

PureGym Ambassador: Dina Asher-Smith. Fastest British woman in recorded history.
200m gold medal winner at the 2019 World Championships.

PUREGYM
GROUP

Investor Presentation

Reopening update &
Results for the quarter ended 30 June 2021

26 August 2021

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.

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Introduction & overview

COVID-19 / market status update

- All 506 gyms are open & restrictions now largely lifted across the group
- Progress on vaccination in UK and Denmark is amongst the best in Europe

Financial results

- June total group revenue & membership was 99% & 91% respectively vs June 2019
- >£8m Adj EBITDA in each of June & July (excl net effect of support & restrictions[1])
- £221m of total available liquidity as at end of June 2021[2] (including £76m of cash)

Business progress in H1 2021

- UK: 13 new sites opened, plus another 12 expected in H2 2021
- DK & CH: UK operating model implementation underway, rebrand in CH, new management team in DK, 1 new site in both DK & CH
- KSA: First 4 of 40 committed sites in the Middle East to open in Q4 2021
- USA: 3 new sites to open in Q4 2021 / Q1 2022

Strategy & outlook for the PureGym Group

- A scaled leader & one of the "big 4" with growing structural advantages
- A proven business model with strong unit economics & excellent returns
- Strong new site pipeline & favourable property market conditions
- Exciting runway for medium & longer term growth
- Exploring capital raising options to take advantage of growth opportunities & potential deleveraging



Notes: (1) Adj EBITDA for June & July of >£8m excludes the benefit of government support income, rates holiday, rent free deals with landlords in relation to prior lockdown periods and excludes additional staff costs in relation to Coronapas restrictions in the Danish business unit to more closely represent the underlying performance of the Group. (2). Comprising cash & undrawn RCF facilities. Subject to a quarterly £30m minimum liquidity covenant test. £35m of deferred payments were outstanding at 30 June 2021



Covid pandemic status update

100% of the estate is now open, with protocol relaxation progressing across all geographies

All 506 gyms are now open across the group[1]

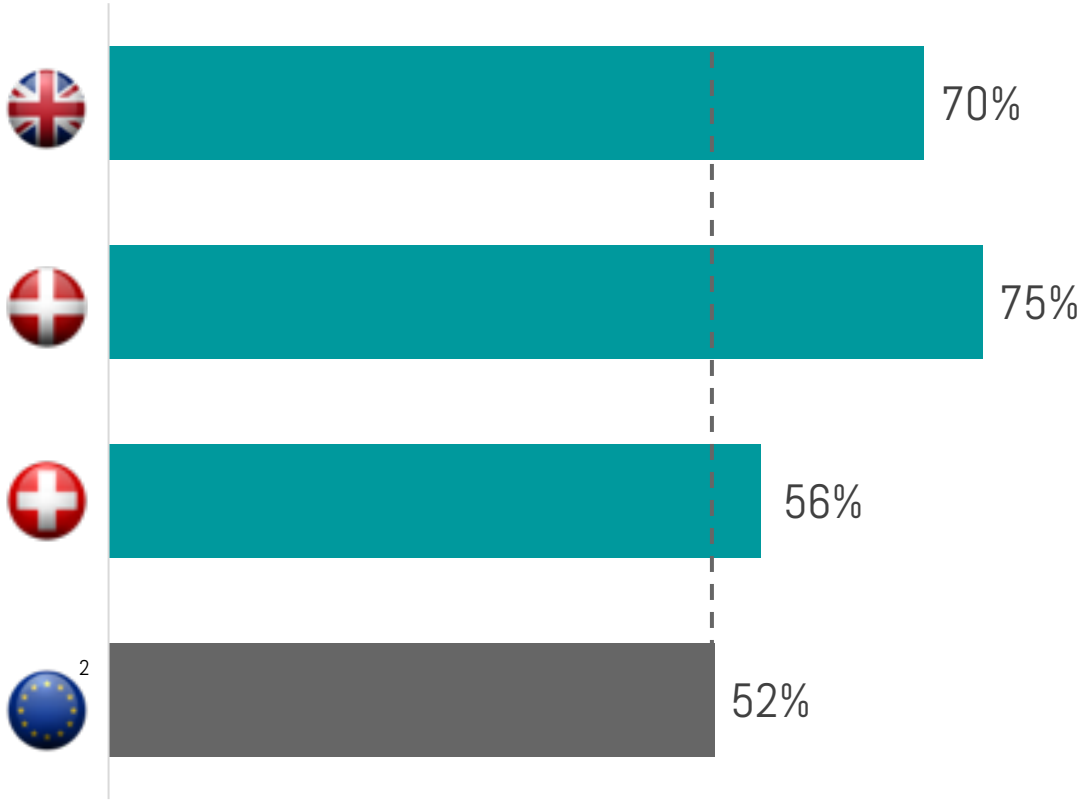
Estate reopened during the quarter, albeit each geography faced significant operating restrictions

	Status 30 Jun 21	Jan	Feb	Mar	Apr	May	June	July	Aug
England	Sites open/total sites: 248/248				12th	Capacity constraints, no (or limited) GX[2], masks in gyms		19th	
Scotland	25/25				26th	Capacity constraints, no (or limited) GX[2], masks in gyms			9th
Wales	5/5					3rd	Capacity constraints, no (or limited) GX[2], masks in gyms		7th
N. Ireland	8/8					30th	Capacity constraints, no GX[2], masks in gyms		
Denmark	180/180					6th	**Coronapas** restrictions, capacity constraints and restricted GX[2] numbers		
Switzerland	40/40				19th	**Masks** required while training, GX[2] restrictions		26th	
	506/506	Lockdown			Open but with restrictions			Open with restrictions increasingly lifted	

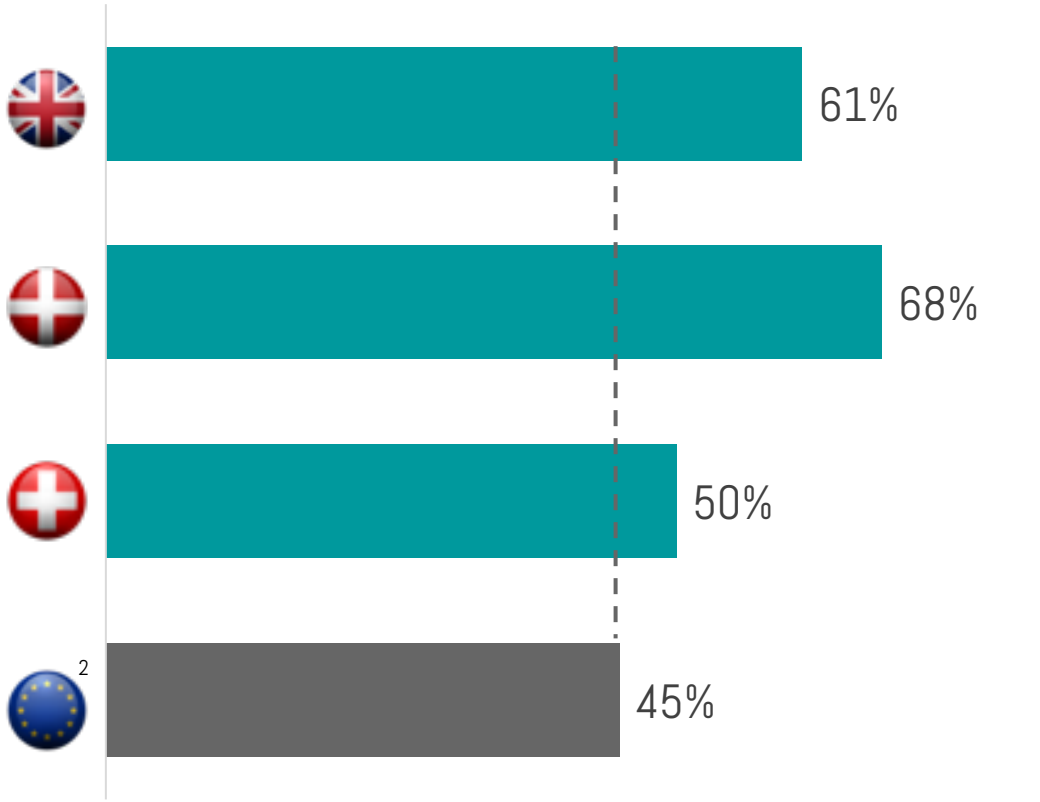
Notes:
1. 4 gyms were closed for non-COVID-19 related reasons such as refurbishment
2. GX = group exercise

Progress on vaccination in the UK and Denmark is amongst the best in Europe

First vaccination (% of the population)[1]



Fully vaccinated (% of the population)[1]



Notes:
1. Data as at 19 August 2021 for whole population, sourced from www.ourworldindata.org
2. Europe as defined by www.ourworldindata.org, including the European Union and other European countries



Financial results

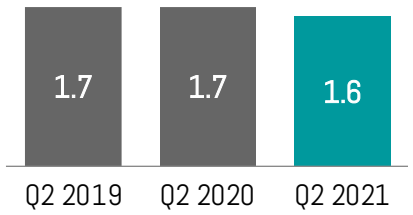
Whilst Q2 was materially impacted by Covid-19, reopening results are strong

Group results Q2 2021

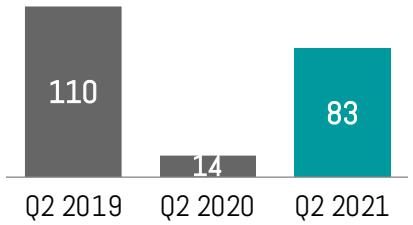
All figures stated to the nearest £ million, except for closing members (million) and gyms in estate (number)

Revenue & membership

Closing members

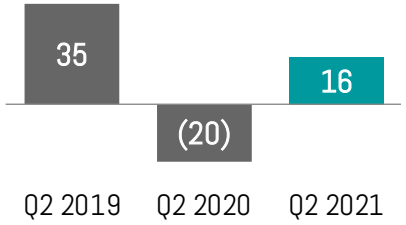


Revenue

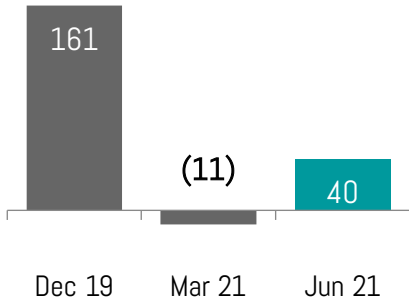


Adjusted EBITDA

Q2 Adj EBITDA[1]

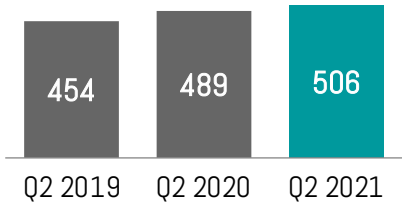


Run Rate Adj EBITDA

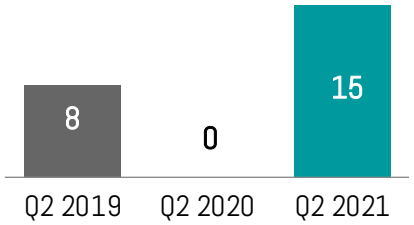


Group estate

Gyms in estate

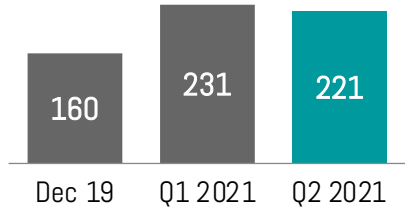


New organic gyms

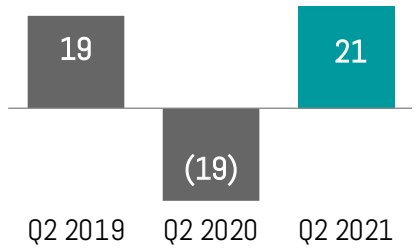


Liquidity & Cash Flow

Available liquidity

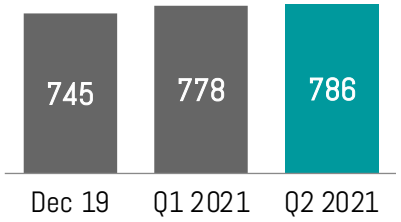


Q2 Cash Flow[2]

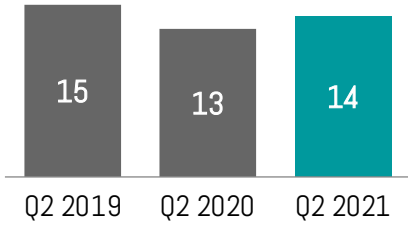


SS Net Debt & Capex

SS Net Debt



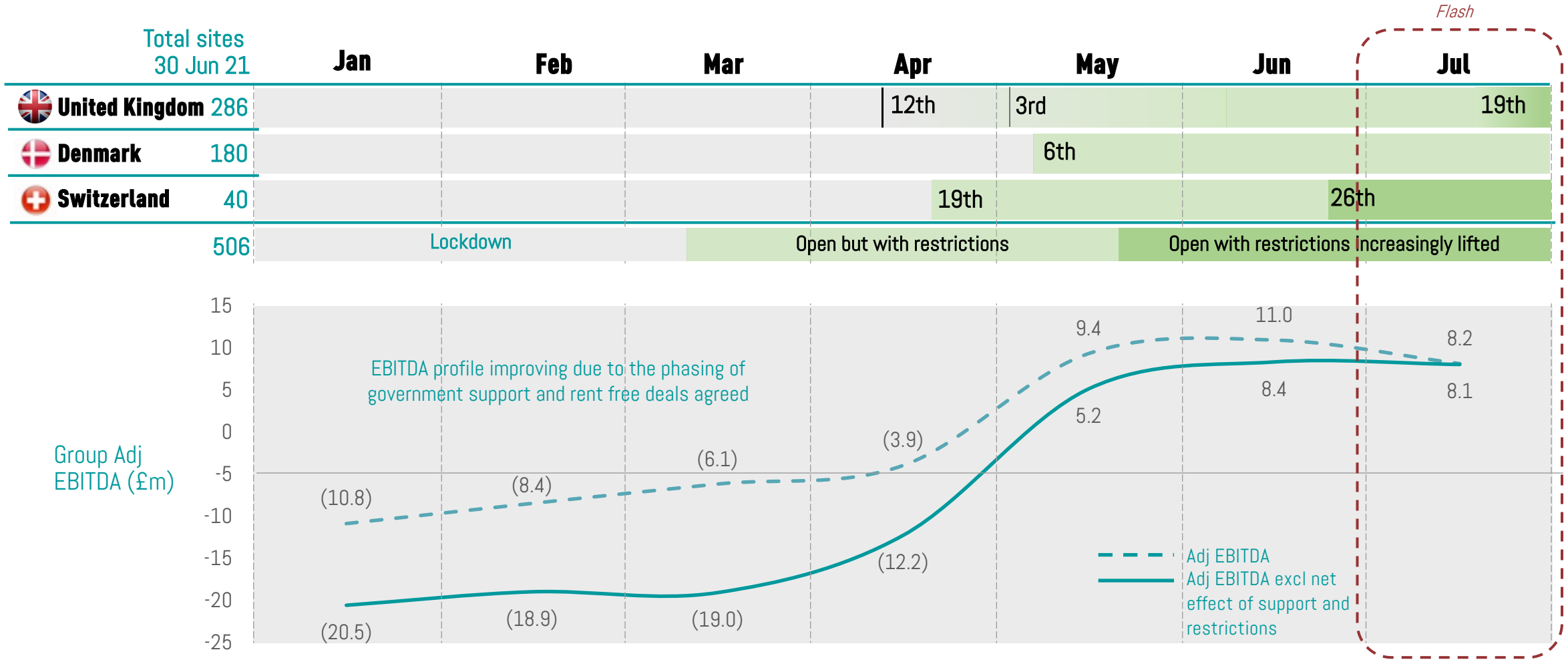
Capex



Notes:
2020 represents the results of the Combined Group, including Fitness World from 14 January 2020. 2019 includes the results of Fitness World on a pro forma basis, except for available liquidity and Q2 cash flow which are based on PureGym UK only. All figures exclude Poland
1. In 2021, excludes the benefit of any COVID-19 rent deferments
2. Operating cash flow, stated after maintenance & refurbishment capex but before interest on borrowings or growth capex

Strong bounce back with >£8m Adj EBITDA in each of June & July 2021[1]

