

PUREGYM

Investor Presentation

COVID-19 update
Results for the quarter ended 31 March 2020

28 May 2020

Disclaimer

Forward-looking statements

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Introduction & overview

COVID-19 Update

- **Switzerland:** estate fully opened on 11 May and performing in line with expectations
- **UK:** Current government guidelines indicate opening "no earlier than 4 July"
- **Denmark:** Latest guidance indicates mid June to August reopening
- Weekly cash burn maintained below £4.5 million, with £143m of available liquidity
- Ample liquidity to withstand an extended closure period

Q1 2020 Financial Results

- A strong January and February, we entered the crisis from a position of real strength
- COVID-19 closure clearly impacts the results in the last 2 weeks of the period

Outlook

- Cautiously positive member reaction to Switzerland reopening
  - New protocols are working well
- Active discussions with UK and Danish authorities to agree timing and protocols for reopening





COVID-19 Update

Ample liquidity to withstand an extended closure period

Weekly cash burn

Weekly cash burn successfully maintained below £4.5m per week

- Expect to sustain this rate until at least through to the end of June
- Includes c.£3.0m per week of Government mitigation
  - UK salary compensation scheme extended until October (contribution may reduce from 80% to 60% from 1 August)
  - UK tax deferrals in place until June (extension TBC)
  - UK Rates dispensation unchanged (in place until March 2021)
  - All Danish compensation schemes in place until the end of June (guidance on potential extension expected shortly)
- All new site capex remains on hold
- Constructive resolution continues to be pursued with landlords
- Excludes the benefit of supplier payment term extension
  - In general, suppliers have been very supportive

Current Government Mitigation (£m)	UK	DK	Total
Salary schemes	0.5	0.4	0.9
Rates	0.4	-	0.4
Fixed costs	-	1.0	1.0
Tax deferrals (timing benefit only)	0.4	0.3	0.7
Total	**1.3**	**1.7**	**3.0**

Note: Represents average weekly Government mitigation from April to June 2020.

Liquidity

Effective management action continues to preserve liquidity

- £143m available liquidity as at 22 May 2020, comprising:
  - £143m cash on balance sheet (incl. £85m drawn RCF)
  - £10m overdraft facility
  - Less £10m remaining deferred capital commitments
- Deferred creditor payments of £30m to unwind in H2

Financial Covenants

- Expect an increase in leverage ratio during H2, but importantly:
  - Financial covenant tested quarterly only if RCF is >40% drawn
  - We have ample liquidity so RCF will not be >40% drawn and therefore covenant will not be tested
- Longstanding relationship with the RCF lender group who continue to be highly supportive
- Whilst the current dates for UK and Denmark reopening will reduce cash reserves somewhat vs original forecasts, **we had planned for and have ample liquidity for this situation**





Q1 2020 Results

For the quarter ended 31 March 2020

Group results Q1 2020

Revenue and ARPM expectations impacted by COVID-19

1,789k
closing members
+58.6% vs Q1 2019

£96.9m
Q1 revenue
+57.5% Q1 2019

£18.32
ARPM per month
-1.5% vs Q1 2019

Adjusted EBITDA reduced by first weeks of closures

£20.2m
Q1 Adjusted EBITDA
-2.9% vs Q1 2019

£151.2m
LTM Run Rate Adjusted EBITDA[1]
+57.8% vs Q1 2019

Margin diluted by impact of closures

20.8%
Adjusted EBITDA Margin
vs. 33.8% in Q1 2019

34.9%
LTM Run Rate Adjusted EBITDA Margin
vs. 40.8% in Q1 2019

Organic growth and refurbishments paused

+6
New organic gyms in Q1 2020

+8
New organic gyms developed ready for reopening

Financial KPIs inevitably impacted by COVID-19

130%
Operating cashflow conversion
vs 81% at 2019

5.0x
Q1 2020 pro-forma senior secured net leverage
up from 3.6x at Dec 2019

3.1x
Q1 2020 pro-forma interest cover
down from 3.7x at Dec 2019

Note: Q1 2020 represents the results of the Combined Group, including Fitness World from 14 January 2020. Q1 2019 includes the results of PureGym only.
1. Q1 2020 LTM Run Rate Adjusted EBITDA represents the Combined Group on a pro forma basis and includes £4.5m of expected synergies.

Group cash flow Q1 2020

Q1 2020 cash flow impacted by COVID-19 but in line with guidance

- Group Adjusted EBITDA impacted by 2 weeks of closure
- Maintenance and refurbishment capital expenditure relates to projects completed prior to lockdown
- Operating cash flow conversion optimised through swift management action
- £11.2m expansionary capex reflects 6 new organic gyms opened in early 2020 and 8 further developed sites ready for opening post lockdown
- Exceptional items comprise mainly transaction costs incurred on Fitness World acquisition
- Acquisition financing includes €445m SS bridge loan (c.£381m) received in the quarter to finance the acquisition of Fitness World, net of £118m repayment of Fitness World debt
- Net investment in Fitness World represents the cost of investment of £233m, net of £7m cash acquired

For the 3 months ended 31 March (£m)	2019	2020
Group Adjusted EBITDA	**20.8**	**20.2**
Movement in working capital	(3.1)	9.9
Maintenance and refurb capital expenditure	(1.0)	(3.7)
Group operating cash flow	**16.8**	**26.4**
Operating cash flow conversion	*81%*	*130%*
Expansionary capital expenditure	(10.0)	(11.2)
Exceptional items	(0.4)	(6.0)
Tax, interest, and debt issues costs	(13.1)	(25.8)
RCF drawn down	-	85.0
Acquisition finance	-	263.0
Net investment in Fitness World	-	(226.4)
Other	(1.2)	1.1
Net cash flow	**(7.8)**	**106.2**

