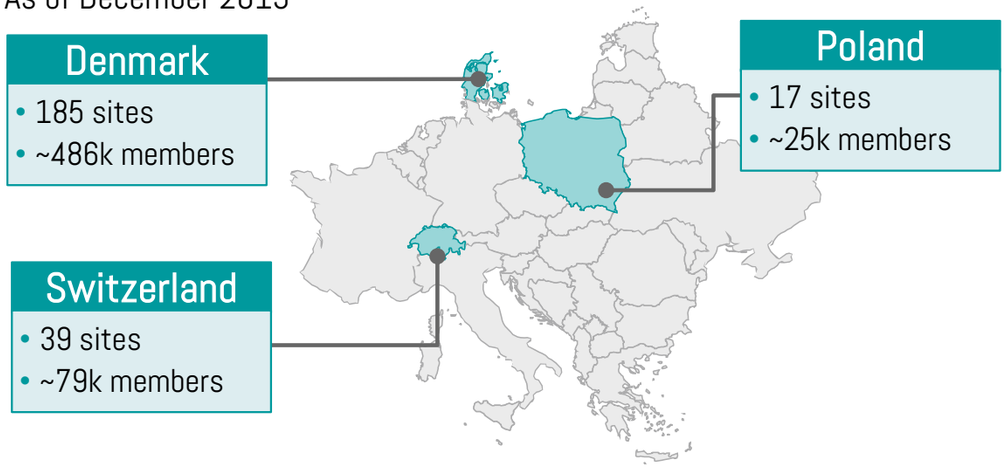
**~589k**
Members

**£193m**[2]
2019A revenue

**£52m**[2]
2019A RR adj.[3]

## Geographic presence

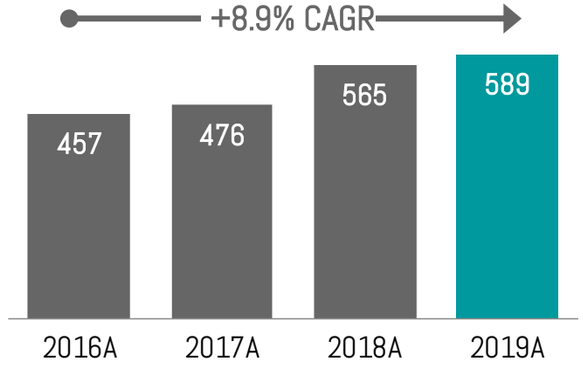
As of December 2019



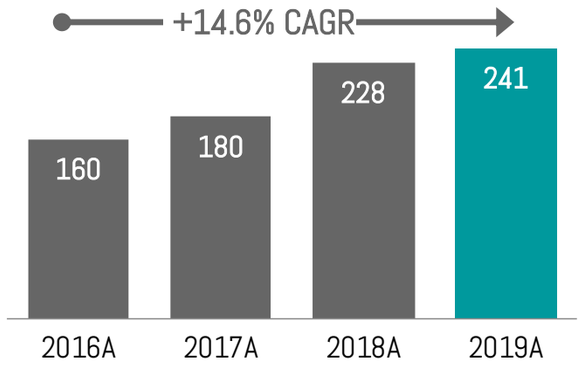

1 Measured by members as of December 2019.
2 Converted using 2019 average DKK/GBP of 0.1173.
3 RR adj EBITDA is the adjusted EBITDA including RR adj.: we define Run Rate Adjustments as the adjustment made to those gyms which are less than three years old at the end of the reporting period. These adjustments 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.

# Fitness World Group by numbers

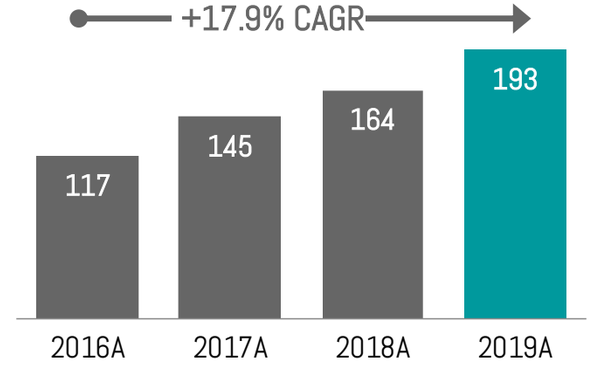
## Members (k)