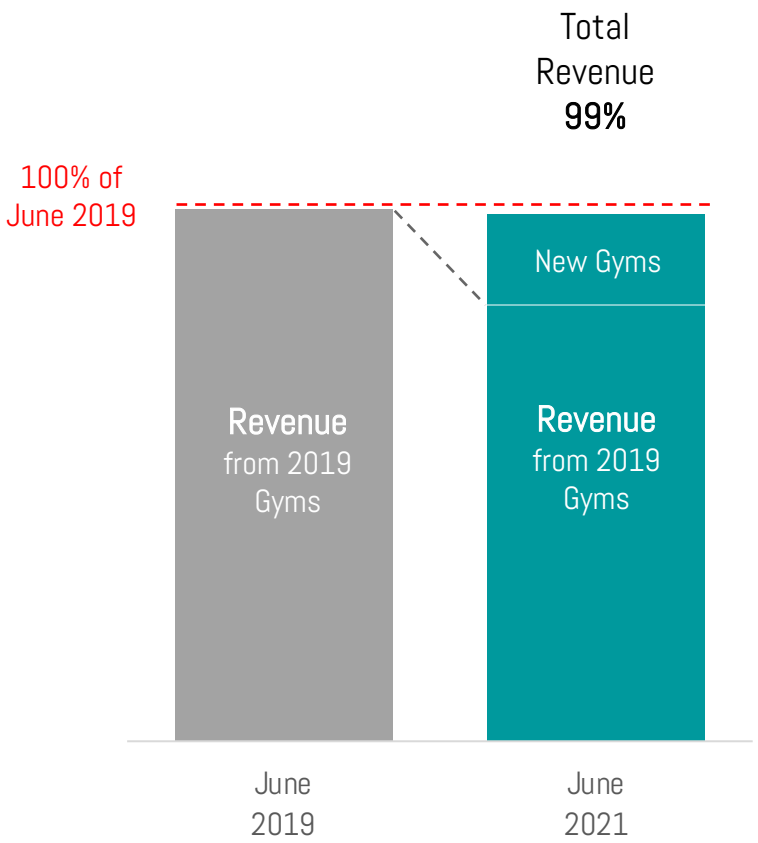
Despite the operating restrictions in place, the group is demonstrating a strong recovery trajectory



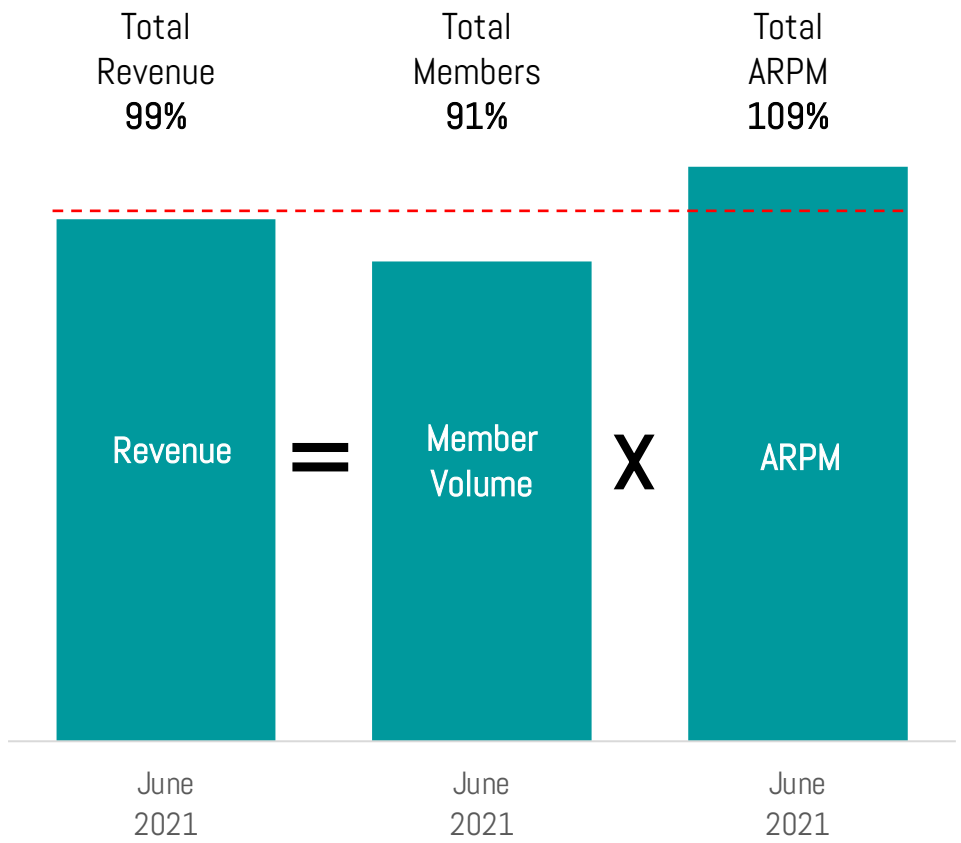
Notes:
1. The solid teal line excludes the benefit of government support income, rates holiday, rent free deals with landlords in relation to prior lockdown periods and excludes additional staff costs in May, June & July in relation to Coronapas restrictions in the Danish business unit to more closely represent the underlying performance of the Group

Total revenue in June 2021 was 99% of June 2019, due to strong growth in ARPM & maturation of new sites

June Total Group Revenue vs 2019



June Total Members & ARPM vs 2019



Monthly revenue is expected to grow as LFL volumes return to 2019 levels & new sites mature

June Total Group Revenue vs 2019

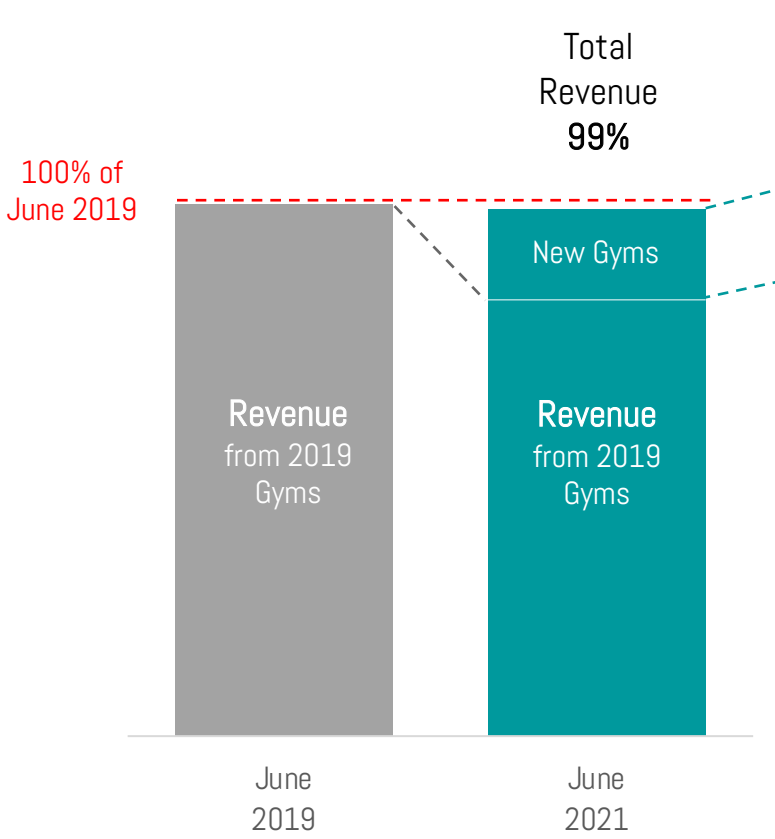
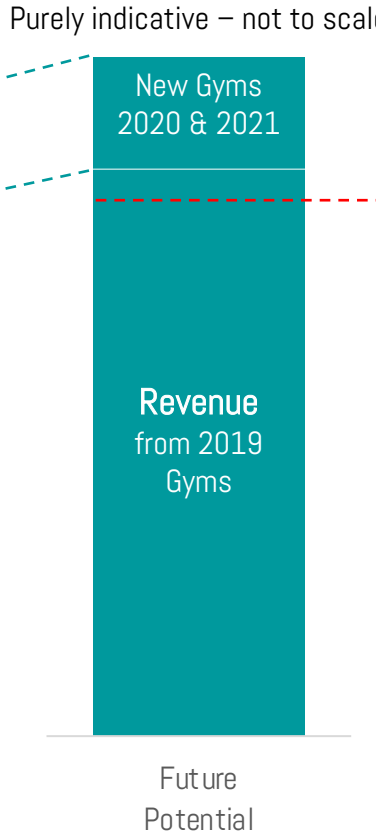


Illustration of Future Potential



- Revenue growth from maturation of new & immature gyms
- Revenue growth from LFL member volumes returning to 2019 levels
- Potential for revenue to exceed 2019 levels given ARPM in June was + 9% higher than 2019

In turn, Adj EBITDA is expected to grow given the fixed cost base already in place to operate the current estate

June Total Group Adj EBITDA vs 2019

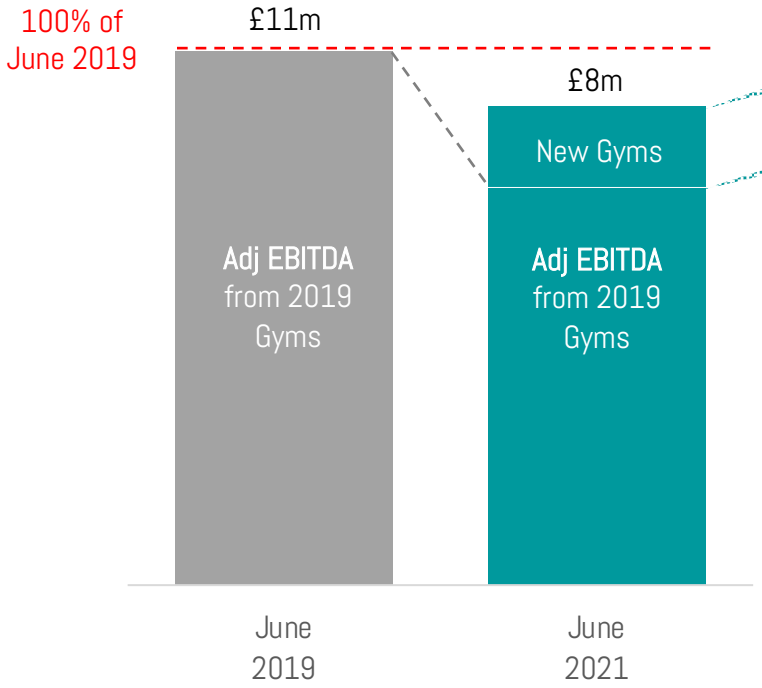
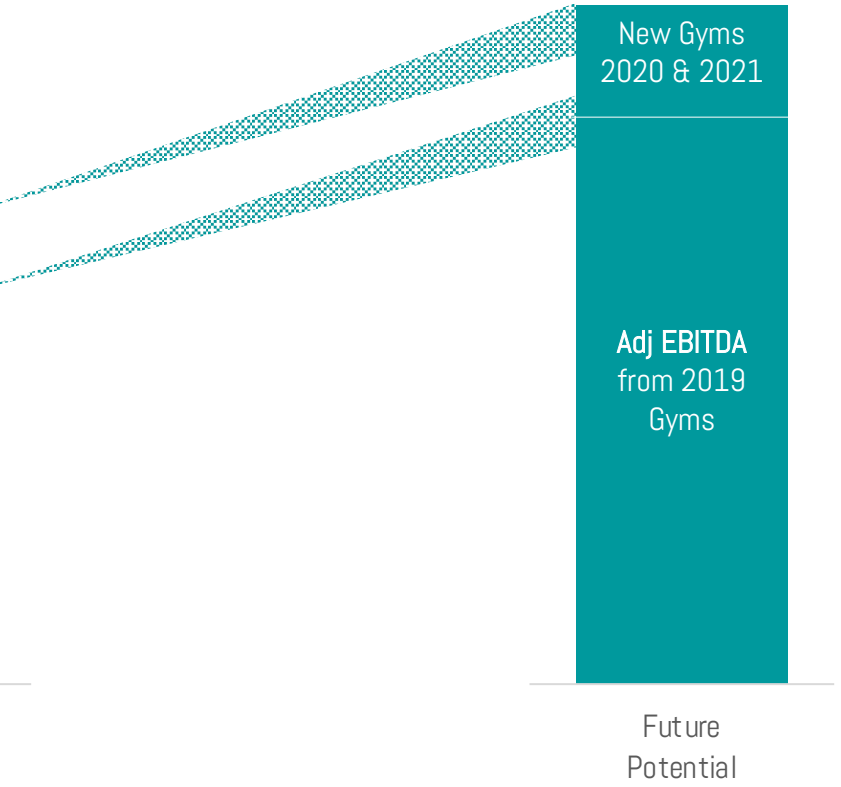


Illustration of Future Potential

Purely indicative – not to scale



- The cost base required to operate the current estate is largely fixed
- Therefore, as LFL member levels return…
- …and new sites fill up with new members…
- …additional revenue growth flows directly to Adj EBITDA
- Adj EBITDA is expected to return to growth as LFL member volumes return

This illustration of future potential does not relate to any specific time frame & should not be taken as a profit forecast in any way

Total group membership has recovered to 94% of Dec-19 level

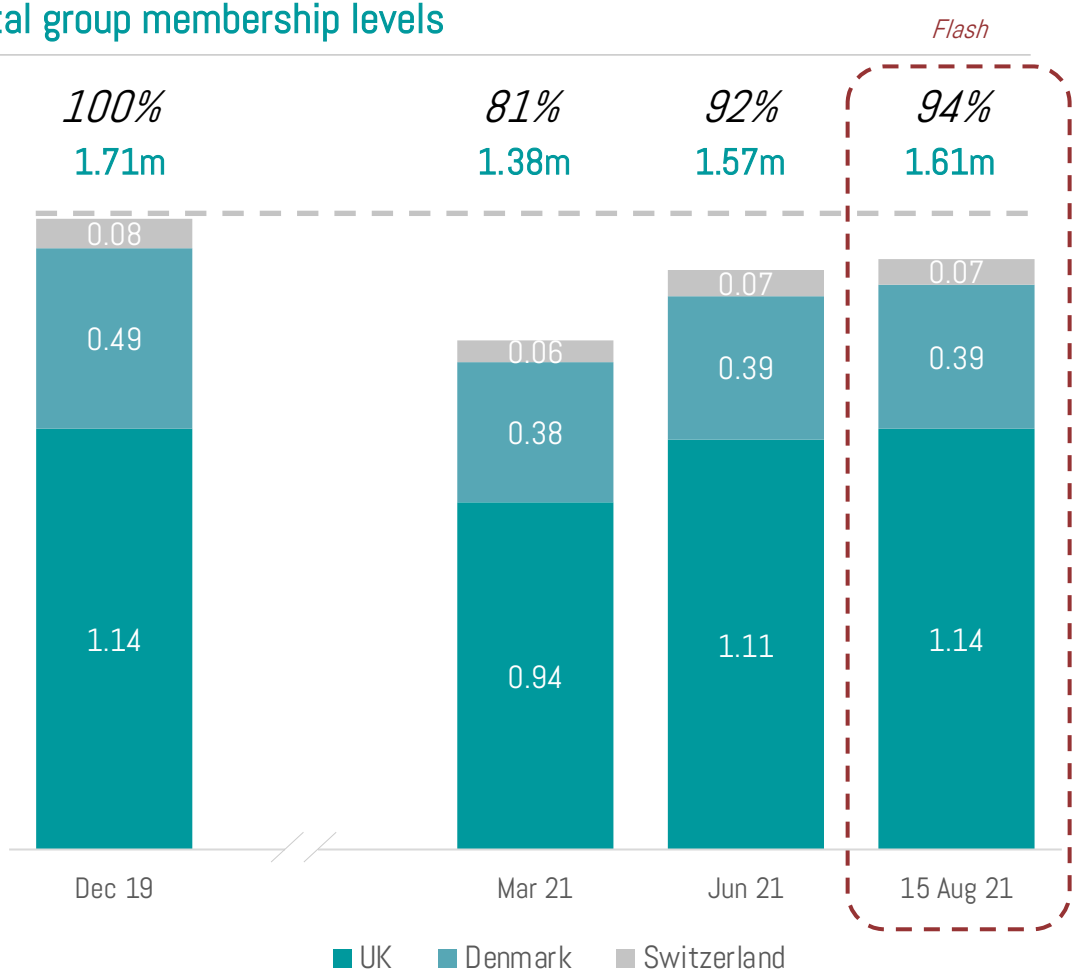
Ongoing recovery of member levels (despite restrictions)