Group leverage as at March'20

Group leverage position impacted by COVID-19

- **5.0x Senior Secured Net Leverage**
- c.0.3x increase due to 2 weeks of COVID-19 closure
- Pro-forma Run-Rate Adjusted EBITDA £151m[1]

Outlook

- Group leverage position will increase as:
  - Group closure reduces LTM EBITDA
  - Weekly cash burn and payment of deferred creditors increases net debt
- Leonard Green and Partners continue to be highly supportive of management and the business

Pro-forma at 31 March 2020 (£m)	£m	Leverage
Cash	(74)	
Senior Secured Notes 6.375%	430	
EUR Senior Secured Bridge Loan[2]	397	
Total Senior Secured Net Debt	**753**	**5.0x**
Non-property leases	20	
Total Net Debt	**774**	**5.1x**
Q1'20 LTM Run-Rate Adjusted EBITDA[1]	151	

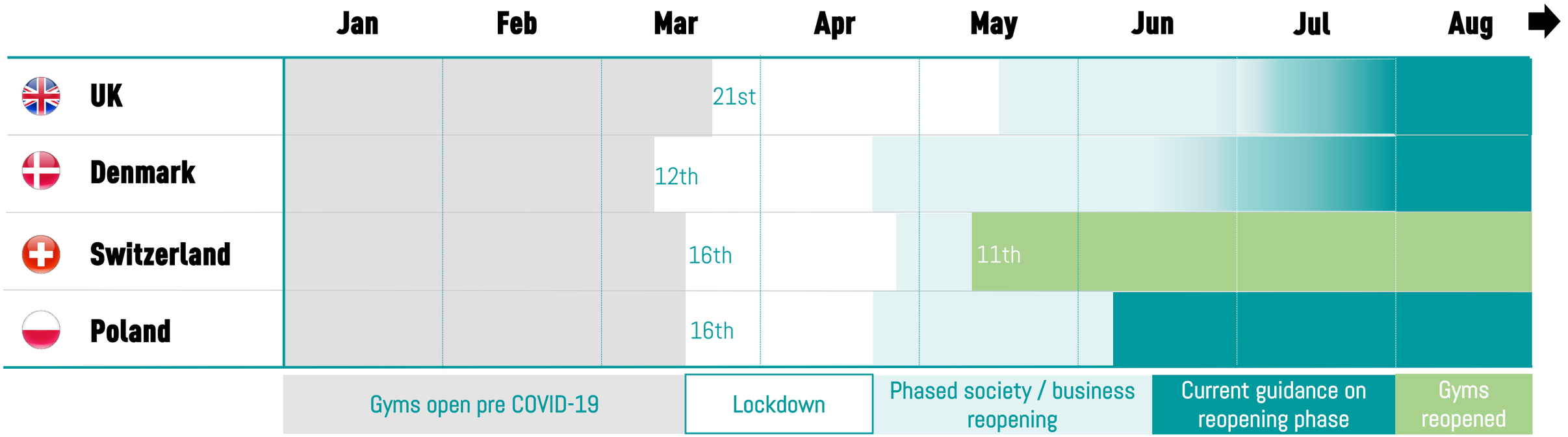
1. Includes Q1 2020 LTM PureGym Run-Rate Adjusted EBITDA of £100m, Q1 2020 LTM Fitness World Run-Rate Adjusted EBITDA of £46m and £4.5m of expected synergies.
2. In the event that the bridge is not refinanced by January 2021, the documentation provides for it to convert into a term loan with maturity 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.



