

PUREGYM

Equity Injection & Funding Upsize Proposal

Bondholder Consent Solicitation

10th September 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.

Use of non-IFRS financial information

Certain parts of this report contain non-IFRS measures and ratios. We believe that these measures are useful indicators of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. Because all companies do not calculate these measures on a consistent basis, our presentation of these measures may not be comparable to measures under the same or similar names used by other companies. Accordingly, undue reliance should not be placed on these measures in this presentation. In particular, Adjusted EBITDA and Run-Rate Adjusted EBITDA are not measures of our financial performance or liquidity under IFRS and should not be considered as an alternative to (a) net income/(loss) for the period as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under IFRS.

Transaction Summary

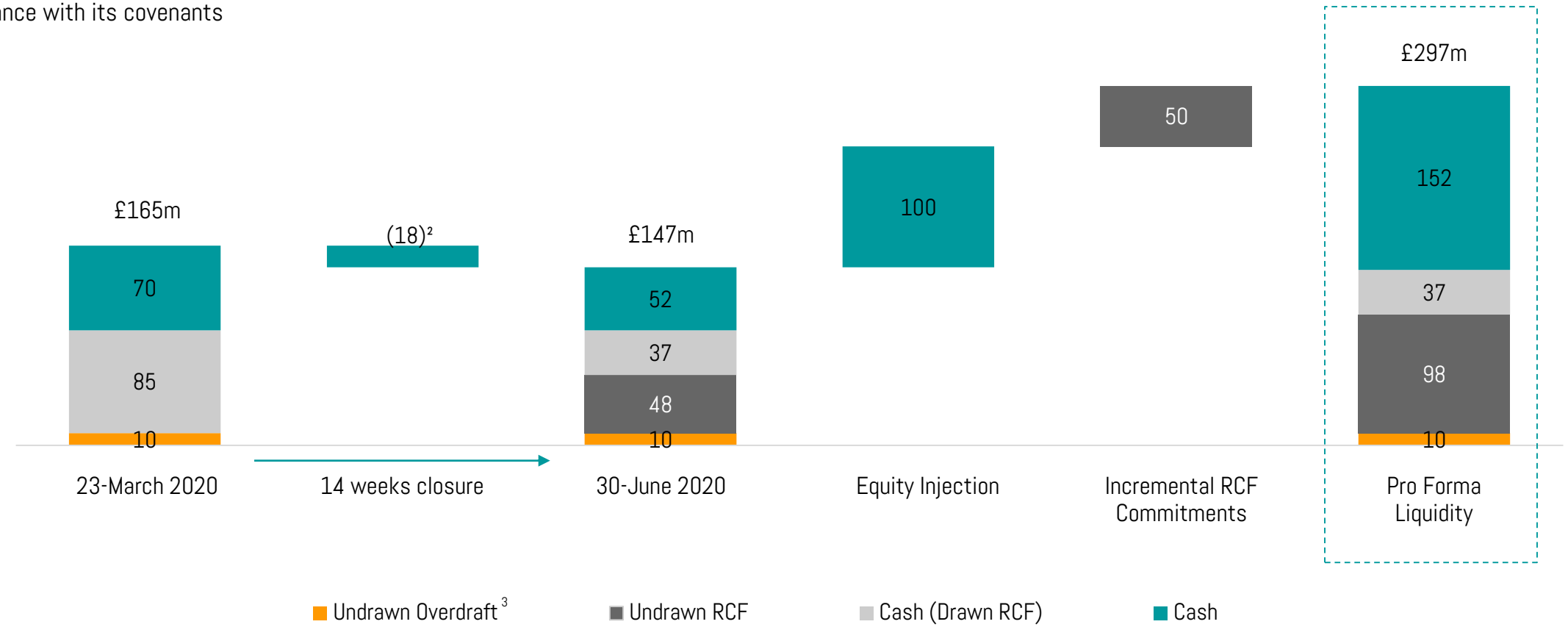
Background and Rationale

- Leonard Green & Partners ("LGP") and PureGym's key relationship banks remain extremely supportive of the business and have agreed the following:
    - £100m cash injection from LGP (the "Equity Injection")
    - £50m upsize of the Revolving Credit facility commitments (the "incremental RCF commitments")
    - The maturity of the existing and "Incremental" RCF will be extended from November 2023 until August 2024, which further improves the long term liquidity position of the Company
    - The waiver of the leverage-based springing covenant until 30th September 2022, which will be replaced with a minimum liquidity test of £30m
    - Combined, this transaction increases current total liquidity[1] to £297m as at 30th June 2020, on a pro forma basis
- Together with the swift action that the Company undertook during lock-down to preserve liquidity, the equity injection and incremental RCF commitments are intended to bolster the Group's balance sheet and are expected to help in protecting the Group's liquidity and cashflow position. This provides a cash buffer in the event of local or national lockdown measures being re-imposed, while facilitating the Group's return to a growth strategy focused on developing and opening new gym sites when the right opportunities arise
    - PureGym entered lock-down in a position of strength in terms of its cash position and business operations, and was well equipped to react to the circumstances that arose due to COVID
    - The business updated bond investors on performance and prospects on August 27th. Since that time the Scottish estate has reopened and no sites are currently closed due to viral lockdowns. Performance across the estate continues to be in line with that articulated on August 27th
    - The Company continues to evaluate opportunities to access the high yield bond market to refinance the €445m Senior Secured Bridge with EUR denominated Senior Secured Notes, the maturity of which will be in line with the existing GBP notes due 2025