- Total group membership as at 15 Aug 2021 was 94% of Dec 2019
- Within this, the UK was at 100%, Denmark 80% & Switzerland at 88%
- The LFL paying member base[1] as a % of 15 Aug 2019 was 88% in the UK, 83% in Denmark & 79% in Switzerland
- This performance represents a significant step up from March 2021 (66%, 71% & 76% respectively)
- Faster UK recovery because of Coronapas restrictions in DK & masks being mandatory during training in Switzerland

Strong member recovery trajectory anticipated across the Group

- The next significant step up in member net gain is expected in Sep/Oct 2021 (students, return to work & routine after the summer break)
- The 3rd step up is expected in Jan / Feb 2022 (peak member gain period)
- We anticipate LFL members returning to 2019 levels in H1 2022[2]

Total group membership levels



Notes:
1. Based on LFL clubs and excluding frozen members
2. Assuming no further COVID-19 restrictions imposed

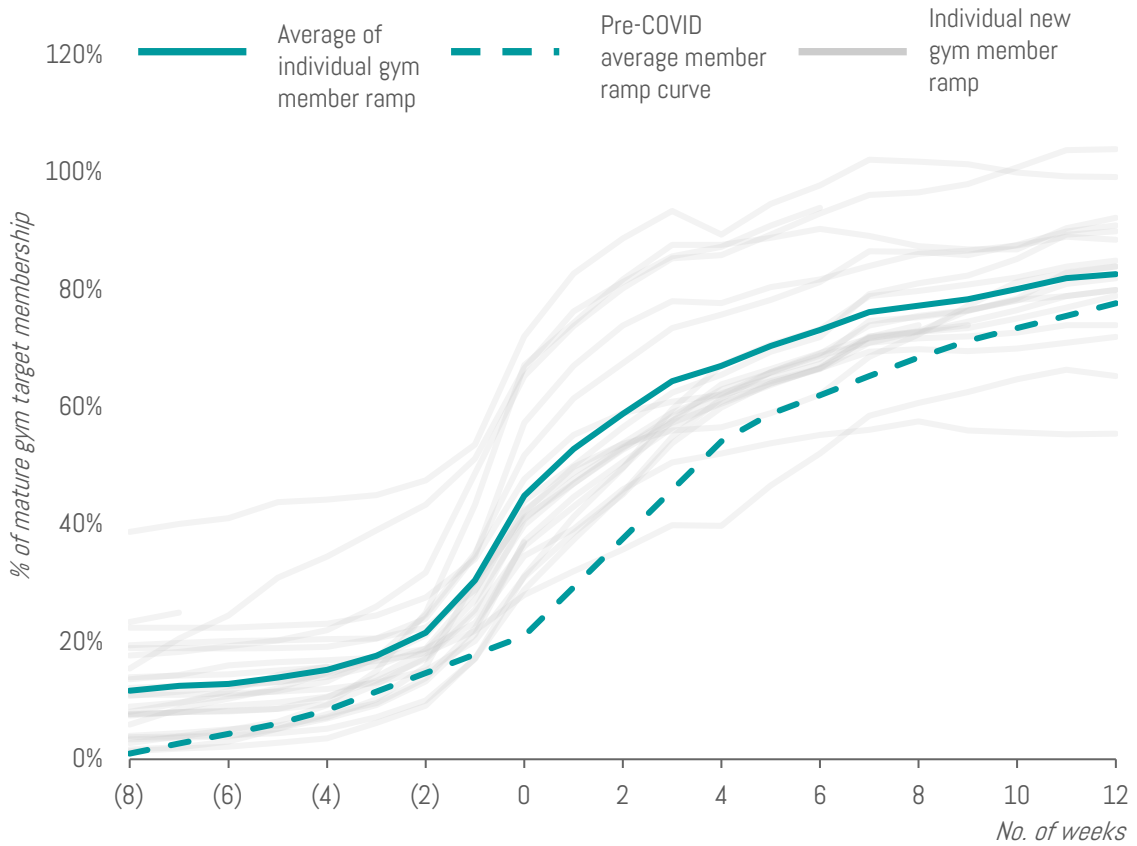
Strong new site performance provides further evidence of healthy member demand for gyms & fitness facilities post COVID-19

15 new sites opened in the first half of the year

- New site member levels are ramping well and on average ahead of levels seen pre-COVID-19
- This provides confidence that underlying member appetite continues to be strong in new markets for PureGym
- These results have been achieved despite limited pre-market activity
- We have also opened a new site in each of Switzerland and Denmark, where we are also seeing strong member ramps in line with pre-COVID-19 levels
- Overall, these trends provide further confidence in a strong bounce back in member levels and new site maturation

New site opening ramping ahead of pre-COVID-19 target levels

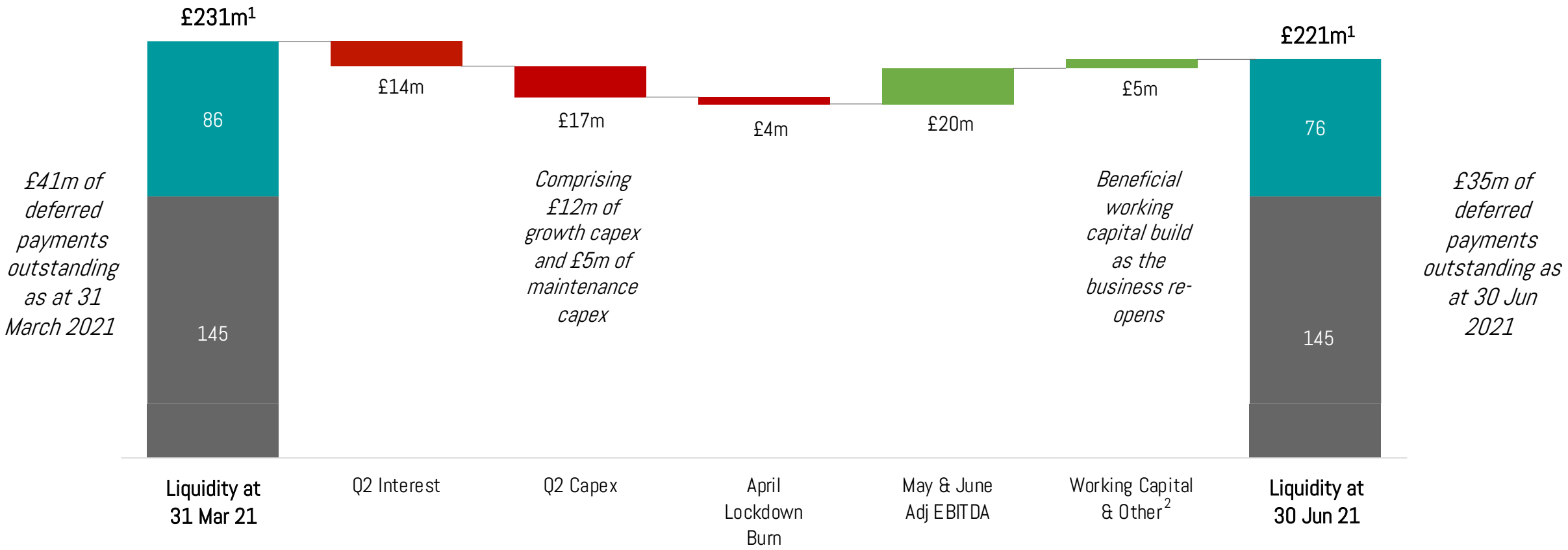
All UK gyms [1] opened since 25 July 2020 (member levels vs. targeted average)



Notes:
1. Bank has been excluded as it is a London city centre gym.

Q2 2021 cash flow & liquidity remain in a very healthy position

Liquidity evolution (13 weeks)

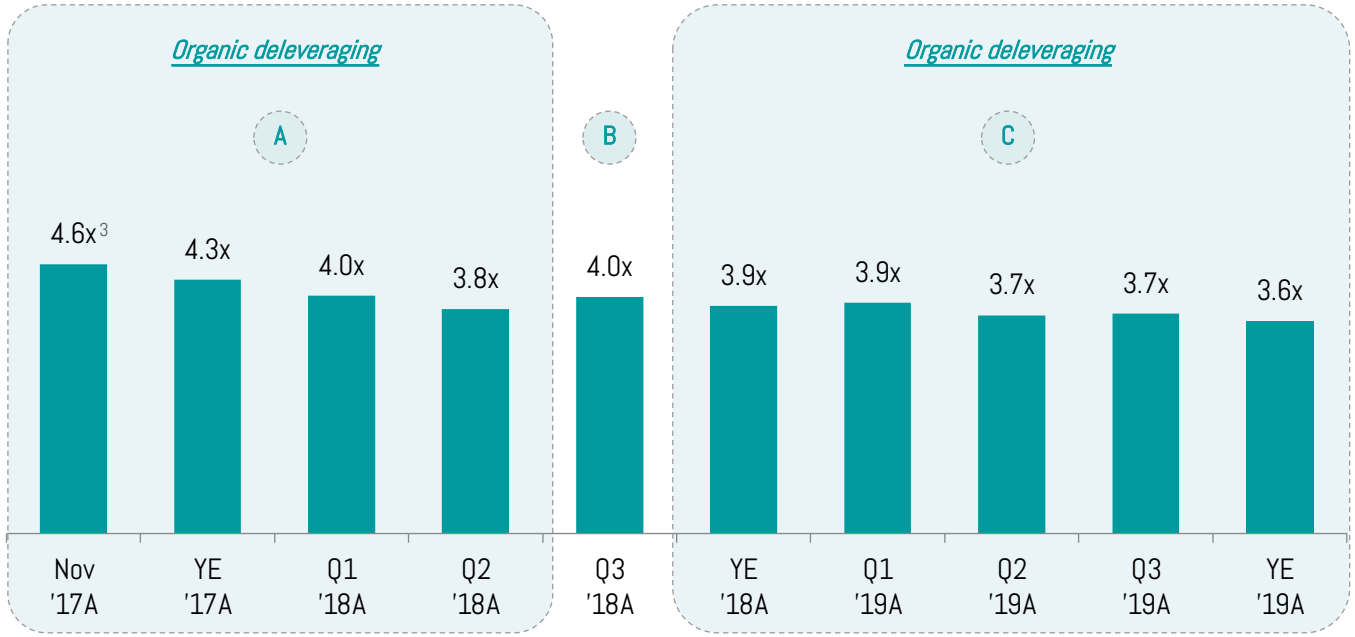


Notes:
1. Liquidity includes Cash, undrawn Revolving Credit Facility commitments (incl £10m overdraft) & is subject to a £30m minimum liquidity test at prescribed intervals
2. Includes committed capex, increase in deferred payments, working capital timings & small revenue collections

Senior Secured Net Debt of £786m as at the end of Q2 2021

Leverage: Senior Secured Net Debt[1] / RR adj. EBITDA

Standalone PureGym: a track record of deleveraging



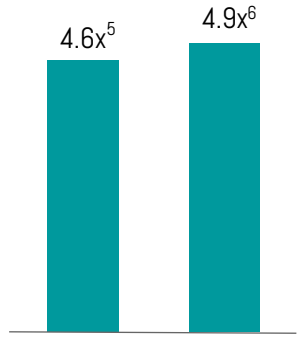
A *Q1 2018: £360m SSN placing by Leonard Green & Partners for the acquisition of PureGym*

B *Q3 2018: £30m SSN placing to finance the acquisition of Soho Gyms*

C *Q2 2019: £40m bond tap*[4]

Pro Forma (Combined Group)

Illustrative Q2'21A Senior Secured leverage is based on £161m RR Adj. EBITDA as at Dec-19 Pro-Forma



SS Net Debt	£745m	£786m
Liquidity[7]	£160m	£221m

Q2'21 Net Debt (Combined Group)

As at 30 June 2021	£m
Cash	77[2]
Senior Secured Sterling Notes 6.375%	(430)
Senior Secured EUR Notes 5.5%	(434)
Senior Secured Net Debt	**(786)**
Non-property leases	(16)
Government loans	(7)
Total Net Debt	(810)
FY19 Pro Forma RR Adj EBITDA	161
Illustrative leverage[5]	*4.9x*

Notes: All years stated under IFRS; December year end.
1. Senior Secured Net Debt ("SSND") defined as total senior indebtedness (excl. finance leases) less cash & cash equivalents. For the purposes of the leverage calculation, SSND uses average rates of exchange for the last 12 month period
2. Based on LTM exchange rate (as required by our banking documents) versus on page 16 which is recorded at the closing rate
3. Net leverage based on LTM Sep-17A Run-rate Adj. EBITDA of £78.6m, pro-forma for the acquisition by LGP
4. Proceeds not used & remained as cash on the balance sheet
5. Based on Dec-19PF Senior Secured Net Debt of £745m (consisting of the Sterling Notes (£430m), the Euro Bridge Facility (£380m, converted using LTM average FX rate of EUR 1.1711 to £1) less cash (£65m as converted at average rates of exchange for the LTM period) & including certain adjustments) & Dec-19A Pro-forma Run-Rate Adj. EBITDA of £161m
6. Based on Jun-21A Senior Secured Net Debt of £786m (consisting of the Sterling Notes (£430m), the Euro Notes (£434m, converted using LTM average FX rate of EUR 1.1297 to £1) less cash (£77m as converted at average rates of exchange for the LTM period)) & Dec-19A Pro-forma Run-Rate Adj. EBITDA of £161m
7. Liquidity defined as cash plus available RCF facilities



Business progress

Significant progress in strategic developments across the group in 2020 & 2021

Despite the challenges, we have made significant strategic progress across the group in existing markets…

United Kingdom – YTD & YTG sites



- 12 sites opened in 2020 and 19 in Q4 2019 give us solid momentum entering 2021
- 13 new sites opened in 2021
- 5 refurbishments of sites in 2021
- New site pipeline & deployment capabilities remain intact
- Sustained focus on operating standards delivering high NPS scores

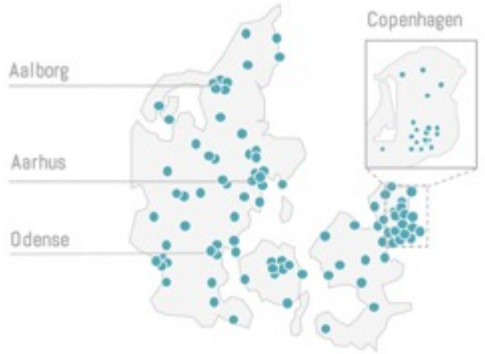
● 2021 sites
○ 2020 sites and Q4 2019 sites

Switzerland



- Significant move to flexible memberships
- Variable pricing & premiumization
- Rebranding planned / announced
- New site pipeline strengthening

Denmark

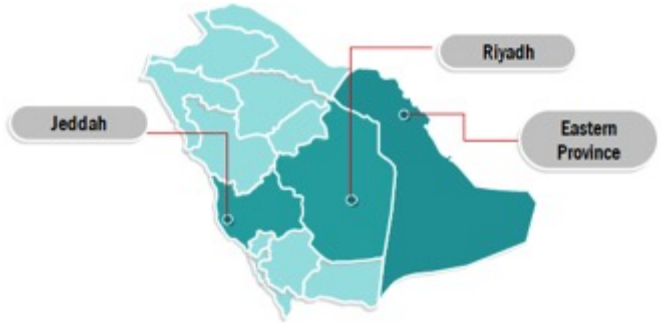


- Significant overhead cost reduction
- Improved revenue management introduced
- Estate upgrade commenced
- Estate rationalisation

And our first franchise partner will open 4 sites before the end of this year: expected to be the first of many in the Middle East & Egypt

Excellent market potential for a value fitness proposition

- 30 million people live in the Kingdom of Saudi Arabia (KSA)
- KSA gym market worth 5.2bn SAR / £1bn
- 1,700 gyms across the Kingdom; mid-tier 79%; HVLP ~ 1%
- PureGym will be priced at less than half the price of the typical mid-market players