Outlook

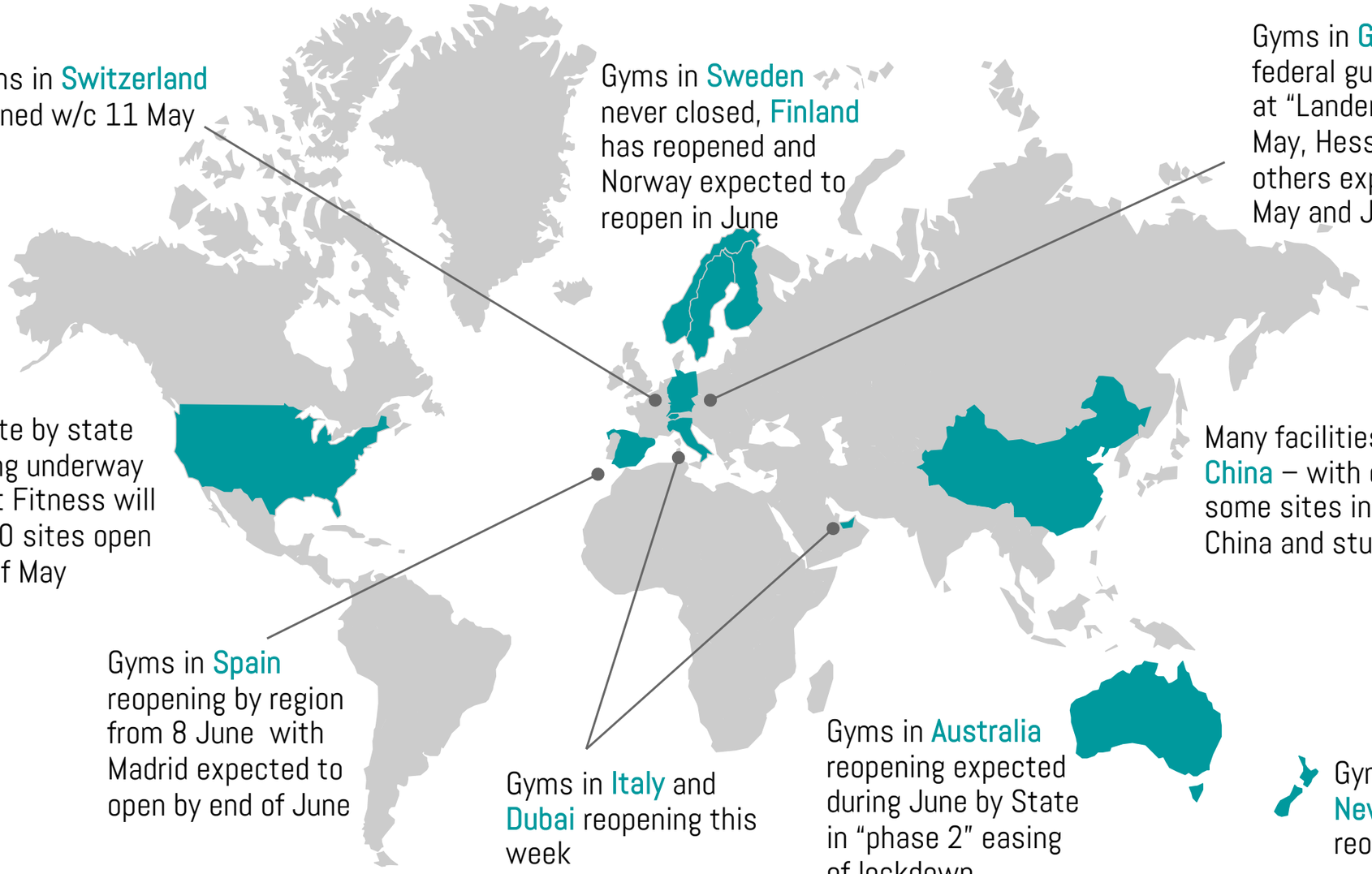
Entering the reopening phase

Current view on reopening phase by geography



- Switzerland gyms reopened on 11 May
- Poland gyms reopening on 6 June
- UK gyms expected to be open as early as 4 July
- Denmark gyms to open between mid June and August

The world of gyms is beginning to reopen



Gyms in Switzerland opened w/c 11 May

Gyms in Sweden never closed, Finland has reopened and Norway expected to reopen in June

Gyms in Germany cleared to open under federal guidelines but decisions taken at "Lander" level – NRW opened w/c 11 May, Hesse opened from 15 May and others expected to reopen gradually in May and June

USA state by state reopening underway – Planet Fitness will have 500 sites open by end of May

Many facilities now open in China – with exception of some sites in Beijing, N China and studios

Gyms in Spain reopening by region from 8 June with Madrid expected to open by end of June

Gyms in Italy and Dubai reopening this week

Gyms in Australia reopening expected during June by State in "phase 2" easing of lockdown

Gyms in New Zealand reopened on 14 May

Note: This photo is by Unknown Author and licensed under CC BY-SA

New standards and protocols are being put in place

PureGym is leading the charge with eight key objectives for these operating protocols:

1. Strive to prevent infected people visiting the gym



2. Prevent people 'carrying' the infection into or around the gym (e.g. on hands)



3. Limit the number of people within a facility to reduce 'density risk' of transmission



4. Reduce the risk of viral transmission through the air



5. Reduce the risk of viral transmission from surfaces



6. Reduce the risk of transmission to vulnerable or high-risk staff and members



7. Be ready and able to react to any "incidents" even before they occur



8. Eliminate the information gap: explain, train and engrain understanding of CV-19 and new protocols



Example: Switzerland "Security Concept"

- Gym capacity restrictions limited to 10m^2 per person
- Minimum separation of 2m between attendees at all times
- Group Exercise limited to 5 participants
- Locker rooms and showers open but social distancing maintained
- Extensive cleaning and sanitation regimes
- Training and information provided

Membership base continues to be reasonably resilient

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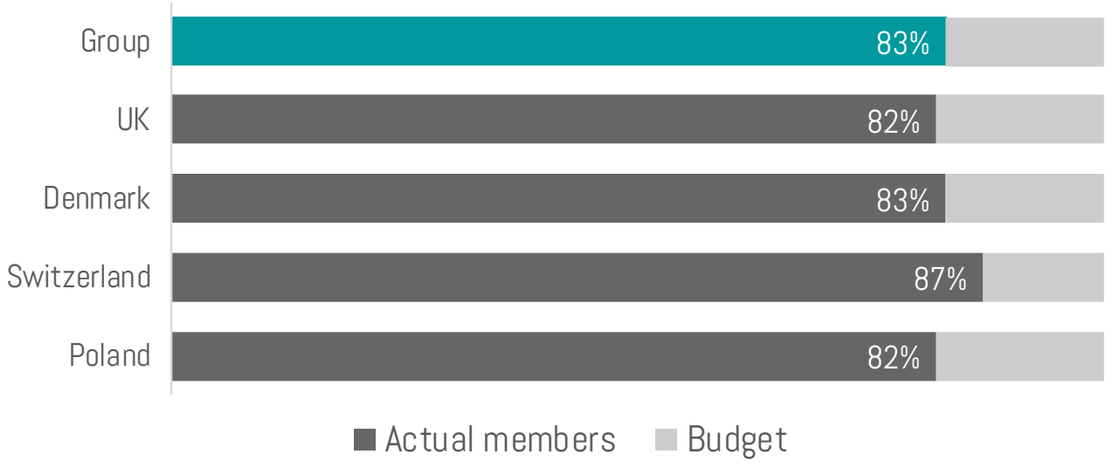
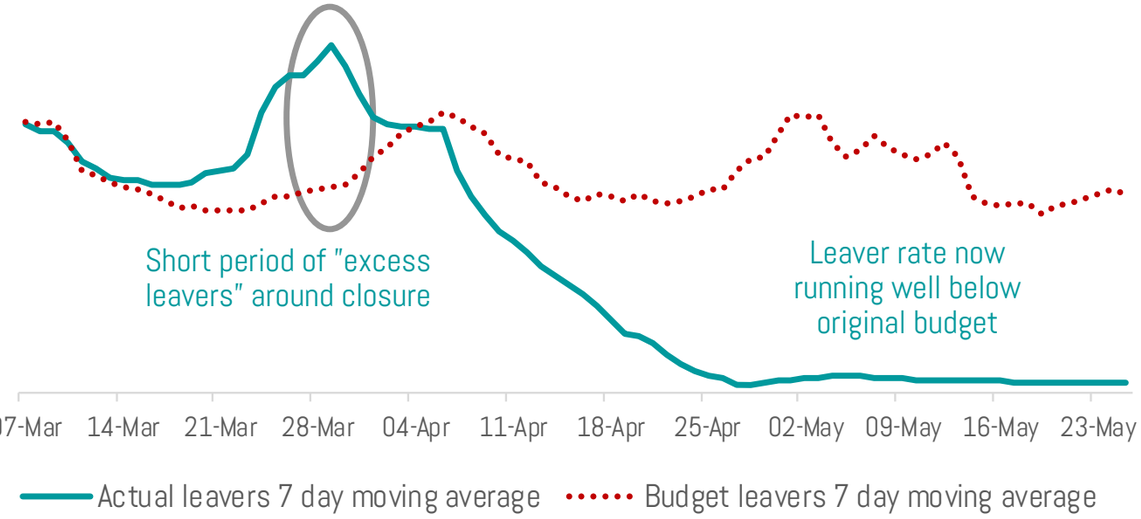
Forecast member base at opening versus original budget