1. Subject to a £30m minimum liquidity test at prescribed intervals .

Transaction Summary

- The combined funding package provides a significant increase in liquidity[1] to £297m as at 30th June 2020, on a pro forma basis
- The covenant waiver ensures that all of the upsized RCF facilities can be drawn by the company until 30th September 2022, and thereafter so long as the business is in compliance with its covenants



1. Subject to a £30m minimum liquidity test at prescribed intervals. 2. Total actual net cash burn of £18m of during lockdown includes £11m of payments relating to capital projects completed prior to lockdown and £7m of interest paid as it fell due . 3. Includes £10m of overdraft commitments.

LGP's Commitment to PureGym

Leonard Green & Partners

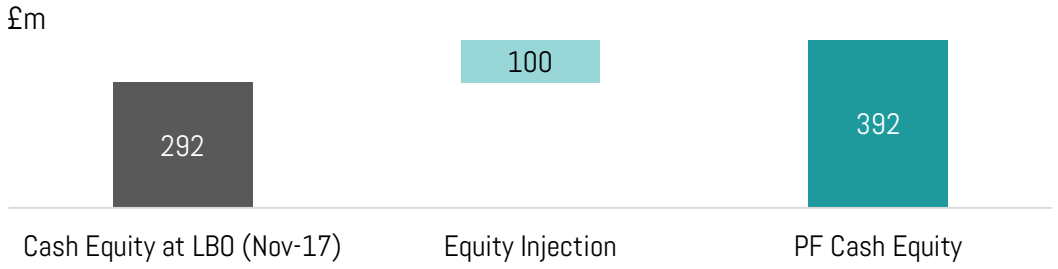
- Total Capital raised since inception: $40bn. Currently Investing: 8th Flagship fund ($12bn, December 2019 close)
- Original investment of £292m in PureGym was made from $9bn Fund VII which still has $1bn of capital to invest (this is the source of funds for this transaction)
- Focused on consumer services, business services, healthcare services and industrials

Select LGP Investments

LGP's investment thesis is underpinned by the following factors

- ✓ Attractive market fundamentals
- ✓ PureGym's position as the clear market leader in the UK and a market leader in Europe
- ✓ PureGym's strong track record of outperforming versus expectations
- ✓ Proven world class management team
- ✓ Clear growth potential in core markets and opportunity to expand beyond core markets

Leonard Green & Partners' Commitment to PureGym



- LGP's Equity Injection will be in the form of Preference Shares issued outside of the Restricted Group
- The cash will come into the Restricted Group as Equity[1]
- The Equity Injection is conditional on the RCF and Bond Amendment

1. Including deeply subordinated shareholder loans.

Bond Amendment

Key Terms and Timetable

- PureGym is seeking consent from holders of its £430m 6.375% Senior Secured Notes due 2025 (the "Notes") (RegS ISIN: XS1756633126; 144A ISIN: XS1756636145) to increase the fixed basket component of the "credit facilities basket" in the Indenture from £80.0m to £145.0m, in order to allow for the proposed increase in RCF commitments. The increase in subject to the making of the equity injection

- No consideration will be paid to Holders in connection with the solicitation

- Voting mechanics are as follows:

  - To pass, the Resolution must be supported by a majority (>50%) of the aggregated principal amount outstanding (the "Required Consents")

  - If passed, the Resolution will be binding upon all holders, whether or not voting

September

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	**10**	**11**	12	13
14	**15**	**16**	**17**	18	19	20
21	22	23	24	25	26	27
28	29	30				