PureGym Franchise partner: Al Hokair Group

- The Al Hokair Group began investing in the entertainment and hospitality sectors in 1975
- The Group's projects expanded to include 90+ entertainment centres and 35 hotels comprising of more than 5,000 rooms across the Middle East
- Occupying over 882,226 sq.m. of space and employing over 3,000 professionals, serving over 9 million people annually
- Took the strategic decision to expand into fitness in 2018 and selected PureGym as the preferred partner

Al Hokair's key partnerships

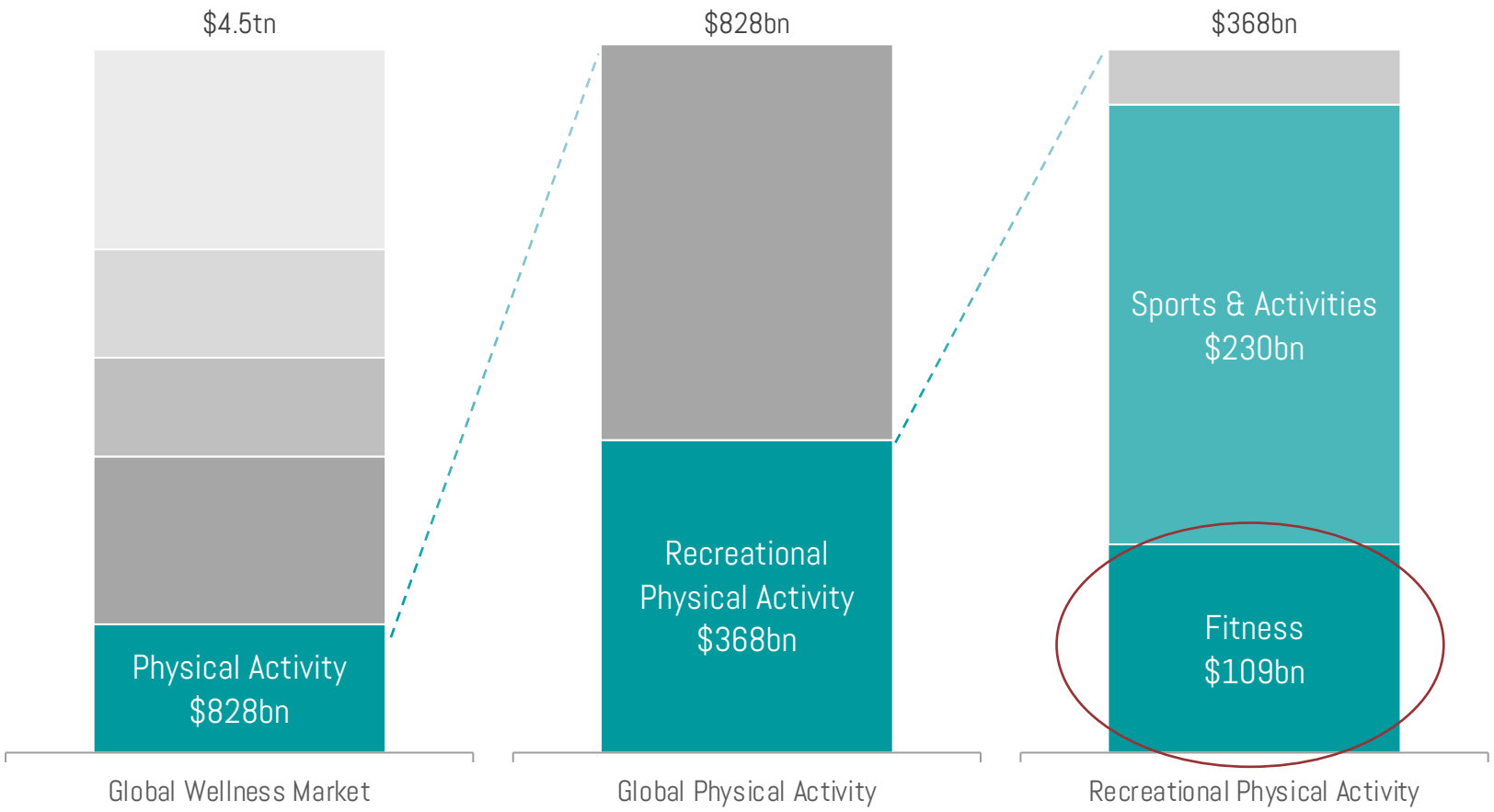
MENA Hotels & Resorts · RADISSON HOTELS · Sugar Moo · IHG InterContinental Hotels Group · Marriott HOTELS · RESORTS · SUITES · Hilton · Sparkys · Snowy Forest · ACCOR · Louvre Hotels GROUP · الحكير تايم ALHOKAIR TIME



Strategy & outlook

A scaled market leader with a strong performance model & a great runway for medium & long-term growth

It is important to remember that we operate in a large overall market

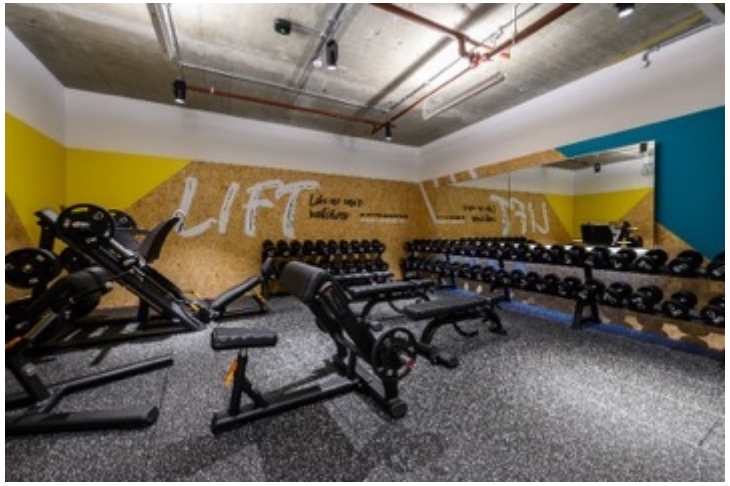


- Wellness expenditure ($4.5tn) accounts for over half of global expenditure on health ($7.8tn)
- Pre-pandemic (2015-2017) growth was 6.4% p.a. which is c.2x global economic growth of 3.6% p.a.
- Physical activity expected to grow to $1.1tn+ by 2023 (pre-pandemic projection)
- Broad-based expectations that global physical activity will increase post pandemic as a result of a heightened awareness of the importance of activity to personal health and wellbeing

Notes:
1. Source: GWI: Global Wellness Economy Monitor 2018, Global Wellness Institute: Move to be Well: The Global Economy of PhysicalActivity 2019, WHO: Global Spending On Health 2020, OC&C analysis

The PureGym Group 'Standard Operating Model' product is a very strong offer & can increasingly be described as a "boutique experience at a budget gym price"













And the value proposition of the PureGym Standard Operating Model addresses all the key points that consumers regard as important

What you get...

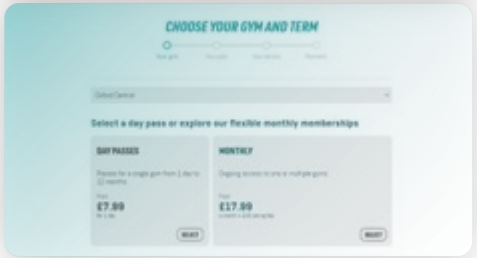
1 Quality kit & classes

Quality gym, with members able to access 50-80 classes, combined with nutrition, equipment and PT options beyond plan



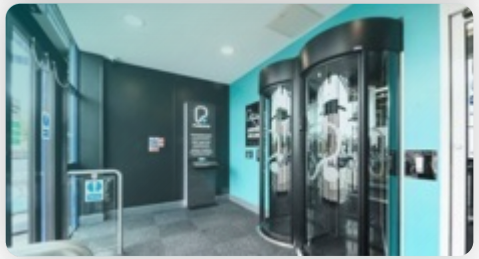
2 Easy to join

Members can join in just 2 minutes, via our website or app



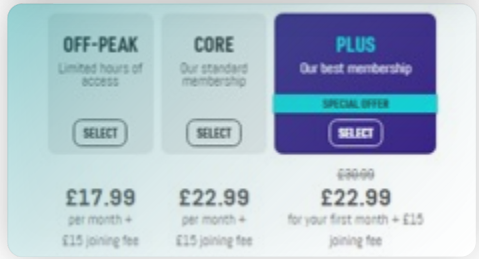
3 Flexible membership

Flexible memberships with no contract or long term tie in



4 Competitive pricing

Variable pricing model applied and tailored to the local market crucial to maximising performance



5 Multi-gym access

Members can choose to access any of our gyms, with most open 24/7



6 Digital Innovation

Blend of high tech with high performance, including digital studios and interactive screens



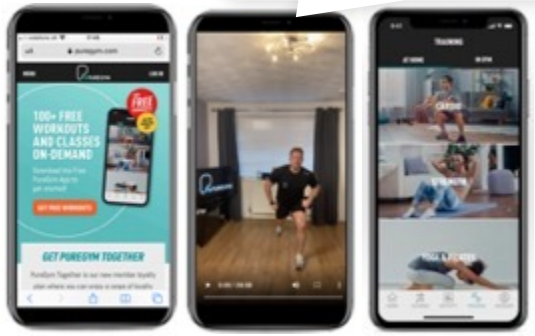
Notes: Source: LDC, Mgmt Data, OC&C Assessment of Management Data, PG Management Perspectives

1. 2019PF figure, including ancillary revenue.
2. Mid-market defined as non low-cost (as defined by LDC), private operators that are <£60 monthly membership fee.
3. Premium defined as private operators that are >£60 monthly membership fee.

We sustained tech investment right through the pandemic and have well developed digital and online offering which is complementary to facilities-based fitness

Integrated club & home fitness services

Live and on demand classes



Nutritional advice

Progress tracking

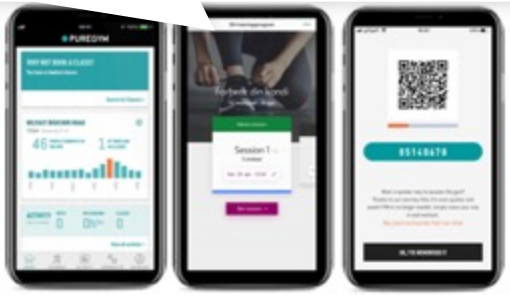




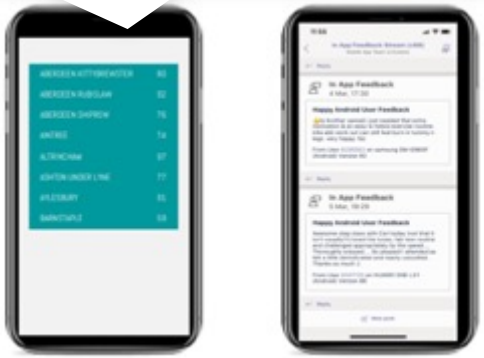


Enhanced capabilities post-COVID-19

Tools to support members in timing visits, booking slots and contactless entry

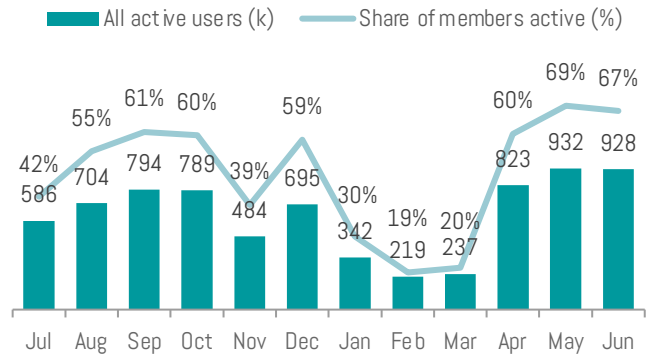


"Live" feeds of attendance and member feedback for monitoring and control



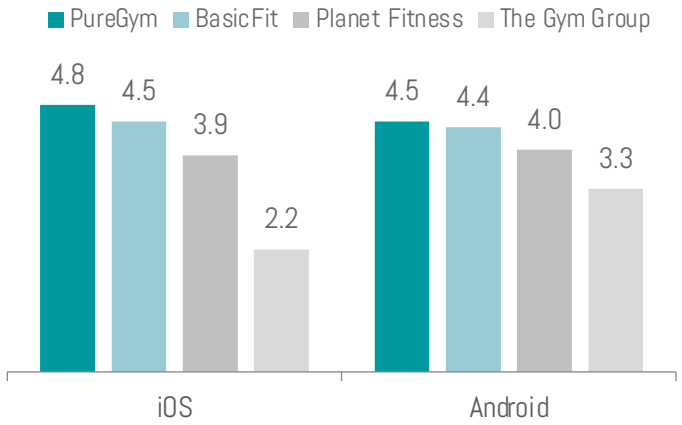
Active App users & share of members active

July 2020 – June 2021



App rating vs peers

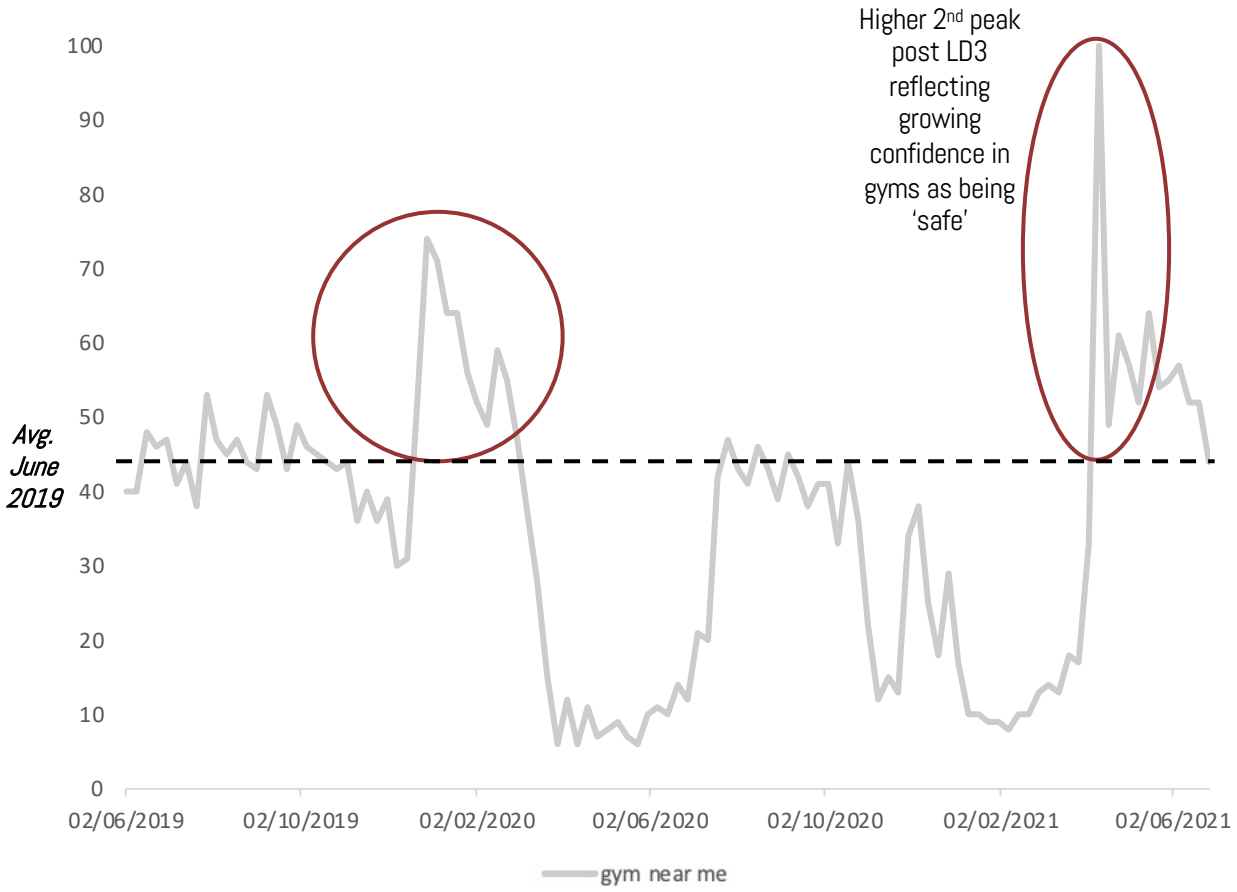
July 2021[1]