Number of UK leavers vs budget

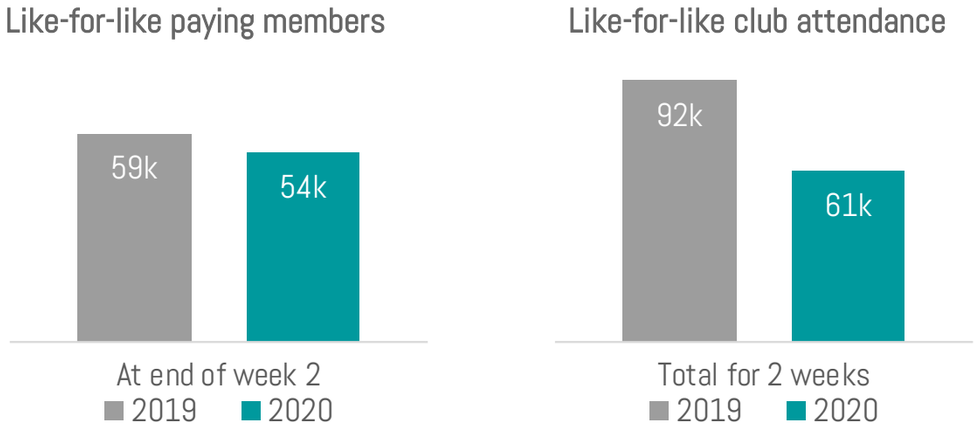


- 1.8m members heading into crisis
- Have retained significant amount of high quality, loyal members
- No significant change in member base since FY results update in April, 85% still retained as at 22 May
- Expect to close the gap as reopening proven successful and lockdown measures start to soften
- Continuing to build app content to engage with membership base

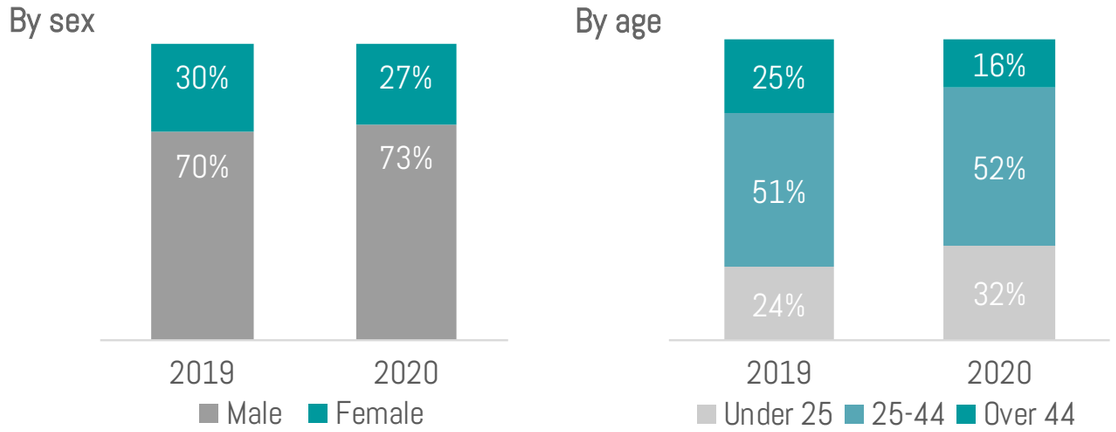
Note: Data as at 25 May 2020

Early indications from Switzerland are promising

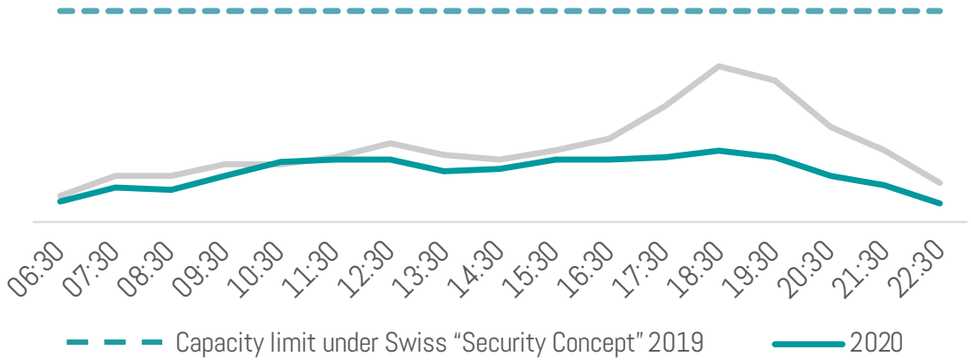
Club attendance 65-70% and paying members >90% of 2019 levels