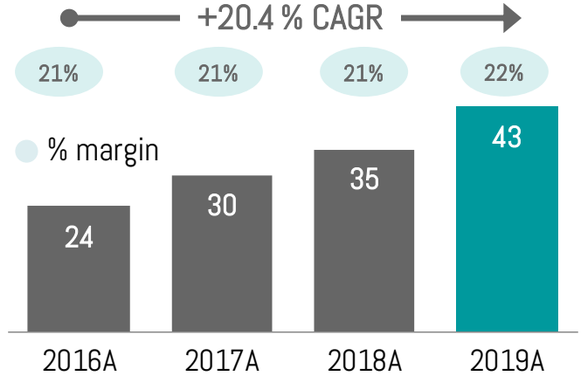

## Gyms (number)



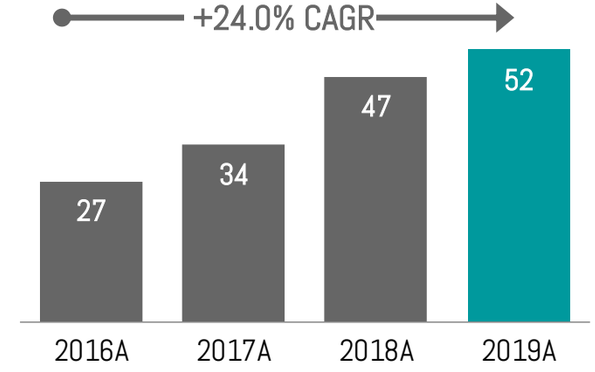

## Revenue (£m)[1]




## Adjusted EBITDA[2] (£m)[1]

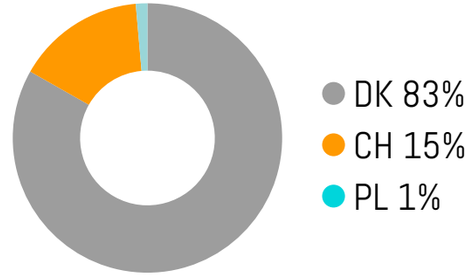



## RR Adjusted EBITDA[3] (£m)[1]




## RR Adjusted EBITDA by geography

(2019A)




1 Converted using 2016, 2017, 2018 and 2019 average DKK/GBP of 0.1063, 0.1170, 0.1201, 0.1173 respectively.

2 Adj. EBITDA is before pre-opening costs and adjusted for non-cash expenses.

3 Calculated as Adj. EBITDA plus immature units (open for less than 36 months) EBITDA at maturity less actual contribution of immature units.

# Denmark operations

## Operations highlights

**~45%** Market share[8]

**185** Gyms

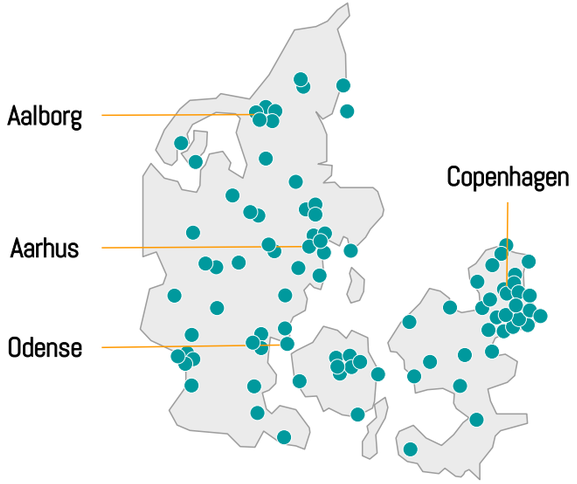
**~486k** Members

**~40%** Member churn

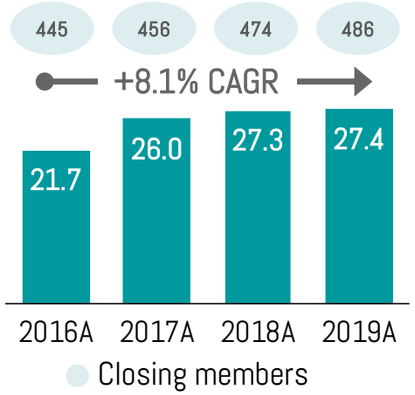
**32.2**[2]
Average membership tenure (months)

**~10%**
Danish population are Fitness World Members[1]

## Geographic presence

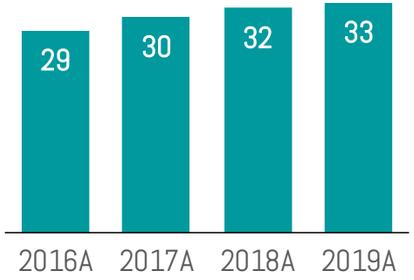



## Member and ARPM Development (£)[4,5]

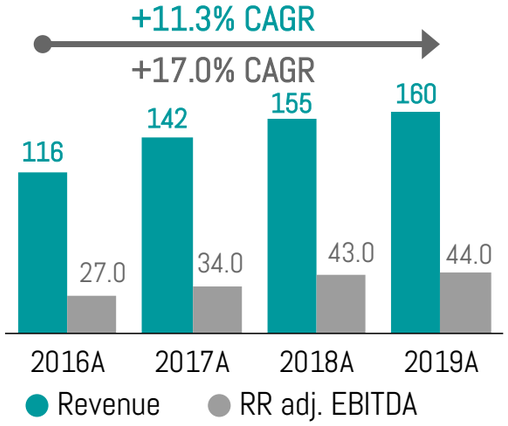



## Growing customer tenure[6]

Continuous subscription months

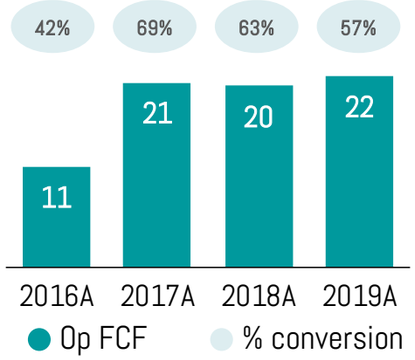



## Key financials (£)[4]




## Strong cash profile (£)

Illustrative Op. FCF[4,7]