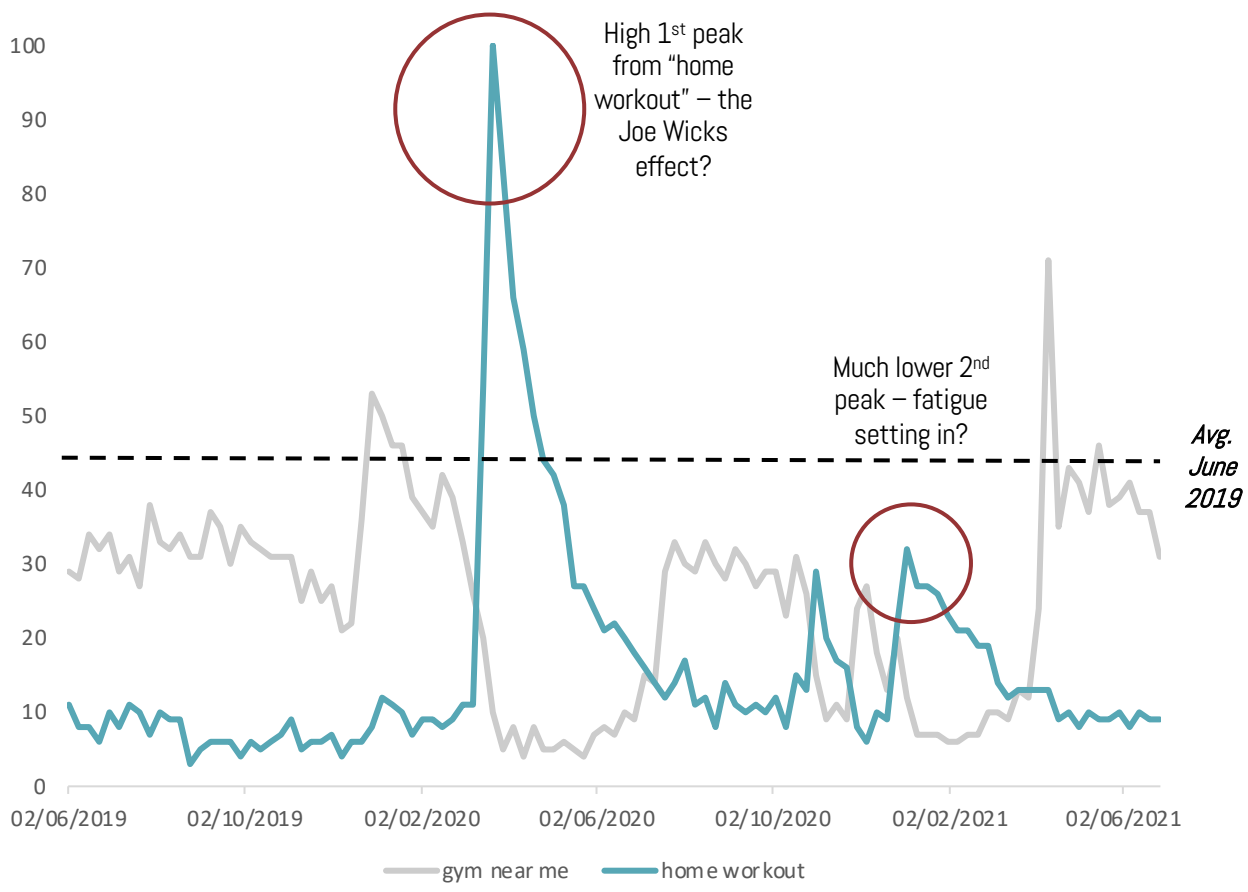
Notes:
1. As of 22nd July 2021.

Google 'search interest' data offers a healthy read on home workouts vs interest in attending gyms over the last 24 months

Interest in "gym near me" peaked at each reopening and has settled back to healthy pre-pandemic levels



When search data for "home workout" is overlaid it is clear that after the high peaks caused by lockdown interest has fallen back significantly



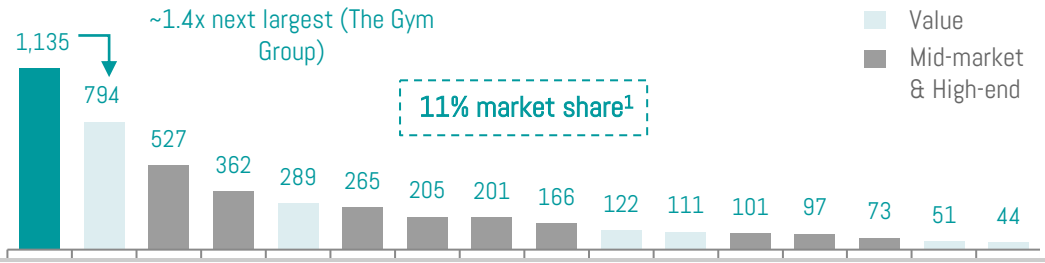
Source: https://trends.google.com/trends/

Our business portfolio is strong

Competitive position

#1

Number of members in 2019 (000's)

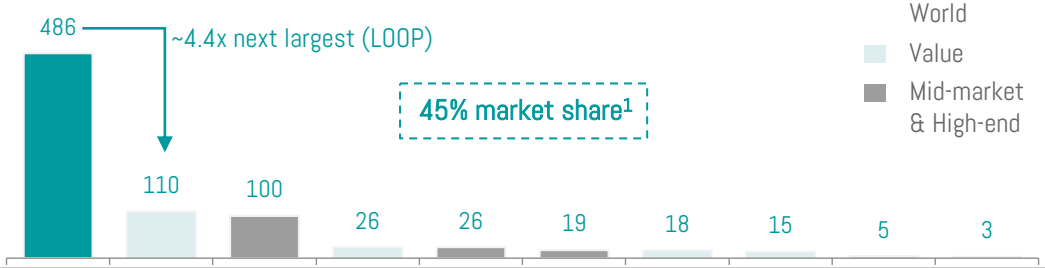


Gyms at Dec-19: 263 *Gyms*

Growth potential in all geographies
- £4.7 billion market size in 2019[2]
- 4% market CAGR[2] ('15A-'23F)
- Expected value segment market share of 19% in 2023[3]
- 16% gym members as % of total 2019 population

#1

Number of members in 2019 (000's)

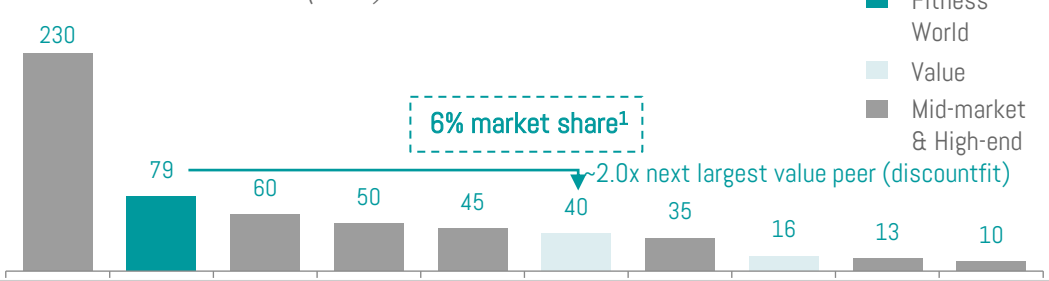


Gyms at Dec-19: 185 *Gyms*

Growth potential in all geographies
- £0.3 billion market size in 2019[2]
- 2% market CAGR[2] ('15A-'23F)
- Expected value segment market share of 70% in 2023[3]
- 19% gym members as % of total 2019 population

#1[4]

Number of members in 2019 (000's)

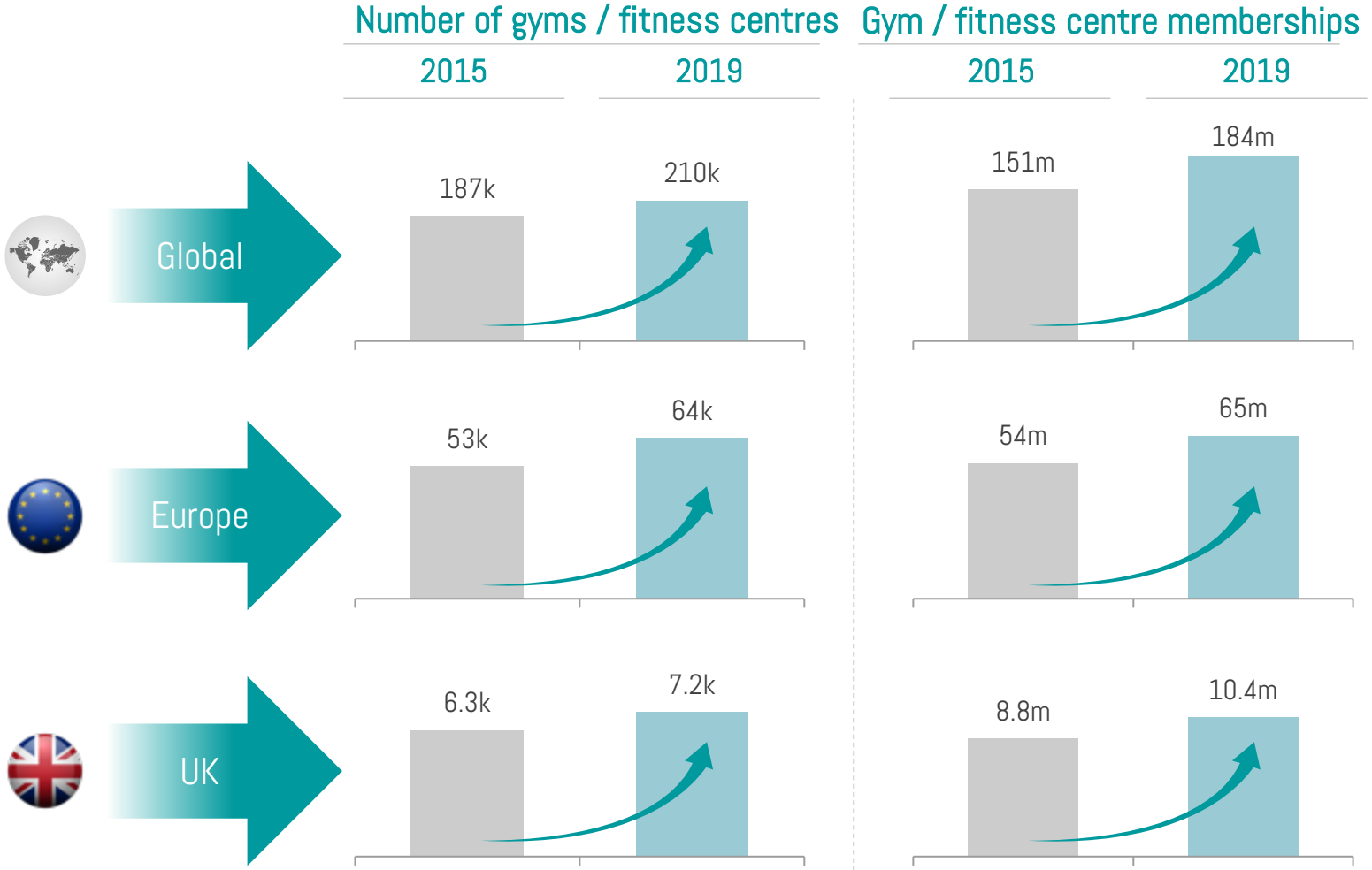


Gyms at Dec-19: 39 *Gyms*

Growth potential in all geographies
- £0.8 billion market size in 2019[2]
- 2% market CAGR[2] ('15A-'23F)
- Expected value segment market share of 17% in 2023[3]
- 13% gym members as % of total 2019 population

Notes: Sources: OC&C, McKinsey.
1. Market share of total market volume (# of members)
2. Total health and fitness market. Including secondary income. Converted using EUR/GBP of 0.08499
3. Value segment includes clubs belonging to a low-cost chain (2 or more clubs) where the noncontract membership option across the majority of the clubs is typically less than £25 per month. Excludes public gyms in the UK
4. Basefit is the number 1 value gym operator in Switzerland by number of sites

Structural growth of the market was clear & consistent pre-COVID-19 and we are confident it will return to growth in the future



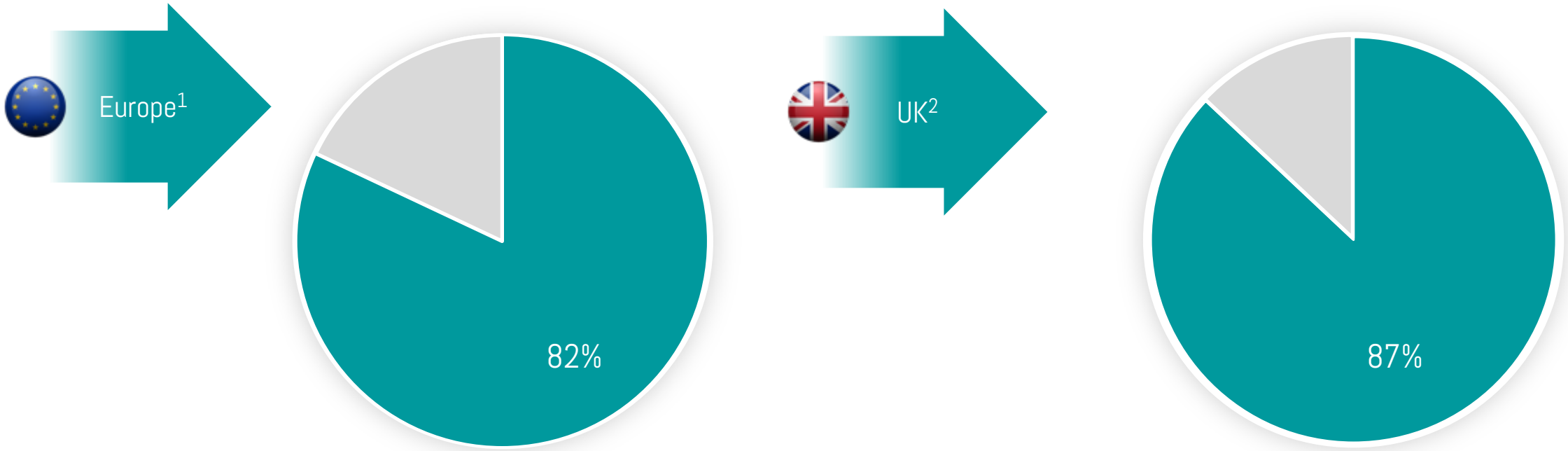
Drivers of growth… & of expected future growth

- Growing consumer awareness of importance of activity / exercise for a healthy lifestyle
- Government support & promotion
- Rise of obesity, diabetes, cardio illnesses etc.
- Massive increase in awareness due to the global pandemic
- Change in supply – the rollout of budget fitness

Notes: Sources: The IHRSA Global Report: The State of the Health Club Industry (2020 and 2016), Deloitte / EuropeActive European Health & Fitness Market Report (2020 and 2017). LDC, PG Management Perspectives.
1. Global definition is number of health and fitness facilities; EU / UK definition is fitness clubs.
2. March of the year indicated.