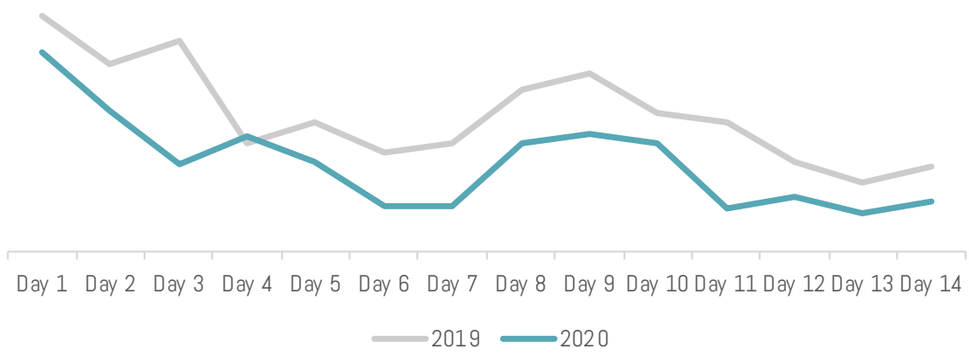
Attendance is somewhat weighted towards men and younger members



Typical evening peak has been largely suppressed[1]



Like-for-like leavers by day indicates a low churn rate

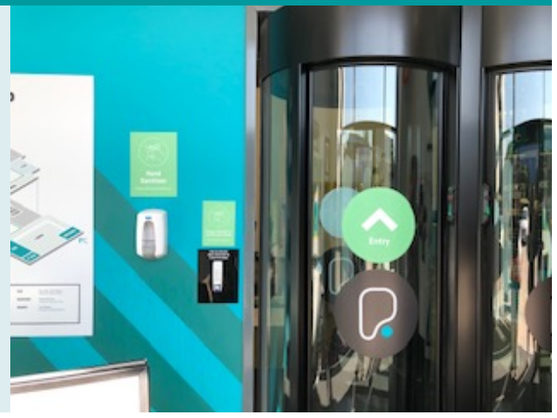


1 Example club: average attendance by hour

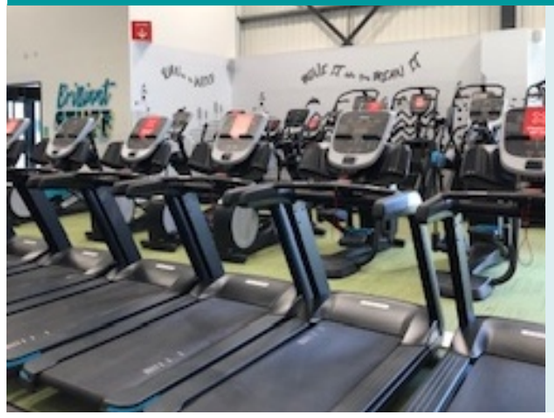
Work is well underway resetting sites in the UK