**Sources:** December 31st year end. McKinsey. OC&C analysis.

1 ~10% of Danish population > 14 years old are Fitness World members.
2 As of May 2019. Source: McKinsey.
3 High level of re-joiners with ~40% of FY16A and FY17A churners having re-joined as of May-19.
4 Converted using 2016, 2017, 2018 and 2019 average DKK/GBP of 0.1063, 0.1170, 0.1201, 0.1173 respectively.
5 ARPM calculated as revenue divided by closing members, divided by 12.
6 Calculated as length of membership, back to the month of the last subscription start for the full member base at each shown point in time. Source: McKinsey.
7 Op. FCF calculated as adj. EBITDA less maintenance, refurb, and corporate Capex and change in NWC, but before expansion capex. Denmark Capex and change in NWC is calculated as total Capex and change in NWC multiplied by Denmark % share of total revenue.
8 As of March 2019.

# Switzerland and Poland operations

## Switzerland operations highlights

**39** Gyms

**~79k** Members

**Largest**
Swiss Value Operator

**34%** Revenue CAGR
FY16A – FY19A

**27% p.a**
RR adj. EBITDA CAGR
FY16A – FY19A

**35%** Member churn

## Poland operations highlights

**17** Gyms

**~25k** Members

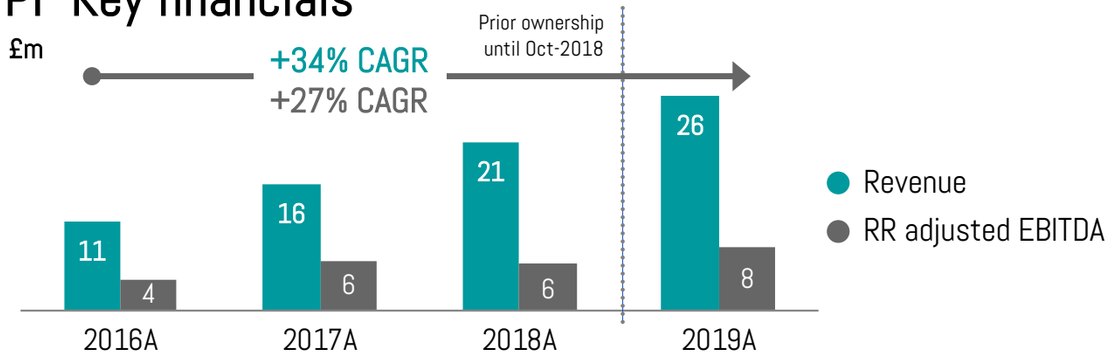
**50%** Revenue CAGR
FY16A – FY19A

**3rd Largest**
Polish Value Operator

**28%** Member CAGR
FY16A – FY19A

**~6% p.a**[1]
Expected growth
in Polish Value Market

## Switzerland (Basefit.ch) operations
## PF Key financials[2]




## Polish fitness market & competitive landscape

- Entered market in 2015 with 3 gyms
- Value segment expected to grow 6% p.a., significantly above industry average
- Growth drivers are the increases in amount of gyms, health consciousness, and disposable income
- Highly fragmented market overall
  - Top 19 branded players constitute only 14% of total gym market[3]

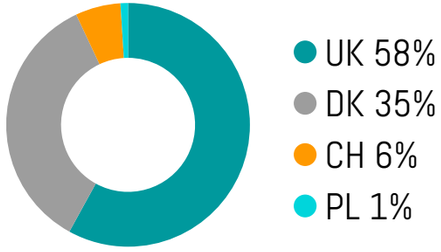
1 2019 to 2023E Polish value health and fitness market CAGR in revenue terms. Source: OC&C.
2 Converted using 2016, 2017, 2018 and 2019 average DKK/GBP of 0.1063, 0.1170, 0.1201, 0.1173 respectively. PF financials, Basefit.ch is under prior ownership for 2016-2018.
3 Source: Mckinsey.

# Combined Group: A healthy degree of diversification

## PureGym group

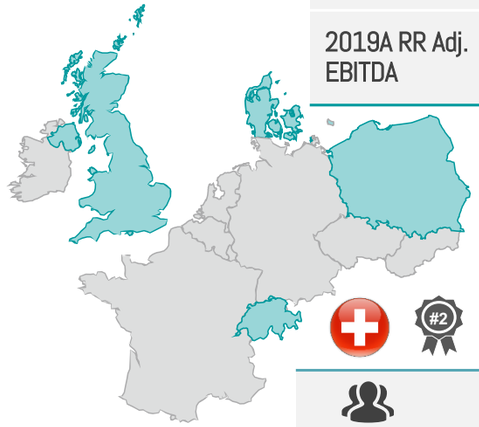
| | |
|---|---|
| | 1.7m |
| | 504 |
| Market Size[1] | €6.9bn |
| Population[2] | 119m |
| 2019A Revenue | £447m |
| 2019A RR Adj. EBITDA | £161m[3] |

