

PUREGYM

Interim Bondholder Update

15 February 2021

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Interim bondholder update

The group continues to perform in line with expectations during this latest extended closure period

Q1 lockdown status

- All geographies currently closed due to government restrictions
- We are prudently managing on the basis of lockdowns being in place until at least 31 March
- Current expectation is that Denmark and Switzerland are likely to open before UK
- Rapid management actions are minimising cash burn
- Government lobbying continues as well as proactive engagement with landlords

Cash flow & liquidity in line with prior guidance (and burn rate 20%+ lower than lockdown 1)

- Comprehensive balance sheet reset in 2020 provides ample headroom
- £236m available liquidity as at end of December 2020
- £4.5m per week targeted total cash burn for the fully closed group[1]
- Equates to c. 12 months of liquidity (assuming a total closure across all geographies)
- £37m of deferred liabilities as at 31 December 2020[1]

Outlook remains positive

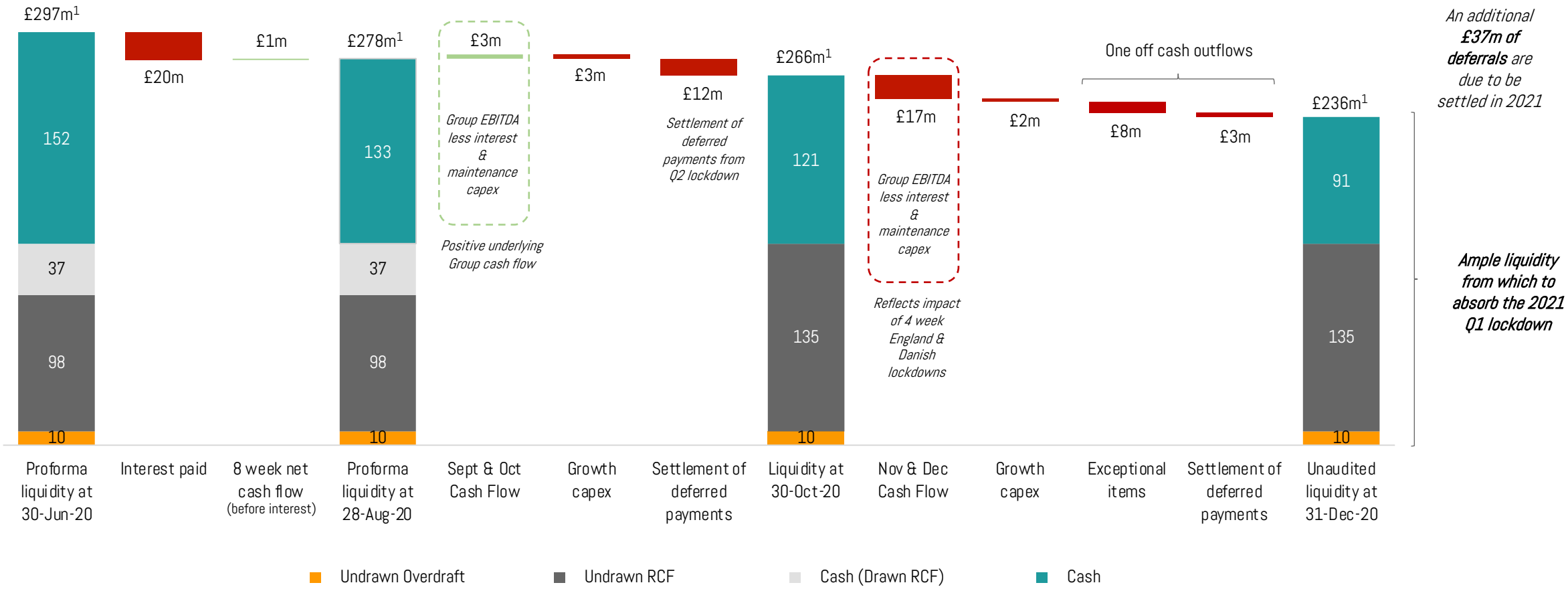
- Underlying resilience of demand and business model well-proven in all 3 geographies
- Ability to rebuild the business quickly once gyms are reopened is clear
- We expect supply to leave the market creating further opportunities
- Medium to long term outlook remains very positive



Notes:
1. Total cash burn rate includes interest and committed Capex but excludes any settlements of the deferred liabilities from 2020

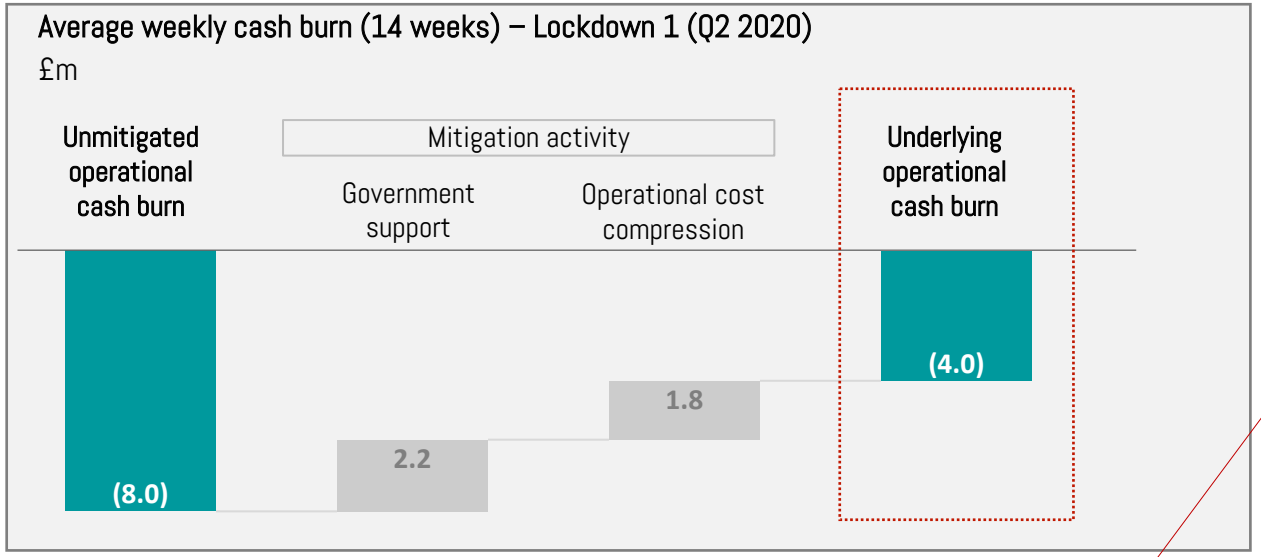
£236m of available liquidity to manage ongoing disruption & payment deferrals