Entrance and Queueing



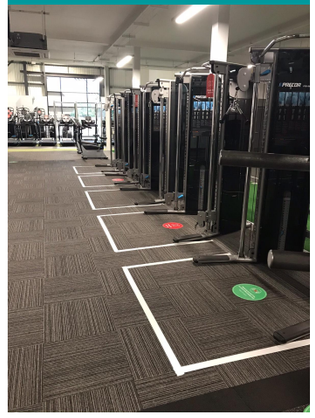


Cardio

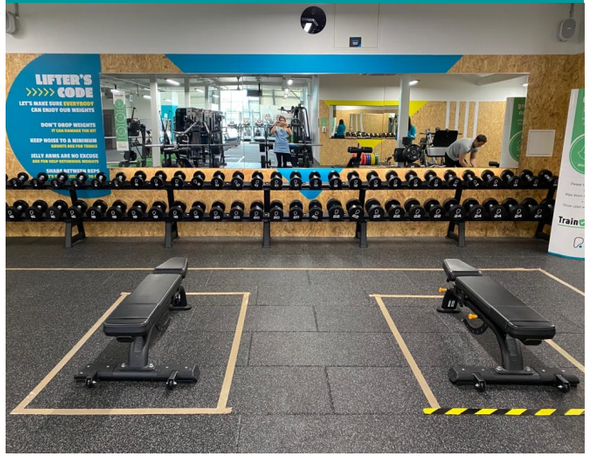




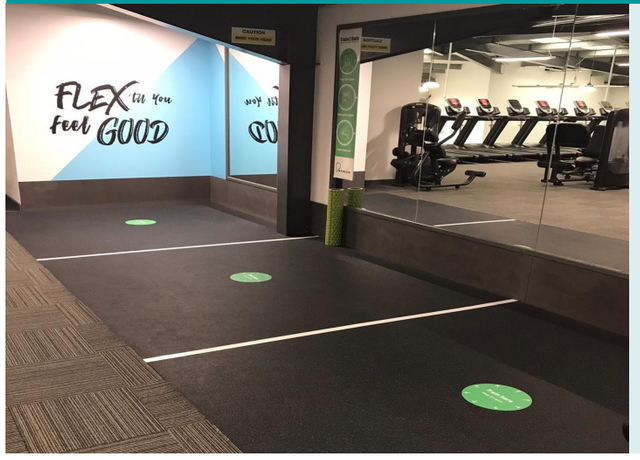
Cable



Free Weights



Flex





Cleaning Stations

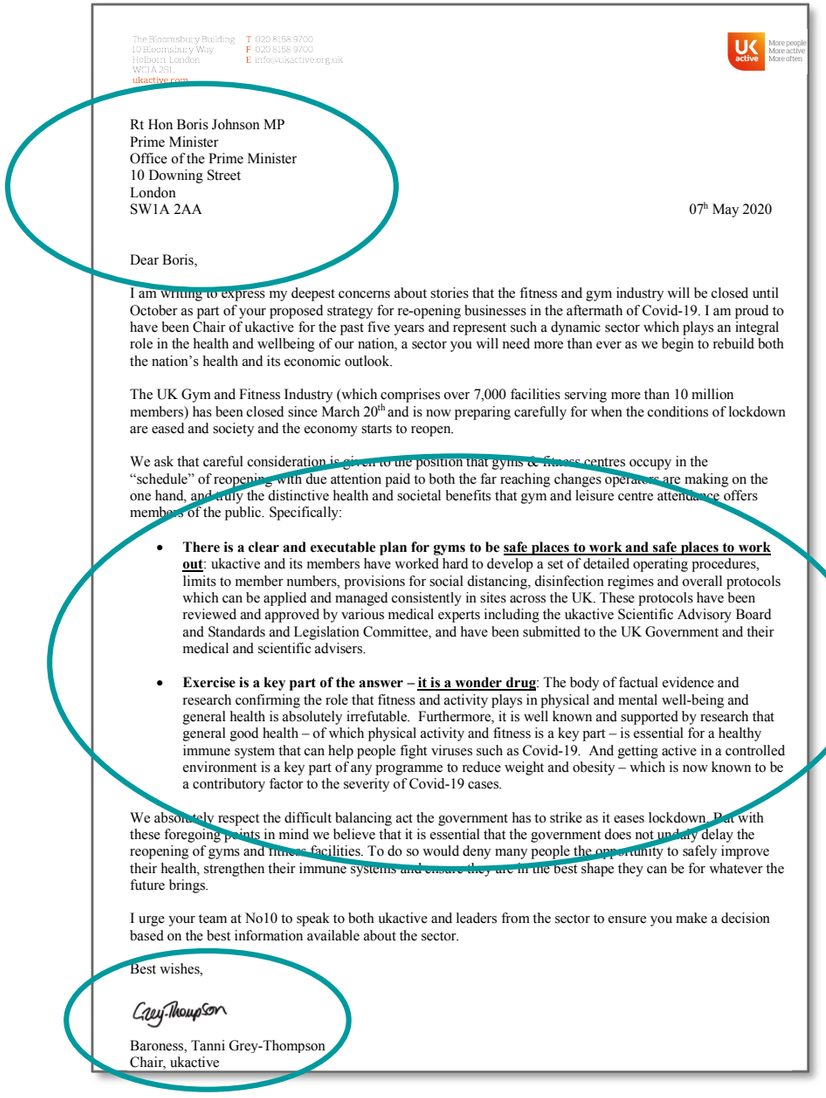




PureGym has been instrumental in shaping the way forward

A clear and executable plan for gyms to be safe places to work and safe places to work out

- Ukactive and its members have worked hard to develop a set of detailed operating procedures which can be applied and managed consistently across UK sites, such as:
  - Limits to member numbers
  - Provisions for social distancing
  - Disinfection and cleaning regimes
- Exercise is a key part of the answer, the factual evidence and research confirming the role that fitness and activity plays in physical and mental well-being and general health is absolutely irrefutable
- Furthermore, it is well known and supported by research that general good health – of which physical activity and fitness is a key part – is essential for a healthy immune system



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Rt Hon Boris Johnson MP
Prime Minister
Office of the Prime Minister
10 Downing Street
London
SW1A 2AA

07th May 2020

Dear Boris,

I am writing to express my deepest concerns about stories that the fitness and gym industry will be closed until October as part of your proposed strategy for re-opening businesses in the aftermath of Covid-19. I am proud to have been Chair of ukactive for the past five years and represent such a dynamic sector which plays an integral role in the health and wellbeing of our nation, a sector you will need more than ever as we begin to rebuild both the nation's health and its economic outlook.

The UK Gym and Fitness Industry (which comprises over 7,000 facilities serving more than 10 million members) has been closed since March 20th and is now preparing carefully for when the conditions of lockdown are eased and society and the economy starts to reopen.

We ask that careful consideration is given to the position that gyms & fitness centres occupy in the "schedule" of reopening with due attention paid to both the far reaching changes operators are making on the one hand, and fully the distinctive health and societal benefits that gym and leisure centre attendance offers members of the public. Specifically:

- **There is a clear and executable plan for gyms to be safe places to work and safe places to work out**: ukactive and its members have worked hard to develop a set of detailed operating procedures, limits to member numbers, provisions for social distancing, disinfection regimes and overall protocols which can be applied and managed consistently in sites across the UK. These protocols have been reviewed and approved by various medical experts including the ukactive Scientific Advisory Board and Standards and Legislation Committee, and have been submitted to the UK Government and their medical and scientific advisers.

- **Exercise is a key part of the answer – it is a wonder drug**: The body of factual evidence and research confirming the role that fitness and activity plays in physical and mental well-being and general health is absolutely irrefutable. Furthermore, it is well known and supported by research that general good health – of which physical activity and fitness is a key part – is essential for a healthy immune system that can help people fight viruses such as Covid-19. And getting active in a controlled environment is a key part of any programme to reduce weight and obesity – which is now known to be a contributory factor to the severity of Covid-19 cases.

We absolutely respect the difficult balancing act the government has to strike as it eases lockdown. But with these foregoing points in mind we believe that it is essential that the government does not unduly delay the reopening of gyms and fitness facilities. To do so would deny many people the opportunity to safely improve their health, strengthen their immune systems and ensure they are in the best shape they can be for whatever the future brings.

I urge your team at No10 to speak to both ukactive and leaders from the sector to ensure you make a decision based on the best information available about the sector.