## PureGym group revenue by geography
(2019A)




**>40%** of revenue outside the UK

| PUREGYM | |
|---|---|
| | 1,135k |
| | 263[5] |
| Market Size[1] | €4.8bn |
| Population[2] | 66m |
| 2019A Revenue | £255m |
| 2019A RR Adj. EBITDA | £105m |



| FITNESS WORLD | |
|---|---|
| | 486k |
| | 185 |
| Market Size[1] | €0.4bn |
| Population[2] | 5.8m |
| 2019A Revenue | £160m |
| 2019A RR Adj. EBITDA | £44m |

| FITNESS WORLD | |
|---|---|
| | 79k |
| | 39 |
| Market Size[1] | €0.8bn |
| Population[2] | 8.5m |
| 2019A Revenue | £27m |
| 2019A RR Adj. EBITDA | £8m |

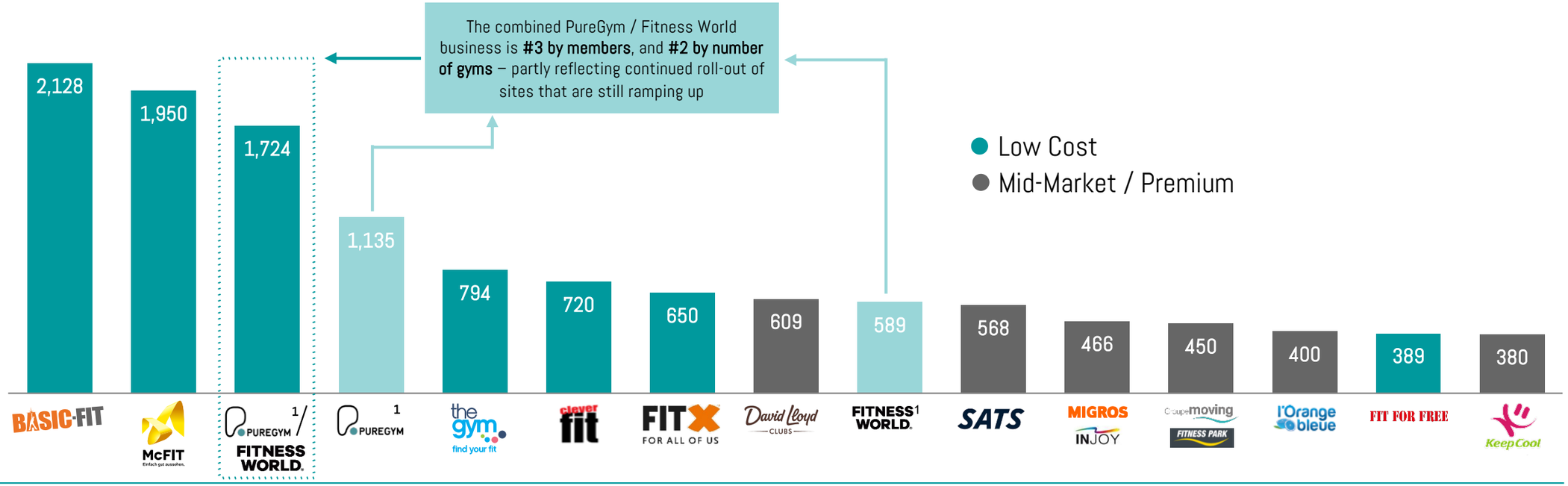
| FITNESS WORLD | |
|---|---|
| | 25k |
| | 17 |
| Market Size[1] | €0.9bn |
| Population[2] | 38m |
| 2019A Revenue | £6m |
| 2019A RR Adj. EBITDA | £1m |

**Source:** OC&C analysis.

1 2018A total health and fitness market size.
2 Population as of 2018A .
3 Including estimated RR synergies of £4.5m.

# Combined Group: A leading player in Europe

## Number of Members




| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **# of EU countries present** | 5 | 7 | 4 | 1 | 1 | 4 | 1 | 8 | 3 | 3 | 5 | 1 | 2 | 2 | 1 |
| **Home country** | | | | | | | | | | | | | | | |
| **Franchise** | No | No | No | No | No | Mainly | No | No | No | No | c. 50/50 | Mainly | Mainly | No | ~50/50 |

**Sources:** European Health & Fitness Market 2019 Report – EuropeActive. 1) PureGym excludes pre-opening members, includes members at PureGym branded gyms only. PureGym, Fitness World and The Gym Group as of Dec-2019, and Basic-Fit as of Q3 2019. Members of other players as per latest estimates included in the 2019 EuropeActive Report.

# Combined Group: Delivering unbeatable value-for-money

| | PUREGYM | Other value operators | Traditional operators | FITNESS WORLD Denmark | Other value operators | Traditional operators |
|---|---|---|---|---|---|---|
| No fixed-term contracts | ✓ | ✓ | Some | ✓ | Some | Some |
| Value-for-money[1] | £21[2] | £25+[2] | £60+ | £21+[3] | £23+ | £29+ |
| Simple, transparent pricing | ✓ | Some | Some | ✓ | Some | Some |
| Online joining / membership management | ✓ | ✓ | Some | ✓ | Some | Some |
| National footprint | ✓ | Some | Some | ✓ | Some | Some |
| 24 / 7 / 365 access | ✓ | Some | Some | Some | Some | Some |
| High quality fit-out | ✓ | ✓ | Mixed | ✓ | Mixed | Mixed |
| Professional, helpful staff | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Extensive class schedule | ✓ | Some | ✓ | ✓ | Some | ✓ |
| Personal training | ✓ | ✓ | ✓ | ✓ | Some | ✓ |
| Broad demographic consumer base | ✓ | Some | Some | ✓ | × | Some |
| Wet facilities (e.g. pool, sauna) | × | Some | Some | × | Some | ✓ |
| Tennis / squash courts | × | × | Some | × | × | Some |
| Receptionist / sales office | × | Some | ✓ | ✓ | ✓ | ✓ |
| Café bar / restaurant offering | × | × | Some | × | × | Some |
| Operating model | Owned and operated | Owned and operated / franchise | Owned and operated / franchise | Owned and operated | Owned and operated / franchise | Owned and operated / franchise |