Actual liquidity development and unaudited December 2020 position



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.

Weekly operational cash burn is circa £1m better than lockdown 1

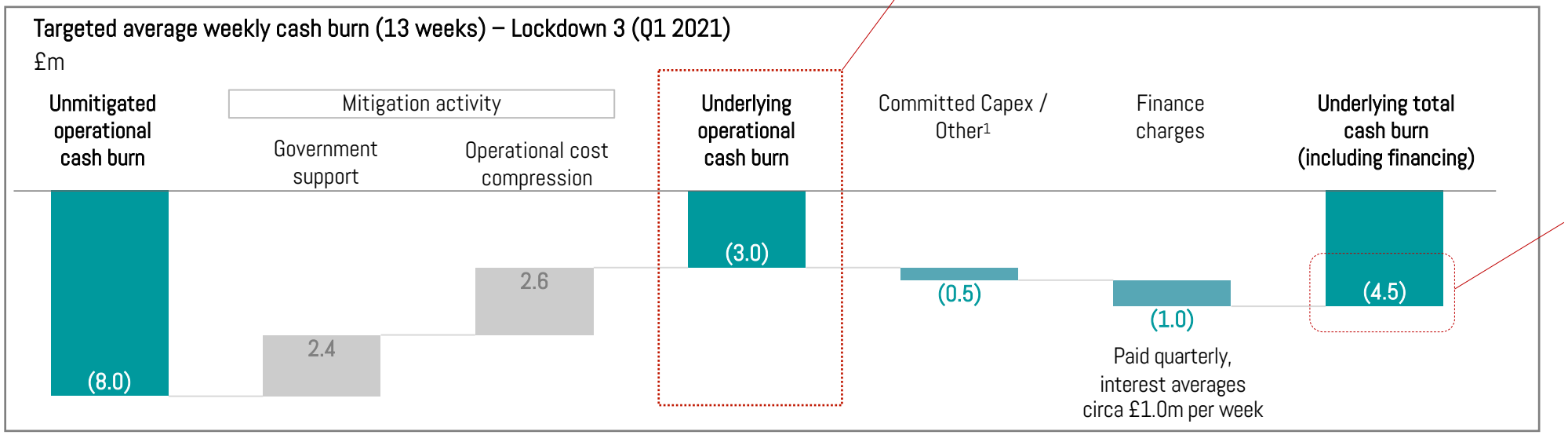


Underlying operational cash burn for the fully closed group is circa £1m better in the current Q1 2021 lockdown than the initial lockdown in Q2 2020

This is a result of learnings from the original lockdown allowing faster implementation of operational savings alongside a more flexible furlough scheme

*Both these lockdown cash burn rates **exclude** the benefit of any deferrals and therefore include the impact of the full rent and tax payments that would normally fall due in the closed period*

We remain in ongoing discussions with landlords (and Government) and we expect concessions to be made on rent although it is not possible to quantify these at the current time



This is our best estimate of total cash out over an extended period, taking into account all current capex commitments and known interest payments due each quarter

This £4.5m prudently assumes that no new deferrals are created as a result of the new lockdown period and does not assume settlement of the £37m of deferred items from 2020

Timing on these is unknown

Notes:
1. Includes committed growth Capex, Working Capital timings and small revenue benefits

PureGym Group has both the experience and ample financial reserves to deal with multiple national lockdowns

Response to the Q1 2021 lockdown

- Reduce growth capex
- Reduce maintenance & refurbishment capex
- Operational cost reductions
- Upweighted forbearance negotiations with landlords
- Deferment of payments to suppliers
- Support from government (to the extent available):
  - UK Rates holiday is ongoing until April 2021
  - Furlough schemes maintained or extended in all geographies
  - Danish and Swiss fixed cost cover
- Proactive government lobbying to further extend the Rates holiday, reduce VAT on membership fees, extend the rent moratorium & support on "pain sharing" with Landlords

Months of liquidity on hand (assuming a total lockdown across all geographies)



Cash burn assumption[1]		Months of liquidity on hand
Unmitigated	£9.0m/week	c. 6 months of total lockdown
Downside Risk	£5.5m/week	c. 10 months of total lockdown
Current view	**£4.5m/week**	**c. 12 months of total lockdown**
Upside Opportunity	£3.0m/week	c. 18 months of total lockdown

Notes:
1. Includes interest but excludes any deferment activity, discretionary growth capex or the catch-up of deferred liabilities (£37m as at 31 December 2020).

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