Best wishes,

Baroness, Tanni Grey-Thompson
Chair, ukactive

Conclusions

1. Headed into pandemic from a position of real strength
2. Good progress delivered in mitigating cash burn rate from start of pandemic
3. Switzerland estate reopened on 11 May, revenues switched back on
4. Lockdown extended in UK and Denmark, giving us further time to prepare and discuss with Governments
5. £143m of available liquidity today to withstand the extended closure period
6. Strong Shareholder support for the management team and business
7. We will be prepared for the re-opening; a safe place to work and a safe place to workout



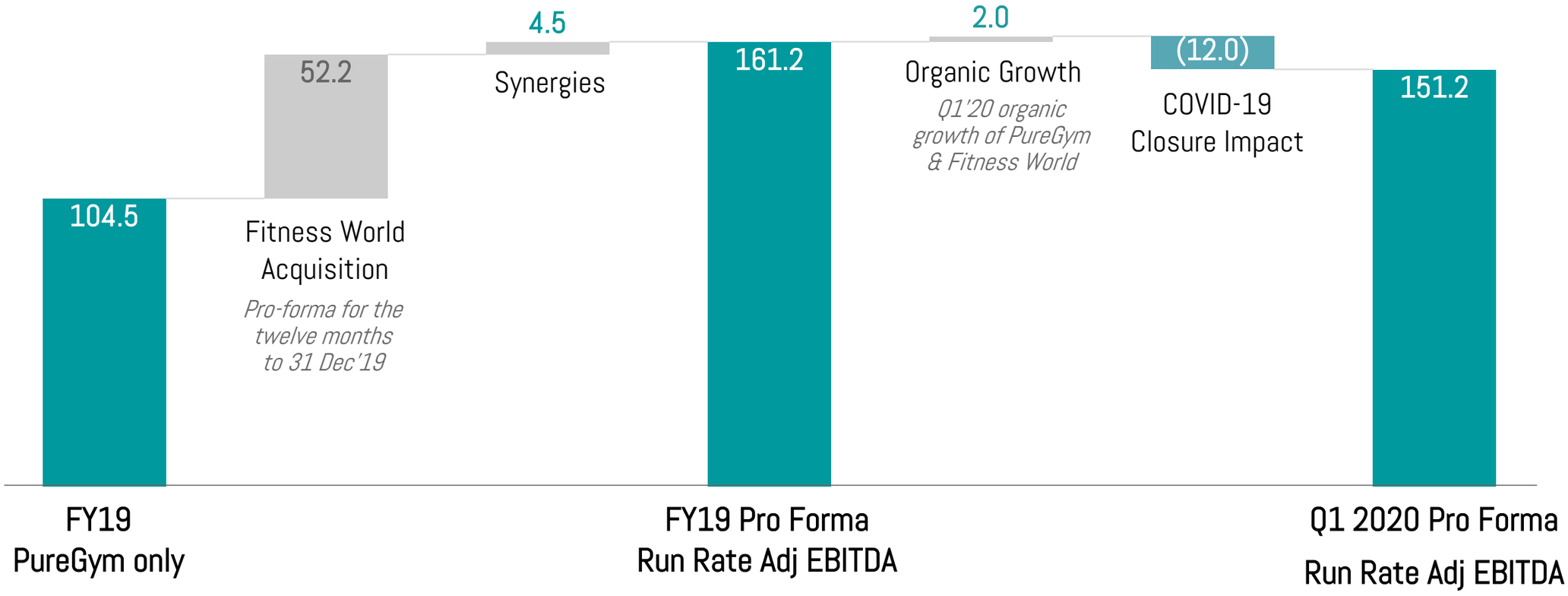
Appendix

COVID-19 status

MARKET	GOVERNMENT INSTRUCTION AND ACTION TAKEN	KEY GOVERNMENT SUPPORT MEASURES
UK 266 gyms 67% Group EBITDA	• All gyms closed by 21 March following Government instruction – Closure and lockdown protocols in place – 1.1m member subscriptions in "free freeze" mode • Anticipated opening: early to mid July	• Job retention scheme (wage support) • Business rates holiday for 12 months • VAT and Tax payment deferrals • Landlord actions restricted to promote "constructive debate" regarding rent
DENMARK 187 gyms 28% Group EBITDA	• Following Government instructions, all gyms closed on 12 March – 480k members in "free freeze" mode • Anticipated opening: mid June to August	• 75-95% compensation support for laid off workers up to certain thresholds • Fixed cost compensation support, subject to DKK110m cap • Loan guarantee support, awaiting further details
SWITZERLAND 39 gyms 5% Group EBITDA	• Gyms closed on 16 March following Government instruction – Over 85% of Basefit's 75k membership is on 12 or 24 month "pay in advance" membership, largely mitigating the impact • **Estate reopened on 11 May**	• 60-80% compensation support for laid off workers • VAT and Tax payment deferrals • Legal support for tenants not paying rent • Government loan scheme up to £0.5m available
POLAND 17 gyms 0% Group EBITDA	• Gyms in Poland closed on 16 March – 27k members in "free freeze" mode • Anticipated opening: early June	• 60% salary support, details currently being prepared • 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.