Differentiated, powerful consumer proposition

No high cost, low utilisation amenities which waste space and drive up cost

1 Converted using 2019 average DKK/GBP of 0.1173.
2 Source: Brand websites. LDC 2019. Average over all sites of monthly peak gym membership fee on the non contract option.
3 Based on Fitness Basic membership which provides access to one club only and no group classes (cheapest membership offered). Offered in selected Danish gyms.

# Combined Group: Pro forma financials

## Set out below are the pro forma financials as if the Group were combined at end 2019

### 1 Total net adjustments, including:

- Cash rent adjustments to normalise EBITDA such that it is comparable between EBITDA reported under IFRS16 in the current period and IAS17 in the prior periods
- Pre-opening costs adjustment related to the total of all gym site operating costs incurred during the pre-opening period, including staff, marketing, and rent expenses
- Share based compensation add-backs, as well as QoE adjustments related to costs found to be one-time in nature

### 2 Run-rate adjustments[1]

- Run-rate EBITDA adjustments references expected incremental EBITDA contribution from gyms which are less than 36 months old
  - Gyms reach maturity circa month 24 and therefore first deliver fully mature annual EBITDA in year 3 (months 25-36)
- EBITDA from gyms that are less than 36 months old is projected to months 25 to 36, from which their current EBITDA contribution is subtracted to arrive at the run-rate adjustments
- Only gyms that are currently open are being accounted for, and no credit is given to gyms that have yet to be opened
- On this basis, adjusting to full maturity as of FY 2019A delivers a further £25.1m of EBITDA in aggregate

## FY2019 Reported EBITDA to Run-rate adjusted EBITDA Bridge (£m)

| | | PureGym | Fitness World[2] | Combined business |
|---|---|---|---|---|
| | **Reported EBITDA (IFRS 16)** | **£125.2** | **£83.8** | **£209.1** |
| 1 | QoE adjustments | - | 0.8 | 0.8 |
| 1 | Pre-opening costs | 3.5 | 0.1 | 3.6 |
| 1 | Share-based payments | 0.3 | - | 0.3 |
| 1 | Adjustment for cash rent | (39.9) | (42.2) | (82.1) |
| | **Adjusted EBITDA** | **£89.1** | **£42.5** | **£131.6** |
| 2 | Run-rate adjustments | 15.4 | 9.6 | 25.1 |
| | **Run-rate Adjusted EBITDA** | **£104.5** | **£52.2** | **£156.7** |
| 3 | Adjustment for synergies | | | 4.5 |
| | **Run-Rate Adjusted EBITDA, incl. synergies** | | | **£161.2** |

### 3 Synergies

- Combination gives opportunity to realise £4.5m of synergies over time, comprising:
  - £1.9m overheads & procurements
  - £0.8m IT cost optimisation
  - £1.8m Estate management optimisation

1 Run-rate adjustment methodology for PureGym is aligned with Offering Memorandum in 2018. The same methodology is applied to Fitness World run-rate adjustments.

2 Fitness World financials converted at an average rate of 0.1173 for the year ended 31 December 2019.

# Combined Group: Track record of consistent cash generation

## Free cash flow[1] generation & conversion

| £ in millions | PUREGYM 2017A | PUREGYM 2018A | PUREGYM 2019A | FITNESS WORLD 2017A | FITNESS WORLD 2018A | FITNESS WORLD 2019A | PUREGYM / FITNESS WORLD 2017A | PUREGYM / FITNESS WORLD 2018A | PUREGYM / FITNESS WORLD 2019A |
|---|---|---|---|---|---|---|---|---|---|
| Adj. EBITDA[1] | 71 | 81 | 89 | 29 | 35 | 43 | 101 | 116 | 132 |
| Maintenance & Refurbishment Capex | (7) | (11) | (15) | (11) | (11) | (17) | (19) | (22) | (32) |
| Changes in Working Capital | | | | | | | | | |
| Inventories | (0) | (0) | (1) | (1) | (0) | (1) | (1) | (0) | (2) |
| Trade and Other Receivables | (3) | (1) | (9) | (1) | (1) | (1) | (4) | (2) | (10) |
| Trade and Other Payables | 6 | 14 | 14 | 4 | (0) | (1) | 10 | 13 | 13 |
| **Total Δ in working capital** | **3** | **13** | **4** | **2** | **(2)** | **(3)** | **5** | **11** | **1** |
| Op. FCF[2] | 67 | 83 | 78 | 20 | 22 | 23 | 87 | 105 | 101 |
| *% Conversion* | *94%* | *102%* | *87%* | *68%* | *63%* | *54%* | *87%* | *90%* | *77%* |

1 **History of industry-leading operating cashflow conversion**

2 **Positive working capital inflows**

***Supports a strong deleveraging profile***

1 Adj. EBITDA is before pre-opening costs and adjusted for non-cash expenses.

2 Op. FCF calculated as adj. EBITDA less maintenance, refurb, and corporate capex and change in NWC, but before expansion capex. Operating cash flow conversion is calculated as operating cash flow divided by adj. EBITDA.

