

PUREGYM

Interim Trading Update

9 November 2020

Disclaimer

Forward-looking statements

This presentation includes 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, projections, estimates, 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 unaudited financial information derived from management accounts

This presentation incorporates data for the months of July, August, September and October 2020 that are derived from preliminary results and estimates contained in our management accounts, which have not been and will not be audited or reviewed in accordance with any generally accepted auditing standards and are subject to change. The data for the months of July, August, September and October 2020 presented herein is not intended to be a comprehensive statement of the Combined Group's financial or operational results for the nine month period ended September 30, 2020 or the year ending December 31, 2020 and is based on a number of assumptions that are subject to inherent uncertainties and risks. As such, you should not place reliance on them when making an investment decision.

In addition to the inherent risks and uncertainties associated with using data derived from management accounts, the impact of COVID-19 has created heightened and unprecedented risks and uncertainties and has resulted in atypical, non-routine transactions and activities, which increase the likelihood that the management accounts for the period, including the data for the months of July, August, September and October 2020 presented below, may not be in line with the financial data we report in our September 2020 interim financial information or at year-end. The atypical and non-routine nature of our business in the context of COVID-19 includes dramatically reduced member revenue, deferment and forbearance of rent payments, receipt of government aid and mitigation moneys, unusually high volumes of gift cards and other offers made to members, which may impact revenue recognition, furthermore, there have been significant fluctuations in our cost base and management have been required to make judgements in relation to non-cash rent adjustments and categorization of exceptional costs. We cannot predict to what extent these atypical, non-routine transactions and activities will impact our business going forward, an uncertainty which is increased by the likelihood of further waves of COVID-19 and related lockdowns.

Use of non-IFRS financial information

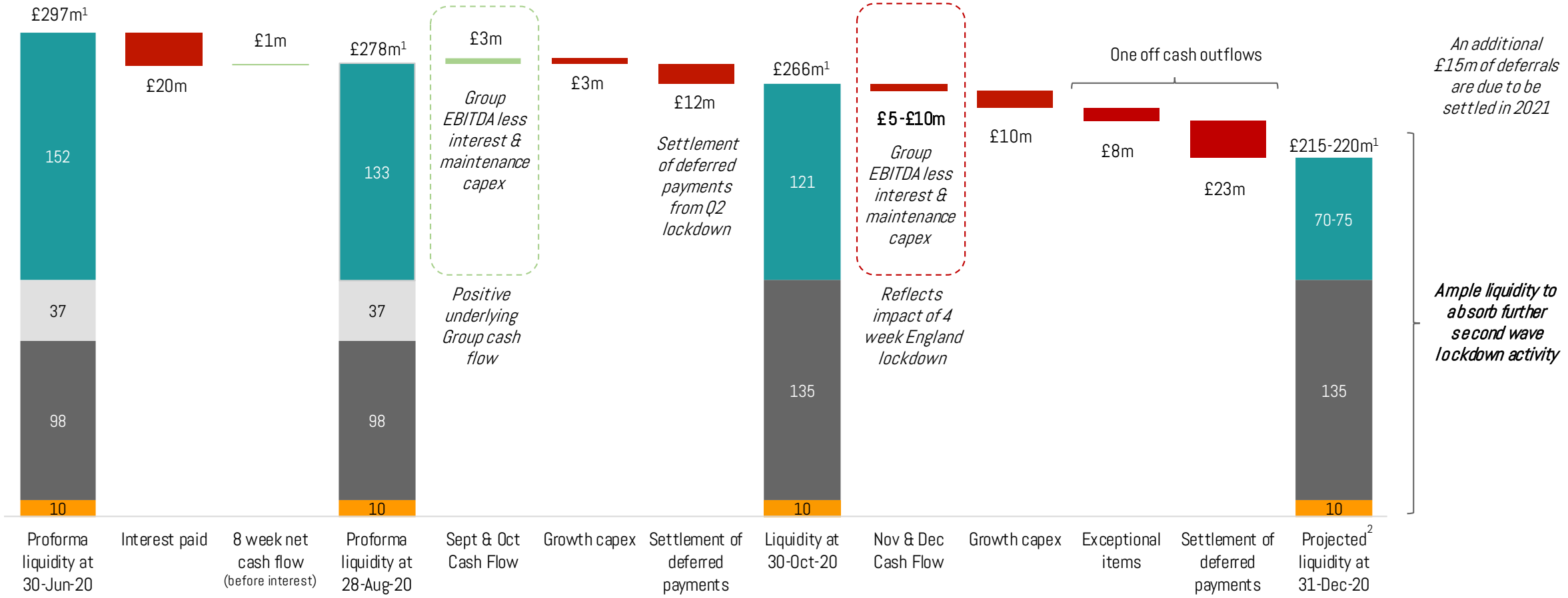
Certain parts of this report contain non-IFRS measures and ratios. We believe that these measures are useful indicators of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. Because all companies do not 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.