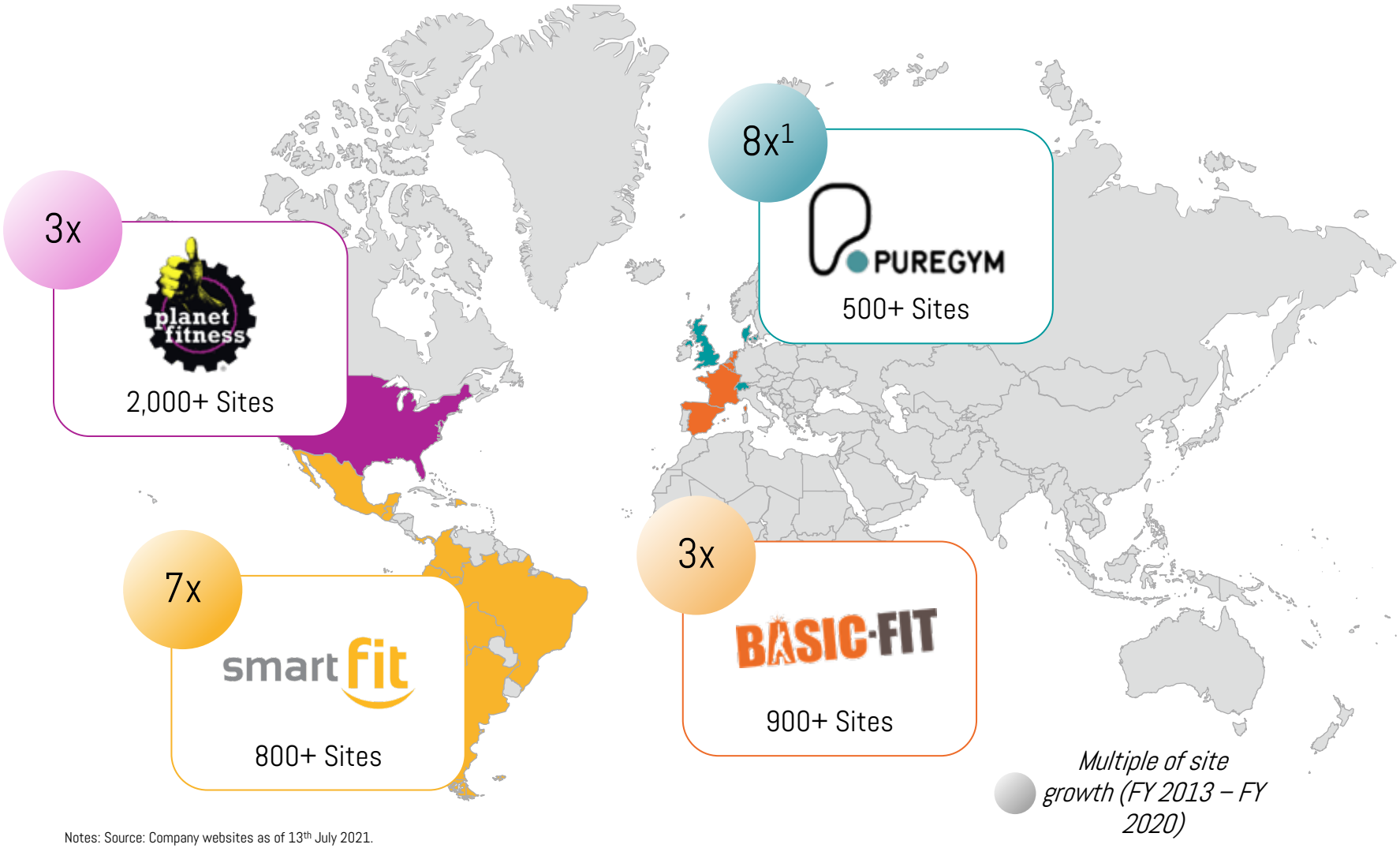
Budget fitness operators have won the battle for volume of membership and we believe will continue to do so in the gym & fitness industry

Share of gym/fitness centre member additions: 2012 – 2019



Notes: Sources: LDC, Deloitte / EuropeActive European Health & Fitness Market Report (2020 and 2017), PG Management Perspectives.
1. Europe calculation based on share of net new additions from the top 30 European operators (as defined in the Deloitte report) that are budget gyms.
2. UK data to March of the year indicated, Europe data calendar year. UK includes private low-cost gyms as defined by LDC.

The 'big 4' premier league players have emerged as they create, benefit from and exploit their growing economies of scale



"We expect well invested and well capitalized low cost gyms to prosper in a potentially recessionary and less competitive environment"

"We believe their value proposition has become more compelling, with the hybrid facility and digital model coming to the fore, which could translate into larger membership bases"

"In contrast, premium facilities we expect to suffer from down trading and more limited ancillary services (PT, classes, physio etc.) in the near term"

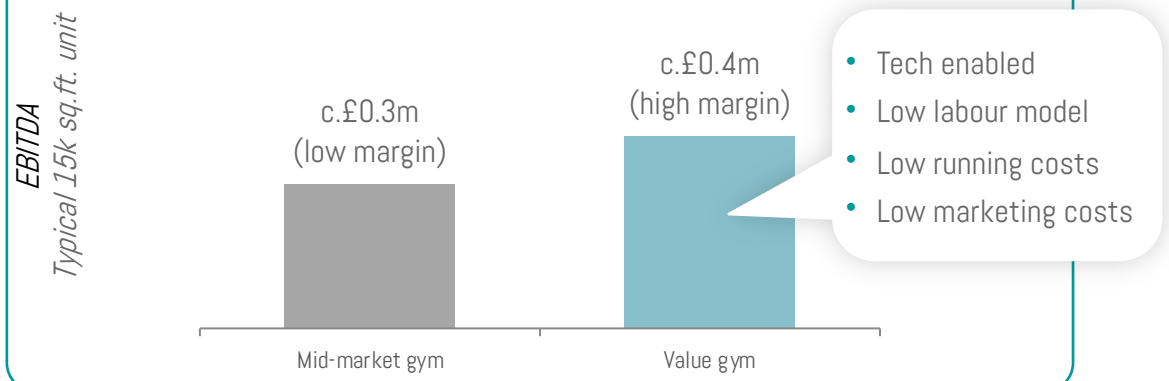
Citi Group Report, 3 August 2020

Notes: Source: Company websites as of 13th July 2021.
1. 5x if acquisition of Fitness World is excluded.

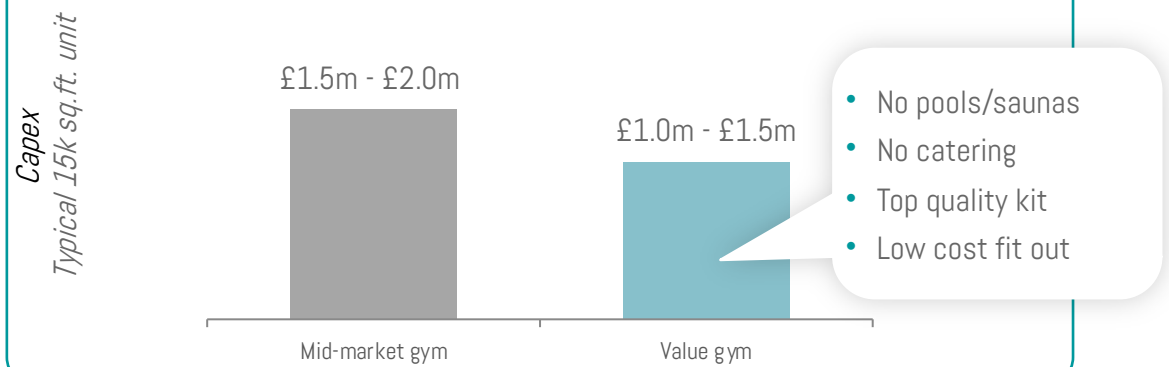
The budget fitness model deployed by these 'premier league players' is winning because it is economically superior to traditional gym / fitness operating models

PUREGYM

Significantly HIGHER EBITDA due to lower costs...



...and LOWER CAPEX to fit out each unit



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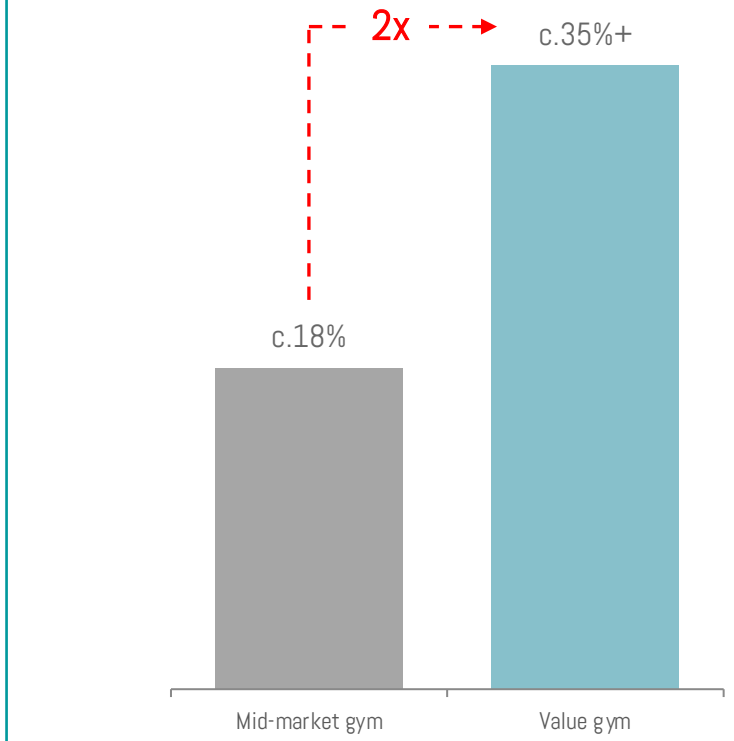
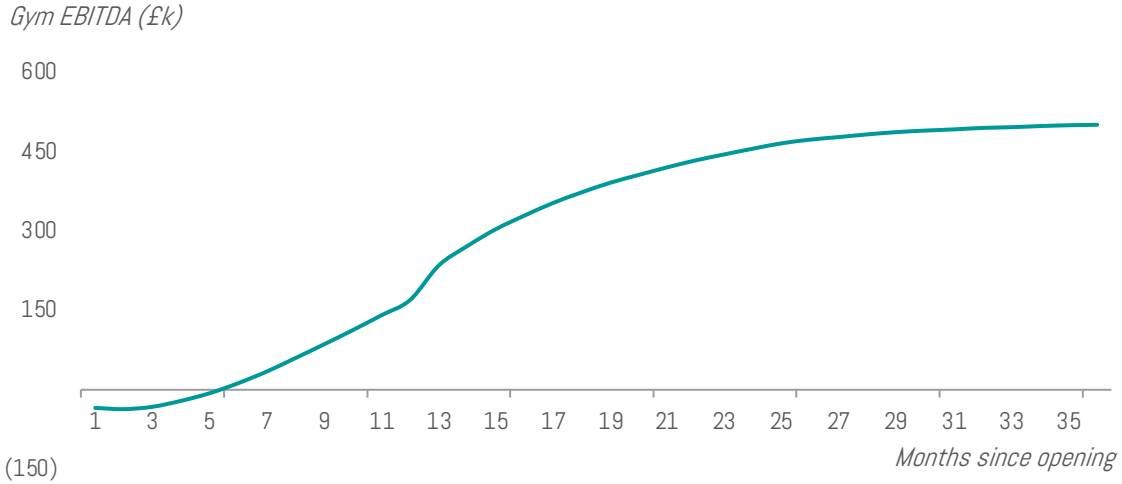
Higher & more sustainable ROCE



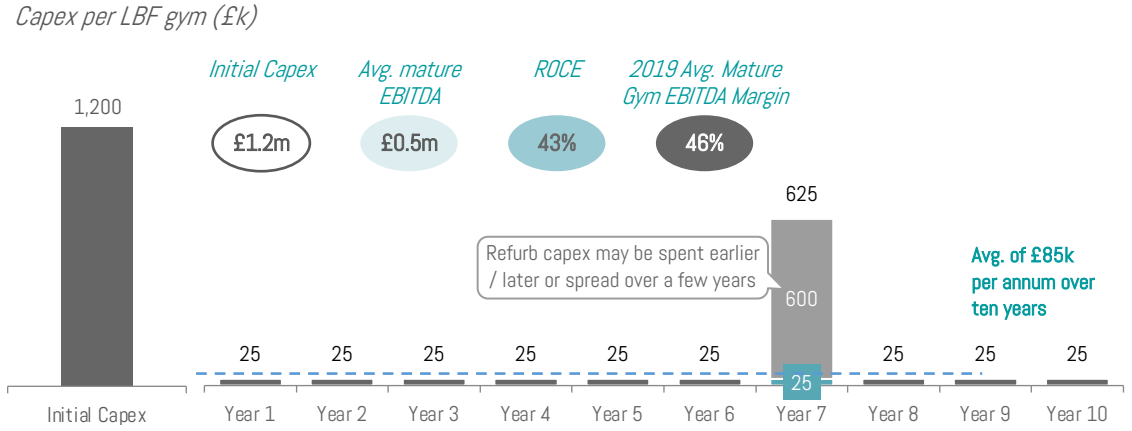
Source: Average LA Fitness 15k sq.ft. site performance data, as representative of a typical mid market operator in the UK.

We believe PureGym has earned its position in the 'premier league' not just because of its growth, but because of its quality of performance

Historical new site ramp curve & track record – UK LBF Gym



Strong & proven unit economics – UK LBF Gym



Consistent high-quality performance, cohort after cohort (2019A)[1] – UK

Cohort	Total # of gyms	Avg. LTM EBITDA / gym (£k)	LTM ROCE %
2009-2012	38	488	42.8%
2013	22	502	44.2%
2014	24	485	41.6%
2015	48	506	41.0%
2016	38	563	45.4%
Mature Gym Average	**170**	**511**	**42.9%**
2017[2]	22	571	45.6%

Notes:
1. UK LBF (Large Box Format) Gyms.
2. 2017 excluded from average as cohort not fully mature in 2019.
3. Adj EBITDA is before pre-opening costs and adjusted for non-cash expenses.

Highly cash generative operating model

(£ in millions)	Group 2019PF
Adj EBITDA[3]	131
Maintenance & Refurbishment Capex	(32)
Changes in Working Capital	
Inventories	(2)
Trade and Other Receivables	(9)
Trade and Other Payables	13
Total Δ in working capital	2
Operating Free Cash Flow[2]	101
% Cash Flow Conversion	*77%*

Looking to the future and growth, we have a very clear approach & hierarchy in mind to pursue value creating growth

A business built on solid foundations with excellent prospects for sustained growth

3 Pursue franchising, digital and new market entry where attractive to do so

2 Open new sites – especially in the UK & Switzerland where substantial "whitespace" remains

1 Capture the "tailwind" of recent site openings to deliver full performance potential of all existing estates in the UK, Denmark & Switzerland

The "tailwind" vs 2019 for the existing estate indicates £40m+ Adj EBITDA upside

Key tailwind factors

1. 90 immature UK gyms as at 2019
2. 55 immature DK & CH gyms at 2019
3. 27 sites opened in 2020 and 2021 year to date[1]
4. Synergies from the Fitness World acquisition
5. Year to go new openings in the UK and CH

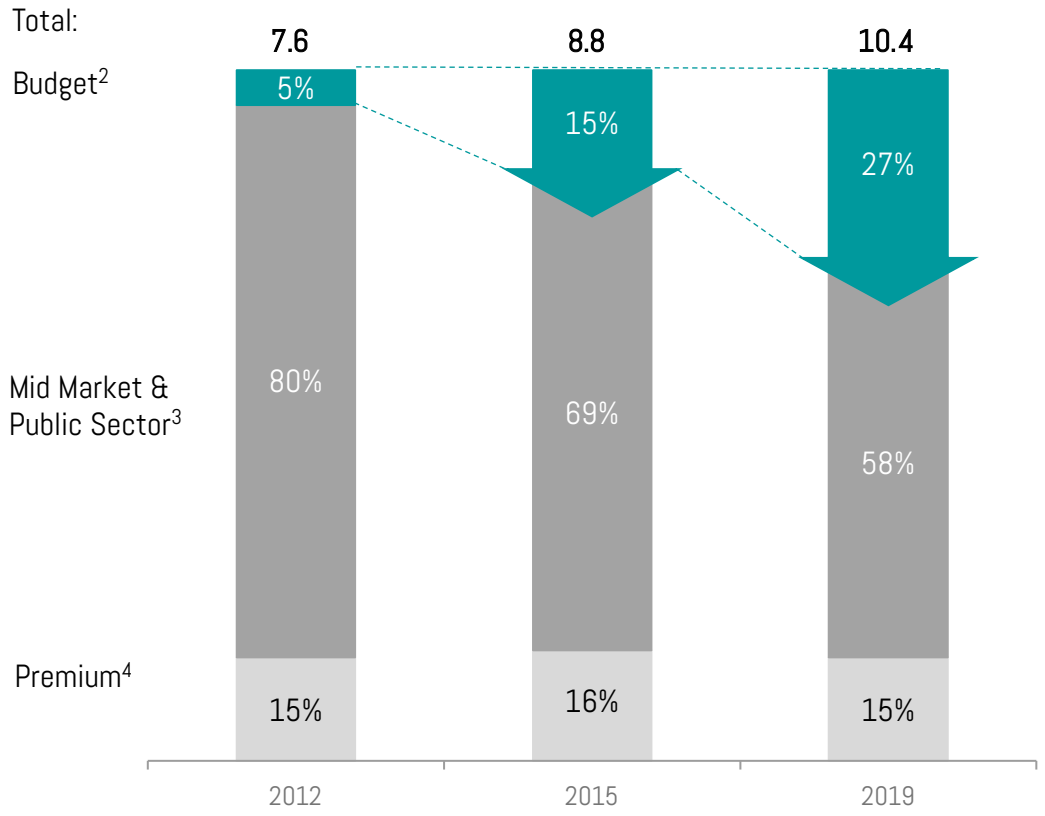
Embedded Adj EBITDA upside from immature gyms