# Transaction funding

## Sources and uses

| Sources | £m | % |
|---|---|---|
| Drawn RCF (£95m available) | - | - |
| EUR Senior Secured Bridging Loan[1] | 381 | 100% |
| **Total** | **381** | **100%** |

| Uses | £m | % |
|---|---|---|
| EV Purchase Price[2] | 345 | 90% |
| Cash to Balance Sheet | 21 | 6% |
| Transaction Costs | 15 | 4% |
| **Total** | **381** | **100%** |

## Pro-forma Capitalisation

| £m | 31 Dec 2019 | x RR Adj. EBITDA[3] | Adjustments | Pro-forma | x Pro-forma RR Adj. EBITDA[4] |
|---|---|---|---|---|---|
| *SSRCF Available* | *60* | *0.6x* | *35* | *95* | *0.6x* |
| Cash | (52) | (0.5x) | (21) | (73) | (0.5x) |
| SSRCF Drawn | - | - | - | - | - |
| Existing Senior Secured Notes | 430 | 4.1x | - | 430 | 2.7x |
| EUR Senior Secured Bridging Loan[1] | - | - | 381 | 381 | 2.4x |
| **Total Senior Secured Net Debt** | **378** | **3.6x** | **360** | **738** | **4.6x** |
| Existing PureGym Non-property Finance Leases | 3 | 0.0x | - | 3 | 0.0x |
| Rollover Fitness World Non-property Finance Leases | - | - | 17 | 17 | 0.1x |
| **Total Net Debt** | **381** | **3.6x** | **377** | **758** | **4.7x** |
| **LTM Dec-19 Run Rate adj. EBITDA** | | **105** | **57** | **161** | |

1 Acquisition funded through a €445m senior secured bridge facility. In general, the key terms of this debt and maximum interest rate are consistent with our existing sterling notes. Should the bridge remain in place on 13 January 2021 then the bridge facility agreement provides for automatic conversion to a term loan, repayable in February 2025.

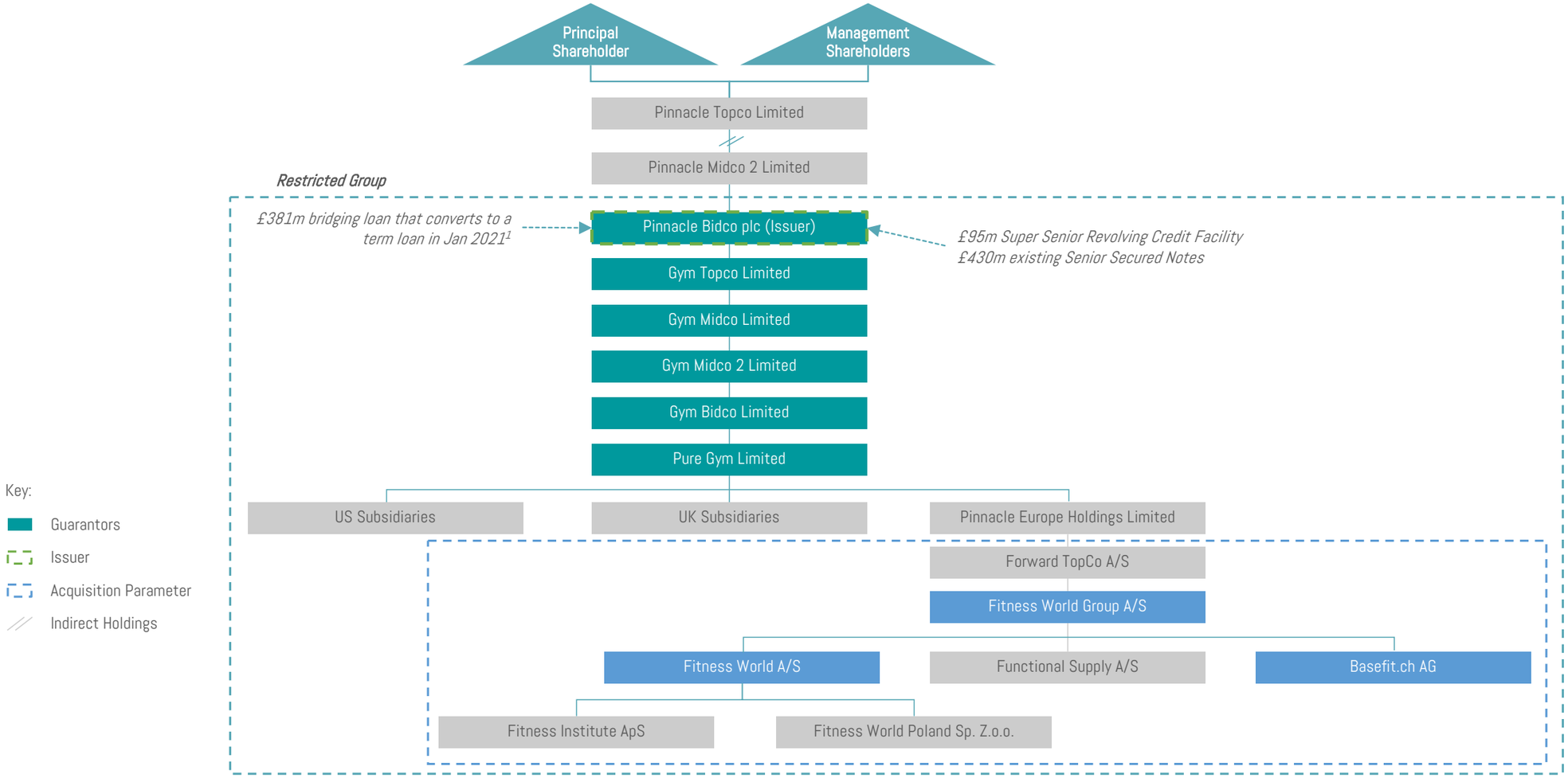
2 Converted using DKK/GBP of 0.1146 as of 14 January 2020. Includes Fitness World net cash balance of £7m as at 14 January 2020 and excludes finance lease liabilities assumed of £17m.