Use of unaudited financial information derived from management accounts

COVID-19 and the measures taken to respond to it have created an environment of uncertainty and rapid, unpredictable changes that exacerbates and magnifies certain of the other risks we face. The risks we face are not described in detail in this presentation. Please consult the "Risk Factors" section Offering Memorandum.

Ample liquidity to manage current 2nd wave disruption & payment deferrals

Expected Liquidity Development and Recent History



Source: Company information. Notes:

1. Liquidity includes Cash, undrawn Revolving Credit Facility commitments and undrawn Overdraft commitments and is subject to a £30m minimum liquidity test at prescribed intervals.
2. By their nature, projections are forward-looking statements that involve risks and uncertainties because they relate to events, depend on circumstances that may or may not occur in the future and are based on a number of assumptions that are themselves subject to inherent uncertainties and risks.

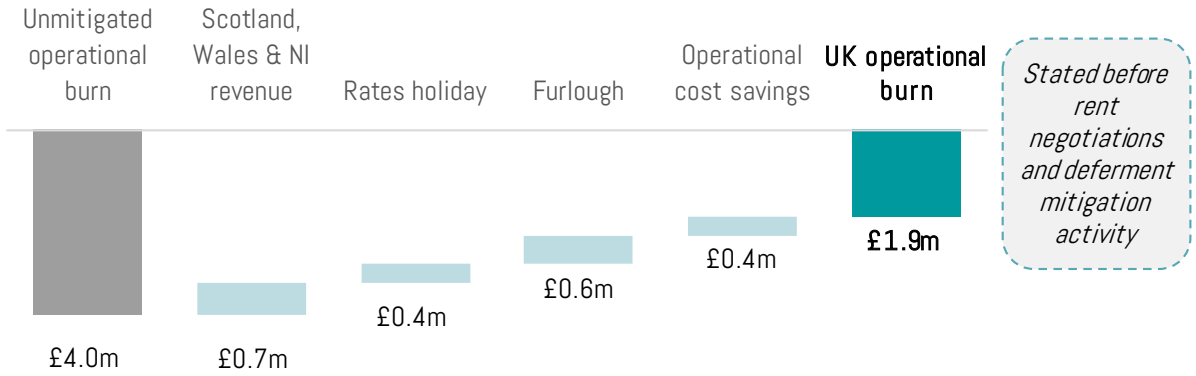
Estimated cash impact of current 4 week national lockdown in England

England lockdown impact largely offset by DK & CH cash flows

- Gyms in England closed for 4 weeks until 2nd December
- **Weekly UK operational cash burn expected to be c£1.9m/week** during the closure period, based on:
  - £1.0m/week government support (Rates & Furlough Scheme)
  - £0.7m/week revenue from gyms in Scotland, Wales, & NI
  - £04m/week operational cost savings
- **Total UK cash burn due to 4 week England closure c£8m**
  - *Before* negotiations with landlords regarding rent
  - *Before* any deferment activity
- **£5-10m net impact on group cash & liquidity** after taking account of DK & CH cash flows

Weekly cash burn: UK business unit projected during 4 week England lockdown

November[1] – £m per week



Group cash burn: projection to year end

November and December[1] – £m

	Range
UK (including 4 week England gym lockdown)	(6) – (9)
DK & CH operational cash generation	5 – 6
Less: Group maintenance capex & interest	(5) – (6)
Net impact on group cash & liquidity	**(5) – (10)**

Sources: Company information. Notes:

1. By their nature, projections are forward-looking statements that involve risks and uncertainties because they relate to events, depend on circumstances that may or may not occur in the future and are based on a number of assumptions that are themselves subject to inherent uncertainties and risks.

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, amortization 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 number of Mature Gyms in 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.
Basefit	Refers to the brand that Fitness World operates through its subsidiary, Basefit.ch AG, 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 the Issuer and its Restricted Subsidiaries, including 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.
Maintenance and Refurbishment 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, amortization 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 sites, after adding back the Cash Rent Adjustment and Pre-Opening Costs for mature sites 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, amortization 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 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 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 Refurbishment 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.
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.
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.

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