Q1 2020 Pro Forma Run Rate Adjusted EBITDA bridge



- Q1 2020 LTM Run Rate Adjusted EBITDA £151.2m, includes 2 weeks impact from COVID-19
- FY 2019 LTM Run Rate Adjusted EBITDA £161.2m includes acquisition of Fitness World which completed on 14 January 2020

Combined Group P&L and KPIs

£m	Quarter ended 31 March 2020	Quarter ended 31 March 2019	Last 12 months ended 31 Dec 2019
Total number of PureGyms	266	230	263
Total number of Fitness World Group Gyms	243	-	-
Total number of gyms	509	230	263
Total number of Mature Gyms	n/a	n/a	192
Total number of members ('000s)	1,789	1,127	1,135
Average number of members ('000s)	1,764	1,103	1,124
Average number of members per gym	3,667	4,822	4,710
Average revenue per member per month (£)	18.32	18.60	18.90
Reported EBITDA (£ million)	39.0	29.4	125.2
Adjusted EBITDA (£ million)	20.2	20.8	89.1
Adjusted EBITDA margin	20.8%	33.8%	34.9%
Gym Site Adjusted EBITDA (£ million)	31.8	26.4	113.0
Gym Site Adjusted EBITDA margin	32.8%	42.8%	44.3%
Mature Gym Adjusted EBITDA (£ million)	n/a	n/a	99.4
Average Mature Gym Adjusted EBITDA (£ million)	n/a	n/a	518
Average Mature Gym Adjusted EDITDA Margin (%)	n/a	n/a	45.5%
Average Mature Gym ROCE (%)	n/a	n/a	43.3%
Average Initial Capital Investment for Mature Gyms (£ million)	n/a	n/a	1,195
Run-Rate Adjusted EBITDA (LTM) (£ million)[1]	151.2	95.9	104.5
Operating Cash Flow (£ million)	26.4	16.8	77.8
Operating Cash Flow Conversion	130.4%	80.7%	87.4%
Senior Secured Net Debt (£ million)	753.4	374.5	378.4
Ratio of Senior Secured Net Debt to LTM Run-Rate Adjusted EBITDA[1]	5.0x	3.9x	3.6x
Ratio of LTM Run-Rate Adjusted EBITDA[1] to Pro Forma Net Interest Expense	3.1x	3.7x	3.7x

Note: Q1 2020 represents the results of the Combined Group, including Fitness World from 14 January 2020. Q1 2019 includes the results of PureGym only.
1. Q1 2020 LTM Run Rate Adjusted EBITDA represents the Combined Group on a pro forma basis and includes £4.5m of expected synergies.

Reconciliation from Loss to Adjusted EBITDA and Run-Rate Adjusted EBITDA

£m	Quarter ended 31 March 2020	Quarter ended 31 March 2019	Year ending 31 Dec 2019
Loss for the year/period	(35.7)	(5.6)	(26.9)
Income tax	(1.3)	0.2	3.4
Net finance cost	41.3	21.1	83.4
Depreciation of property, plant and equipment	27.8	12.6	53.7
Amortisation of intangible fixed assets	5.3	0.7	2.9
Impairment of property, plant and equipment	-	-	0.3
(Profit) / loss on disposal of property, plant & equipment	0.1	-	0.4
(Profit) / loss on lease modifications	-	-	(0.4)
Exceptional administrative expenses	1.5	0.4	8.3
Reported EBITDA	39.0	29.4	125.2
Other extraordinary items	0.5	-	-
Share based payment charge	0.1	0.1	0.3
Pre-Opening Costs	0.5	0.9	3.5
Cash Rent Adjustment	(19.8)	(9.5)	(39.9)
Adjusted EBITDA	20.2	20.8	89.1
Head office costs	11.6	5.6	23.9
Site Adjusted EBITDA	31.8	26.4	113.0
LTM Adjusted EBITDA[1]	122.6	82.7	89.1
Run-Rate Adjustment	24.1	13.1	15.4
Synergies	4.5	-	-
LTM Run-Rate Adjusted EBITDA[1]	151.2	95.9	104.5

Note: Q1 2020 represents the results of the Combined Group, including Fitness World from 14 January 2020. Q1 2019 includes the results of PureGym only.
1. Q1 2020 LTM Adjusted EBITDA and LTM Run Rate Adjusted EBITDA represents the Combined Group on a pro forma basis and LTM Run Rate Adjusted EBITDA includes £4.5m of expected synergies.

Segmental performance

Reported basis (£m)	Results for the three months ended 31 March 2019	2020	Change %	Results for the twelve months ended 31 December 2019
PureGym UK	61.6	63.4	+3.1%	254.9
Fitness World	-	33.5	n/a	-
Denmark	-	26.9	n/a	-
Switzerland	-	5.5	n/a	-
Poland	-	1.1	n/a	-
Total Income	**61.6**	**96.9**	**+57.5%**	**254.9**
PureGym UK	20.8	17.9	(13.8)%	89.1
Fitness World	-	2.3	n/a	-
Denmark	-	2.4	n/a	-
Switzerland	-	(0.2)	n/a	-
Poland	-	0.1	n/a	-
Total Adjusted EBITDA	**20.8**	**20.2**	**-2.8%**	**89.1**
PureGym UK	33.8%	28.3%	5.5%	34.9%
Fitness World	-	6.8%	n/a	-
Denmark	-	9.0%	n/a	-
Switzerland	-	n/a	n/a	-
Poland	-	7.2%	n/a	-
Adjusted EBITDA margin	**33.8%**	**20.8%**	**13.0%**	**34.9%**

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 and share based payment charges, and subtracting 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	The deduction of the cash rent payable during the period which otherwise was not reflected in EBITDA (as reported on an IFRS16 basis).
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	Refers 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 other extraordinary items, Pre-Opening Costs for Mature Gyms and Head Office Costs and subtracting the Cash Rent Adjustment for Mature Gyms.
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 and marketing expenses.
Pro Forma Run Rate Adjusted EBITDA	Run Rate Adjusted EBITDA for the twelve months ended on the reporting date, after giving pro forma effect to the recent acquisition of Fitness World as if the acquisition occurred on the first day of the period and including synergies expected to be realised from the combined group.
Pro Forma Net Interest Expense	The net of interest payable/receivable for the twelve months ended on the reporting date after giving pro forma effect to borrowings as at the balance sheet date, as if those borrowings occurred on the first day of the period.
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.

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