Thursday 10 September

Solicitation Launch Date

Thursday 17 September

Expiration Time: 5.00p.m. London

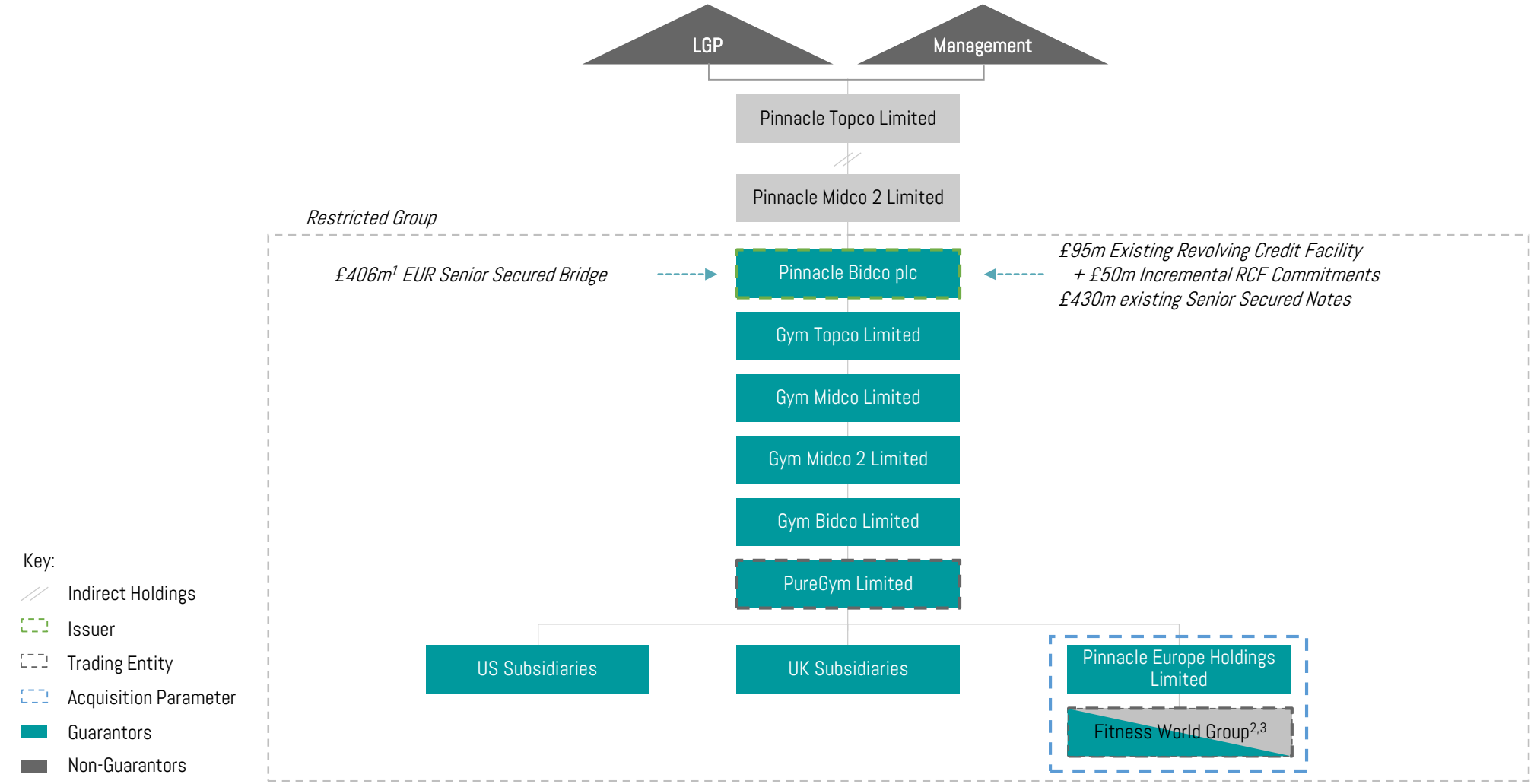
Pro-Forma Capitalization as at 30th June 2020

£m	June-20	x RR Adj. EBITDA[2]	Adjustments	Pro-forma	x RR Adj. EBITDA[2]
RCF	*95*	*0.6x*	*50*	*145*	*0.9x*
Cash	(89)	(0.5x)	(100)	(189)	(1.2x)
RCF Drawn	37	0.2x	-	37	0.2x
Existing GBP Senior Secured Notes	430	2.7x	-	430	2.7x
EUR Senior Secured Bridge Facility[1] (€445m)	406	2.5x	-	406	2.5x
Total Senior Secured Net Debt	**785**	**4.9x**	**(100)**	**685**	**4.3x**
Non-Property Leases	20	0.1x	-	20	0.1x
Supply Chain Financing	2	0.0x	-	2	0.0x
Total Net Debt	**807**	**5.0x**	**(100)**	**707**	**4.4x**
LTM Dec-19 Run Rate adj. EBITDA		**161**		**161**	
Total Liquidity (Cash and Undrawn RCF)	*147*		*150*	*297[4]*	

Sources: Company information.