3 LTM Dec-19A PureGym Run-Rate Adj. EBITDA of £105m.

4 LTM Dec-19A Pro-forma Run-Rate Adj. EBITDA of £161m, including £4.5m of synergies.

# Post acquisition Group structure

## Corporate structure at 14 January 2020




1 Acquisition funded through a €445m senior secured bridge facility. In general, the key terms of this debt and maximum interest rate are consistent with our existing sterling notes. Should the bridge remain in place on 13 January 2021 then the bridge facility agreement provides for automatic conversion to a term loan, repayable in February 2025.

# Glossary

| Term | Definition |
|---|---|
| Adjusted EBITDA | The profit or loss for a certain period before income tax expense, net finance cost, depreciation of property, plant and equipment and right of use assets, amortisation of intangible fixed assets, impairment of property, plant and equipment, profit/loss on disposal of property, plant and equipment, profit/loss on lease modifications, exceptional administrative expenses, and other extraordinary items, after adding back Pre-Opening Costs, share based payment charges and the Cash Rent Adjustment. |
| Adjusted EBITDA Margin | Adjusted EBITDA for that period divided by revenue for that period. |
| Average Number of Members | The average of the number of members as at the beginning of the first month and the end of every month in that period. |
| Average Continuous Membership Tenure | The average monthly tenure of all active and paying members, including members who have frozen their membership, as of a given point in time. This includes previous memberships where the gap in membership was 30 days or less but excludes the period(s) of non-membership. |
| Average Initial Capital Investment for Mature Gyms | The Initial Capital Investment for all Mature Gyms for a certain period divided by the number of Mature Gyms in that period. |
| Average Gym ROCE | Gym Site Adjusted EBITDA for the relevant portfolio of gyms for that period divided by the Initial Capital Investment attributable to that portfolio of gyms. |
| Average Mature Gym Adjusted EBITDA | Mature Gym Adjusted EBITDA for a certain period divided by the revenue attributable to Mature Gyms for that period. |
| Average Mature Gym Adjusted EBITDA Margin | Mature Gym Adjusted EBITDA for a certain period divided by the revenue attributable to Mature Gyms for that period. |
| Average Mature Gym ROCE | Mature Gym Adjusted EBITDA for a certain portfolio of gyms for a certain period divided by the Initial Capital Investment attributable to that portfolio of gyms. |
| Average Revenue Per Member Per Month | Revenue for that period divided by the number of months in that period and further divided by the average number of members during that period. The average number of members during that period is calculated as the average of the number of members as of the beginning of the first month and the end of every month in that period. |
| Basefit | Refers to Basefit.ch AG, the brand that Fitness World operates under in Switzerland. |