£15m + £9m + £11m + £5m + £XXm

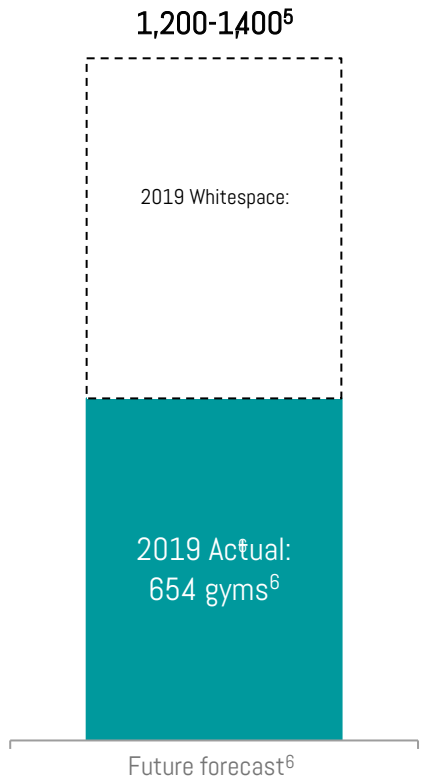
Notes:
1. By 30 June 2021 in the UK and Switzerland

The UK offers further significant opportunity to disrupt mid market incumbents & capitalise on plentiful whitespace opportunities

Budget gyms are massively disrupting the market & taking share[1]



Considerable whitespace potential remains for budget gyms



Management View

- Large number of whitespace catchments available
- Property market very favourable
- 1400 budget sites = 20% market location which feels very achievable
- PGG aims to make 40-50% share of new openings amoungst budget market operators
- Headline ambition of 300+ gyms

Notes:
1. According to LDC State of the Industry reports.
2. Private operators.
3. Includes Lower Mid-Market is typically less than £40 however not 'low-cost', Upper Mid-Market is £40-£60.
4. Premium is £60+.
5. Total opportunity headroom assessed by PWC. PWC UK Low Cost Gyms – Market Headroom Forecast March 2019: https://www.pwc.co.uk/industries/hospitality-leisure/insights/uk-low-cost-gyms.html, PG Management Perspectives.
6. Actual number of Budget gyms as of January 2019 per PwC report.

In the UK market, relatively few players will be opening sites to take advantage of the favourable dynamics as we see them

Company	Likelihood of Expansion	Commentary
PUREGYM	✓ ✓ ✓	Strong ability to expand sites with ability to compete with budget players and struggling mid-market players
the gym	✓ ✓ ✓	Raised capital to enable further expansion in 2022/23
Xercise4Less	✗	Business collapsed into administration in May/June 2020
énergie Fitness	✗	Business fell into administration in 2020; sad death of founder likely to restrict further growth
Fitness4Less[1]	✗	Closed Bristol site in June 2020 as a results of lockdown: most smaller operators lack access to capital so will struggle to open sites
JD GYMS	✓ ✓ ✓	Acquired c.50 Xercise4Less sites in 2020, resulting in significant increase in gym numbers overall
SPORTS DIRECT FITNESS.COM EVERLAST	✓	Sports Direct's retail arm will likely take the majority of capital and so sustained investment in new gyms may be less likely

Company	Likelihood of Expansion	Commentary
David Lloyd CLUBS	✓	Focus likely to be on small number of new sites – mainly in Europe
Virgin active	✗	Major restructuring in Q1 2021 does not indicate sufficient funds for new site openings
Bannatyne Health Club & Spa	✗	Closed Russel Square and Birmingham Priory sites in 2020, significant impact on gyms highlighted
Nuffield Health	✓ ✓	May take advantage of tax status to acquire new sites (e.g. Virgin Barbican site)
DW FITNESS	✗	Fell into administration in Aug 2020; remains of estate very London centric
ANYTIME FITNESS	??	Franchising setup is less desirable as a result of COVID-19 – unlikely to have many investors able to setup new sites
snap FITNESS 24-7	??	Franchising setup is less desirable as a result of COVID-19 – unlikely to have many investors able to setup new sites
Leisure/Public Sector (GLL, P4P, etc.)	✗	These operators have been very hard hid by the pandemic and have limited access to capital to start reinvestment

1. Representative of a suite of 10-15 2nd/3rd tier budget operators including Buzz Gyms, Kiss Gyms, TryGym, Easy Gym, 24/7 Fitness, Fit4less, etc.

Sources: Industry Press, Annual Reports, Deloitte / EuropeActive European Health & Fitness Market Reports (2021), PG Management Perspectives

PureGym, however, is well-equipped to take advantage of the UK market & to rapidly accelerate opening activity

Potentially golden era of expansion for PureGym in the UK

1 **Attractive home market**

The UK is the largest gym & fitness market in Europe by revenue, is growing and has high average prices[1]

2 **Clear marketplace headroom for expansion**

3rd party analysis (PwC) corroborated by detailed internal analysis

3 **Supply "under pressure"**

Post pandemic weak players are contracting or failing and this opens up significant further, new space for expansion

4 **Property market favourable**

Post-COVID rental deals are improving and better site choices are clearly now available to us

5 **PGG property pipeline**

We have a team "primed and ready", with over 200 specific potential locations identified

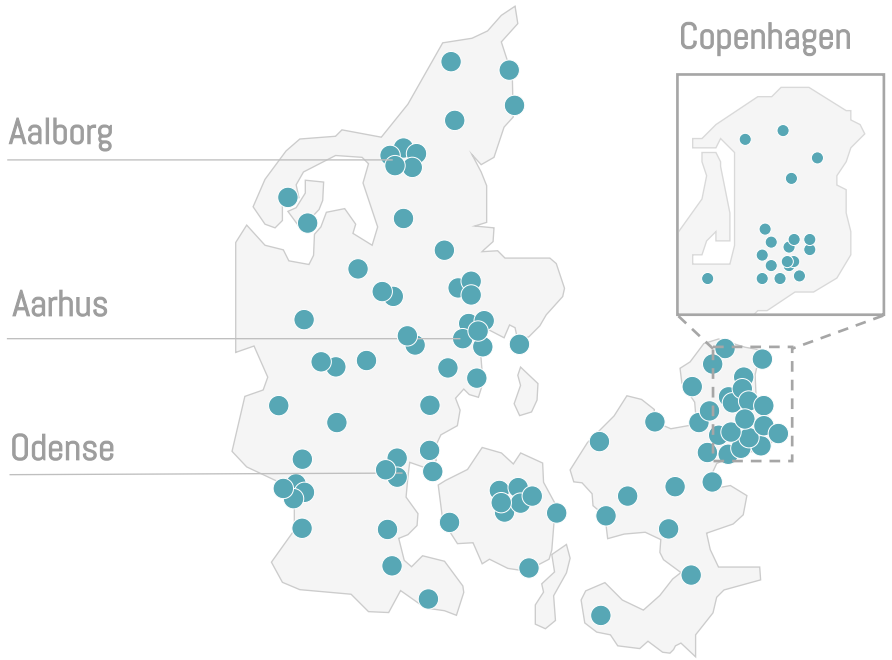
6 **PGG well-positioned to execute**

30-person development team, flexible format model, a strong brand and variable pricing gives PGG the best possible start point

Notes:
1. According to LDC, Deloitte / EuropeActive European Health & Fitness Market Report (2020, 2019 & 2018) , PG Management Perspectives.

Growth in EBITDA & margin in Denmark will derive from improvements in the business rather than new site rollout

Fitness World Footprint



185
Sites [2]

487k
Members

~10%
Danish population are Fitness World members[1]

Key levers to improve profitability and margin

1. **Cost reduction**
   - c.35% 1st wave headcount reduction at head office
   - 50% reduction in per site tech costs
   - Equipment opex: contract negotiations in hand & significant
2. **Revenue growth**
   - Simplified product range
   - Reduce promotional leakage from > 200 days per annum by over 50%
   - Variable pricing roll out by end of the year
3. **Estate rationalisation**
   - 8 sites already closed
   - c.10 consolidations by end of 2022
   - 19 sites exited in Poland
4. **Estate upgrades**
   - Programme underway and yielding 20-30% volume uplift

Notes:
1. ~10% of Danish population >14y are Fitness World members
2. Site numbers and members stated as at Dec-19

In Switzerland, we plan to commence accelerated roll-out in 2022 to take advantage of the market opportunity for budget fitness

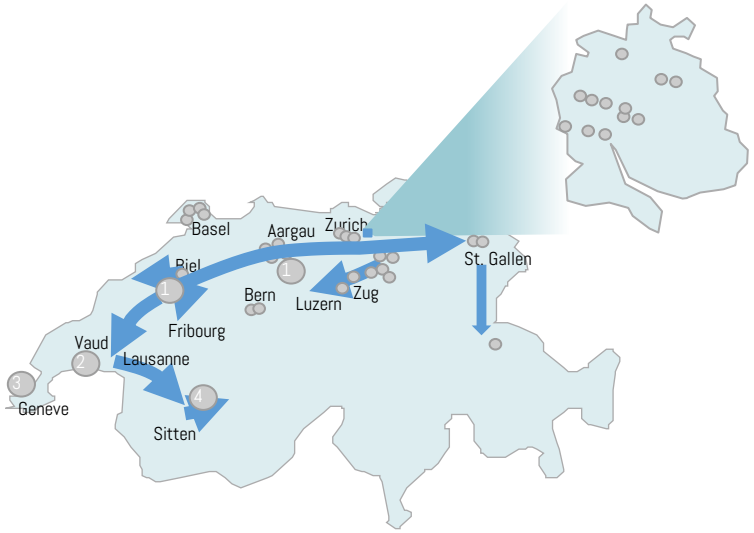
PUREGYM

Step 1: Reset & rebrand

Step 2: Commence accelerated roll-out across Switzerland

Step 3: Drive margin/EBITDA through estate upgrades & model improvement

- Change product from 12- / 24-month paid in advance to monthly, no contract
- Introduce variable pricing, premiumisation and bolt-ons
- Rebrand to PureGym.ch



- Refurbish existing estate
- Strengthen / adapt product offering, e.g. more classes
- Introduce a new PureGym Group app and website
- Suitable PureGym Group IP smart suite

We will deliver value from the FW acquisition through active intervention – which was how we drove value from the acquisition of LA Fitness

	LA Fitness[1]	Fitness World[2]
Strategic rationale	Premium London footprint expansion	International diversification and market entry
Purchase price	£75m = 7.2x 2014 EBITDA of c.£10m	£345 million[3] = 7.0x RR Adj EBITDA of c.£52m
Retained sites	31 integrated | 12 exited	212 integrated | 29 exited

PUREGYM Value creation

Implemented PureGym's:
- Tech Platform
- Operating Model
- Performance Mgt
- Refurbishment
- Cost Synergies

Implementing PureGym's:
- Tech Platform
- Operating Model
- Performance Mgt
- Refurbishment
- Cost Synergies

End result

- Double EBITDA from £10m to £20m post acquisition
- Effective acquisition price of 3.8x EBITDA

- Increase in EBITDA through:
  - growth in margin in Denmark
  - growth in site numbers in Switzerland
- Targeting a similar level of significant value accretion

Notes: Source: Company information.
1. Acquisition completed in May 2015.
2. Acquisition completed in January 2020.
3. 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).

Beyond core territories, the PureGym Group is well equipped to pursue further options for international growth & indeed this is already underway

Opportunity for growth

Middle East / Asia
Massive underserved opportunity

- Huge underserved market
- No clear market leader or indeed substantive budget presence
- Clear opportunity for franchising collaboration / partnership
- First franchise sites will open in Saudi Arabia before the end of the year
- Discussions for further master franchise agreements already underway

North America
Massive market opportunity

- Huge market with significant supply reductions post COVID -19 pandemic
- No clear #2 to PlanetFitness
- PureGym Group tech enabled, low labour cost model potentially very strong
- 3 trial sites will open in late 2021 / early 2022

Europe
Our 'home territory'

Related geographies: Ireland, Scandinavia, Baltics

- 25m+ population
- PureGym the natural "owner" among the premier league

New geographies: Spain, Italy

- 100m+ population
- No clear budget market leader yet established



Conclusion

The PureGym Group: Inspiring a Healthier World

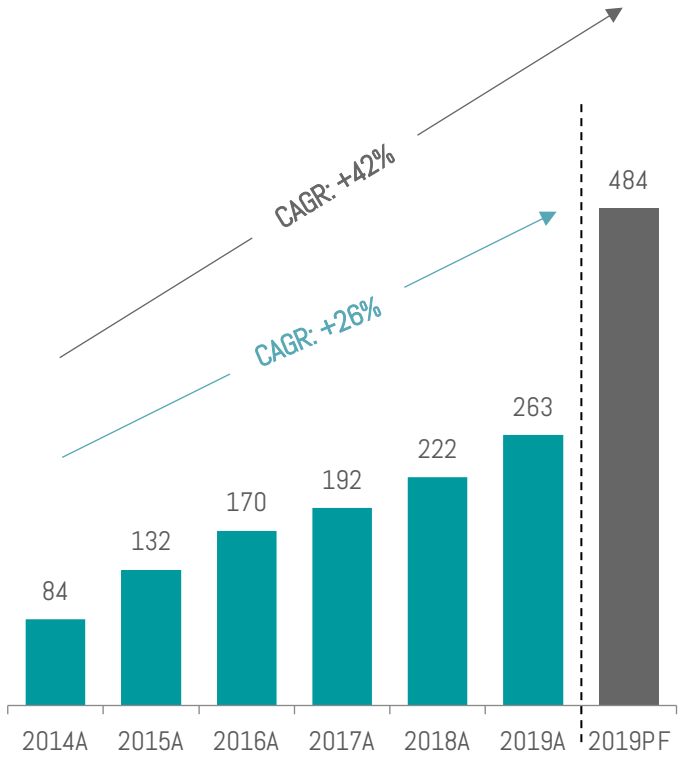
1. Strong reopening results & recovery trajectory in terms of members, revenue & Adj EBITDA
2. >£8m Adj EBITDA in the months of June & July (excluding the net effect of support and restrictions)
3. Excellent liquidity position, £221m available as at 30 June 2021
4. Good strategic progress through 2020 & 2021 despite the pandemic
5. A scaled leader in attractive markets & one of the “big 4” with growing structural advantages
6. Proven business model, strong new site pipeline & favourable property market conditions
7. Exploring capital raising options to take advantage of a great runway for growth