1. EUR denominated €445 million Senior Secured Bridge converted to pounds sterling at the 30 June 2020 closing rate of €1.0955 to £1.0000. 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). 2. LTM Dec-19A Pro-forma Run-Rate Adj. EBITDA of £161m, including £4.5m of synergies (DKK 39.7 million converted to pounds sterling at the 2019 average rate of DKK 8.5268 to £1.0000) to reflect specific identified cost savings for the combined group. 4. Subject to a £30m minimum liquidity test at prescribed intervals.

Corporate Structure



Sources: Company information.

1 EUR denominated €445 million Senior Secured Bridge converted to pounds sterling at the 30 June 2020 closing rate of €1.0955 to £1.0000. 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). **2** The parent entity of Fitness World Group is Forward TopCo A/S. **3** Ongoing process to determine which Fitness World Group entities will be Guarantors. We expect material Danish and Swiss entities within the Fitness World Group will be Guarantors in the manner required by the terms of the RCF.

Amendment Terms - Super Senior RCF

- As part of the Transaction, PureGym will be bound by the following terms while the RCF upsize and amendments remain in effect

	Existing RCF	Amended Terms
Amount	▪ £95m (the "Existing RCF")	▪ £95m (Existing RCF) + £50m increase (the "Incremental Commitments")
Maturity	▪ 30th November 2023	▪ 15th August 2024
Waiver Period	▪ n/a	▪ Commencing on and from the relevant period ending 30th September 2020, until the earlier of: (a) 30th September 2022 and (b) the Incremental Commitments are cancelled
Financial Covenant	▪ Quarterly Springing Net Leverage Covenant: 7.70x (the "Existing Net Leverage Covenant") ▪ Tested only if 40% of SSRCF commitments are utilised by way of cash drawn loans	▪ Existing Net Leverage-based springing Covenant to be replaced during the Waiver Period with a minimum liquidity covenant, set at a min. of £30m at prescribed intervals
Debt Incurrence Covenants	▪ Ratio debt incurrence subject to FCCR of ≤2.0x ▪ Senior secured ratio debt incurrence subject to SSNLR ≤ 4.60x ▪ Credit facilities basket of £80m / 100% Run-Rate Adj EBITDA ▪ General debt basket of greater of £40m / 50% Run-Rate Adj EBITDA ▪ Capital lease obligations basket of greater of £20m / 25% Run-Rate Adj EBITDA ▪ Acquisition debt: subject to FCCR of ≤ 2.0x or FCCR no worse than before, and if debt is senior secured subject to SSNLR ≤ 4.6x or SSLNR no worse than before ▪ Contribution Debt: 100% ▪ Non-guarantor debt basket of greater of £20m / 25% Run-Rate Adj EBITDA	▪ Total Debt Incurrence under baskets in first column (other than the Credit facilities basket) to be capped at £40m in aggregate during the Waiver Period and while the Incremental Commitments are in place
Restricted Payments	▪ Build-up RP basket equal to starter basket of £15m + 50% CNI, beginning 1 October 2017 and 100% of other customary amounts ▪ Unlimited Restricted Payments subject to Total Net Leverage ≤ 3.5x ▪ General Restricted Payments basket of greater of £25m / 30% Run-Rate Adj EBITDA	▪ No ability to pay RPs in the column to the left, during the Waiver Period and while the Incremental Commitments are in place (Existing carve outs for operational purposes will be permitted)
Permitted Investments	▪ Investments in Similar Businesses of greater of £20m / 25% Run-Rate Adj EBITDA ▪ General Investments Basket of greater of £25m / 30% Run-Rate Adj EBITDA ▪ Investments in unrestricted subsidiaries of greater of £15m / 20% Run-Rate Adj EBITDA ▪ Unlimited Investments provided Total Net Leverage ≤ 3.85x	▪ Permitted Investments in the column to the left, to be capped at £40m in aggregate during the Waiver Period and while the Incremental Commitments are in place
Conditions Precedent	▪ As set out in the Existing RCF credit agreement	▪ Customary for a facility of this type and to include Equity Injection of ≥£100m

Key Contacts

- Questions with respect to the terms of this Consent Solicitation should be directed to Barclays at its contact details below:

  Stephen Smith
  Phone: +44 20 7773 5861
  Email: stephen.smith@barclays.com
  Attention: Stephen Smith

- Questions with respect to the voting mechanics of this Consent Solicitation should be directed to Lucid (the "Information and Tabulation Agent") at its contact details below:

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