# Glossary

| Term | Definition |
|---|---|
| Cash Rent Adjustment | From January 1, 2019, as the deduction of the cash rent payable during the period which otherwise was not reflected in EBITDA (as reported on an IFRS16 basis). Pre January 1, 2019, under IAS17, the total rent payable over the life of the lease is spread over the lease term and charged to the income statement on a straight-line basis in arriving at EBITDA. As we typically receive a rent free period of a year or more as an incentive from developers or landlords to lease space in their buildings this results in rent charged to EBITDA being greater than the cash outlay in the early years of the lease term and less than the cash outlay in the later years of the lease term. The Cash Rent Adjustment adds back any non-cash element of the rent expensed in the period during these early years (less any amounts already added back as a Pre-Opening Cost) and deducts any shortfall in rent expense in the later years to reflect the actual cash outlay due for that period under our lease arrangements. Management believes that adjusting EBITDA to reflect cash rent is a better reflection of our actual earnings. |
| Combined Group | Refers to Pure Gym and Fitness World. |
| Combined Group EBITDA | EBITDA of Pure Gym plus EBITDA of Fitness World |
| Combined Group Adjusted EBITDA | Adjusted EBITDA of Pure Gym plus Adjusted EBITDA of Fitness World. |
| Combined Group Adjusted EBITDA Margin | Combined Group Adjusted EBITDA for a certain period divided by the Combined Group Revenue. |
| Combined Group Gym Site Adjusted EBITDA Margin | Gym Site Adjusted EBITDA of Pure Gym plus Gym Site Adjusted EBITDA of Fitness World. |
| Combined Group Revenue | Revenue of Pure Gym plus revenue of Fitness World. |
| Combined Group Run Rate Adjusted EBITDA Margin | Run-Rate Adjusted EBITDA of Pure Gym plus Run-Rate Adjusted EBITDA of Fitness World. |
| Combined Group Operating Cash Flow | Operating Cash Flow of Pure Gym plus Operating Cash Flow of Fitness World. |
| EBITDA | The profit or loss for a certain period before income tax expense, net finance cost, depreciation of property, plant and equipment and right of use assets, amortisation of intangible fixed assets, impairment of property, plant and equipment, profit/loss on disposal of property, plant and equipment, profit/loss on lease modifications and exceptional administrative expenses. |

# Glossary

| Term | Definition |
|---|---|
| Expansionary Capital Expenditure | The Initial Capital Investment and the capital costs of expanding gym sites incurred in that period. |
| Fitness World or Fitness World Group | Rrefers to Forward TopCo A/S and its subsidiaries. |
| Gym Cohorts | Groups of Pure Gym or Fitness World clubs, as applicable, that opened during a specified period. |
| Gym Site Adjusted EBITDA | Adjusted EBITDA for that period, excluding Head Office Costs. |
| Gym Site Adjusted EBITDA Margin | Gym Site Adjusted EBITDA divided by revenue for that period. |
| Head Office Costs | all non-gym specific costs, other than depreciation and amortisation, related to the operation of head office functions in a given period. |
| Initial Capital Investment | The capital cost of bringing a new gym into operation or extending a gym, including expenditures on site fit out, fixtures, fittings and equipment and excluding the cost of any right of use property assets, ongoing maintenance and refurbishment capex. |
| Large Box Format (LBF | Large Box Format (LBF) gyms are gyms that are typically over 12,000 square feet in size. |
| Maintenance and corporate capital expenditures | The total capital expenditure incurred in a period less Expansionary Capital Expenditure incurred in that period. |
| Mature Gym Adjusted EBITDA | Profit for a certain period before income tax expense, net finance cost, depreciation of property, plant and equipment and right of use assets, amortisation of intangible fixed assets, impairment of property, plant and equipment, profit/loss on disposal of property, plant and equipment, profit/loss on lease modifications and exceptional administrative expenses for Mature Gyms, after adding back the Cash Rent Adjustment and Pre-Opening Costs for Mature Gyms and after adding back Head Office Costs. |
| Mature Gym EBITDA | profit for a certain period before income tax expense, net finance cost, depreciation of property, plant and equipment and right of use assets, amortisation of intangible fixed assets, impairment of property, plant and equipment, profit/loss on disposal of property, plant and equipment, profit/loss on lease modifications, exceptional administrative expenses and Head Office Costs for Mature Gyms. Mature Gym EBITDA does not include the Cash Rent Adjustment or adjustments for Pre-Opening Costs or other extraordinary items that were added back to Adjusted EBITDA and Gym Site Adjusted EBITDA. |
| Mature Gym | The gyms that have been open as Pure Gyms for 24 months or more or as Fitness World clubs open as for 24 months or more as of the end of the relevant reporting period. |

# Glossary

| Term | Definition |
|---|---|
| Net Debt | Total indebtedness of the group including finance lease liabilities as reported under IAS17 (excluding property lease liabilities recognised under IFRS 16) less cash and cash equivalents. |
| New Gyms | The gyms that have been open as Pure Gyms for less than 24 months or Fitness World clubs for less than 24 months as of the end of the relevant reporting period. |
| Number of Gyms | The total number of gyms that are open and trading as of the specified date or the end date of the relevant period. |
| Operating Cash Flow | Adjusted EBITDA plus Working Capital Cash Flow and less Maintenance and Corporate Capital Expenditures for that period. |
| Operating Cash Flow Conversion | The Operating Cash Flow for that period divided by Adjusted EBITDA for that period. |
| Pre-Opening Costs | The total of all gym site operating costs incurred during the pre-opening periods of gyms in that period. Pre-Opening Costs primarily consist of staff, marketing and also rent expenses when reporting under IAS17. |
| ROCE | Adjusted EBITDA divided by Initial Capital Investment and refers to return on capital employed. |
| Run-Rate Adjusted | The adjustment made to those gyms which are less than three years old at the end of the reporting period. These adjustments 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. |
| Senior Secured Net Debt | The total senior secured indebtedness of the group (excluding finance lease liabilities as reported under IAS17), less cash and cash equivalents. |
| Small Box Format (SBF) | Small Box Format (SBF) gyms are gyms that are typically 6,000-9,000 square feet in size. |
| Soho Gyms | The trading name of Ovalhouse Limited. |
| Working Capital Cash Flow | Cash movements in working capital less the Cash Rent Adjustment, where this is applicable under IAS17 |

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