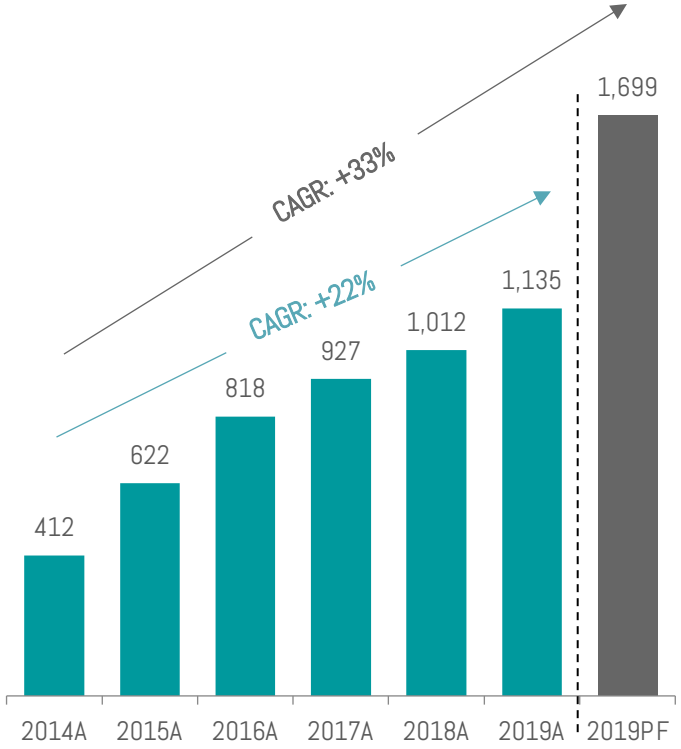
Appendices

The PureGym Group delivered very consistent & robust growth between 2014-2019

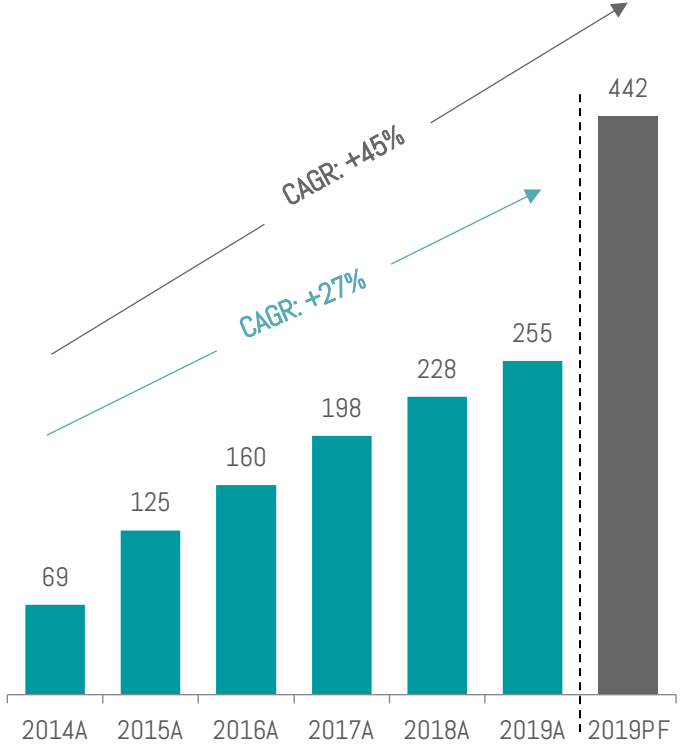
Gyms (#)[1]



Members (k)[1]



Revenue (£m)

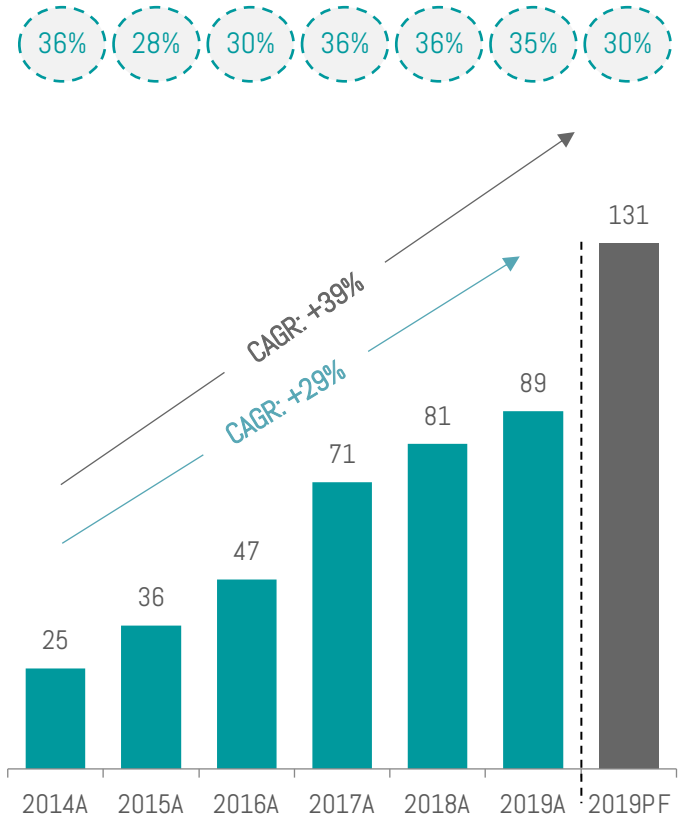


Excluding Fitness World acquisition Including Fitness World acquisition

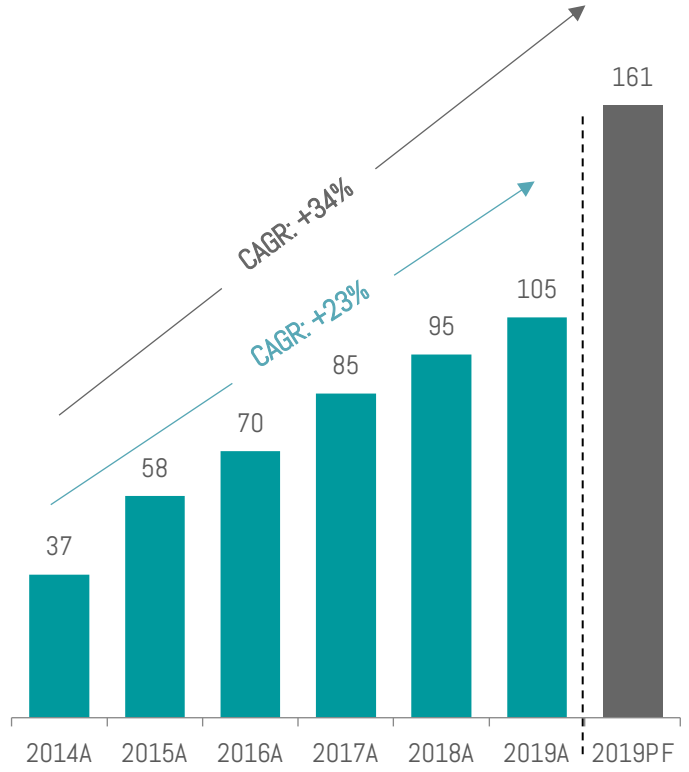
Notes: For 12 months ended 31 December & relate to PureGym only, except where shown as pro-forma for the acquisition of Fitness World.
1. Gyms includes PureGym branded sites at year-end. # of members excludes pre-opening members, includes members at PureGym branded gyms only.

The outputs of a relentless programme of management activity have been very strong in terms of financial performance

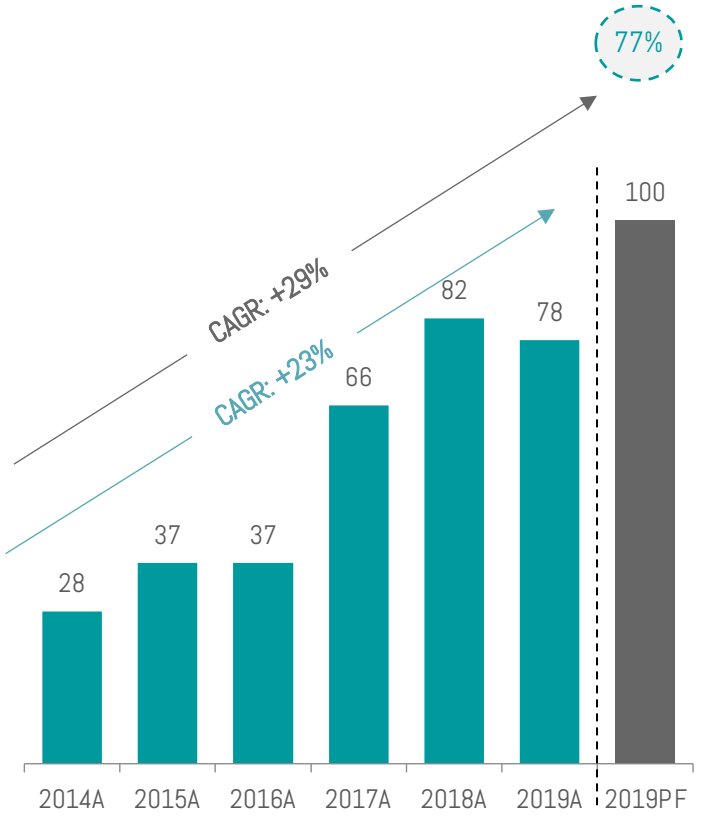
Adj EBITDA (£m)[1]



RR Adj EBITDA (£m)[2]



Op. FCF conversion (%)[3]



Excluding Fitness World acquisition Including Fitness World acquisition

Notes: For 12 months ended 31 December & relate to PureGym only, except where shown as pro-forma for the acquisition of Fitness World.

1. Adj EBITDA is before pre-opening costs and adjusted for non-cash expenses
2. Calculated as Adj EBITDA plus immature units (open for less than 36 months) EBITDA at maturity less actual contribution of immature units
3. 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.

Group cash flow Q2 2021

Cash flow for the quarter impacted by COVID-19

- Group Adjusted EBITDA improved due to reopening of estate but remaining impacted by closures and government-imposed restrictions
- Maintenance & refurbishment capital expenditure includes 5 major site refurbishments in Q2 2021
- £12.5m expansionary capex reflects expenditure on the completion of 13 new sites opened in the quarter and commencement of works on new sites to be opened after the period end
- Exceptional items primarily relates to restructuring of the Danish business and one-off costs related to the COVID-19 pandemic
- Other financing cash flows includes £6.7m relating to a COVID-support loan received from the Danish government and due for repayment between H2 2021 and 2023

	Quarter ended 30 June		6 months ended 30 June	
(£m)	**2021**	2020	**2021**	2020
Group Adjusted EBITDA[1]	**16.4**	**(20.3)**	**(9.0)**	**(0.2)**
Movement in working capital	9.3	6.5	7.3	16.6
Maintenance & refurb capital expenditure	(4.6)	(5.5)	(6.1)	(9.1)
Group operating cash flow	**21.1**	**(19.4)**	**(7.7)**	**7.3**
Operating cash flow conversion	*129%*	*95%*	*86%*	*n/a*
Expansionary capital expenditure	(12.5)	(7.0)	(21.2)	(18.1)
Exceptional items	(4.6)	(1.6)	6.1	(7.5)
Tax, interest, & debt issue costs	(11.7)	(3.6)	(26.8)	(29.4)
Other	(6.6)	8.7	(6.0)	(10.6)
Net cash flow before acquisition & financing	**(14.2)**	**(22.8)**	**(55.6)**	**(37.0)**
Net investment in Fitness World	-	-	-	(226.4)
Acquisition finance	-	-	-	300.0
RCF (repayment)/borrowing	-	(48.0)	-	-
Issue of senior secured notes	-	-	38.9	-
Finance lease capital repayments	(2.0)	(1.5)	(3.9)	(2.7)
Other financing cash flows	6.7	2.1	6.8	2.1
Net cash flow	**(9.5)**	**(70.2)**	**(13.7)**	**36.0**

Notes:
1. In 2021, the cash rent adjustment excludes the impact of COVID-19 rent deferments. Therefore, Adjusted EBITDA more closely reflects the underlying trading results of the Group for the period

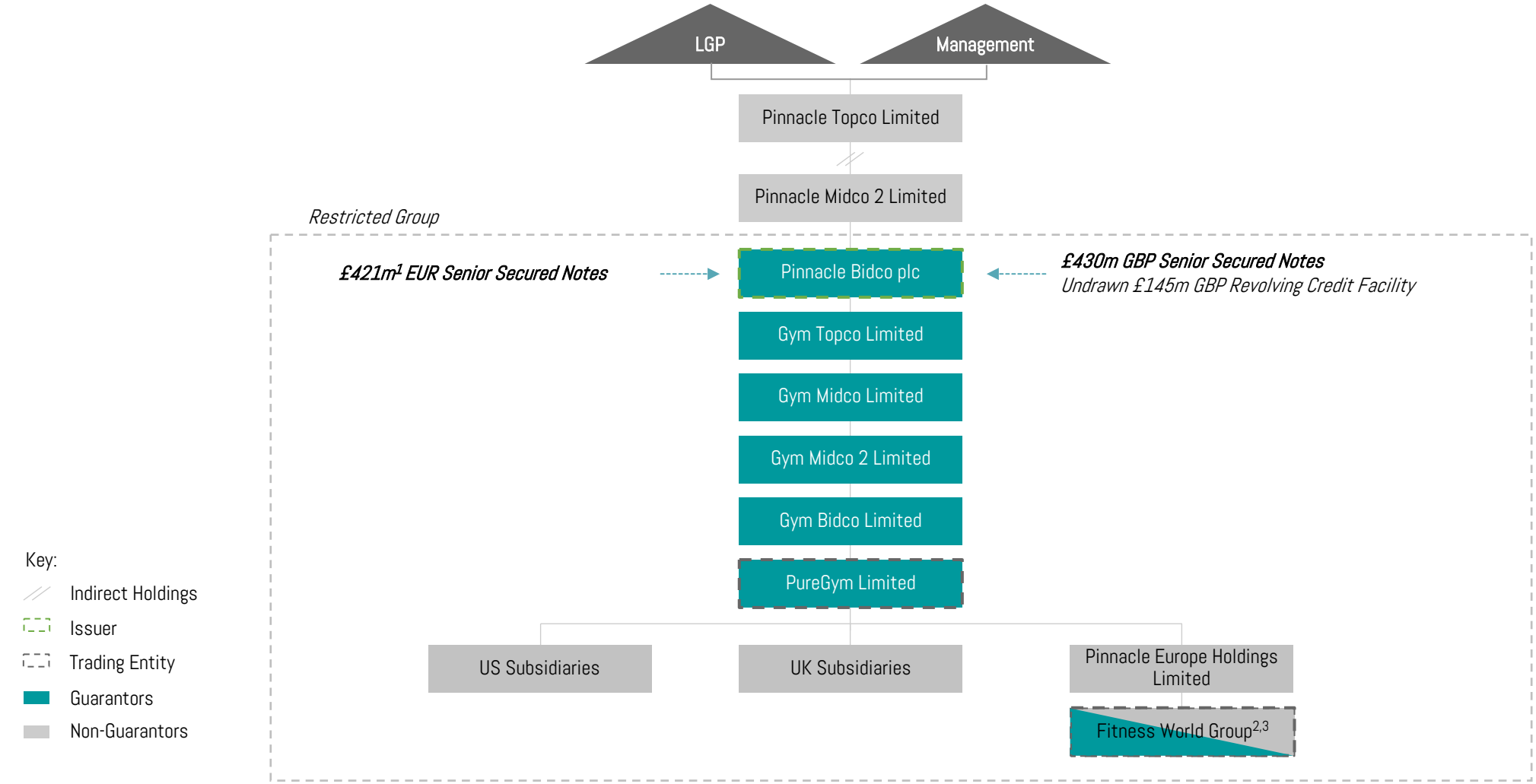
Segmental performance

	Pro forma basis (£m)						Reported basis (£m)					
	Quarter ending 30 June			12 months ending 31 December			Quarter ending 30 June			12 months ending 31 December		
	2021	2020	Change %	2020	2019	Change %	2021	2020	Change %	2020	2019	Change %
PureGym UK	55	1	n/a	142	255	(44)%	55	1	n/a	142	255	(44)%
Fitness World	27	13	111%	135	186	(28)%	27	13	111%	129	-	n/a
Denmark	21	9	151%	109	159	(31)%	21	9	151%	104	-	n/a
Switzerland	6	4	35%	25	27	(7)%	6	4	35%	24	-	n/a
Total Revenue	**83**	**14**	**500%**	**277**	**441**	**(37)%**	**83**	**14**	**500%**	**271**	**255**	**6%**
PureGym UK	21	(19)	210%	7	89	(92)%	21	(19)	210%	7	89	(92)%
Fitness World	(4)	(1)	(215)%	5	42	(87)%	(4)	(1)	(215)%	4	-	n/a
Denmark	(5)	(1)	(338)%	6	38	(85)%	(5)	(1)	(338)%	4	-	n/a
Switzerland	0	(0)	n/a	(0)	3	(105)%	0	(0)	n/a	(0)	-	n/a
Total Adjusted EBITDA[2]	**16**	**(20)**	**181%**	**13**	**131**	**(90)%**	**16**	**(20)**	**181%**	**11**	**89**	**(87)%**
PureGym UK	38%	n/a		5%	35%		38%	n/a		5%	35%	
Fitness World	(16)%	(11)%		4%	22%		(16)%	(11)%		3%	n/a	
Denmark	(21)%	(12)%		5%	24%		(21)%	(12)%		4%	n/a	
Switzerland	3%	(8)%		(1)%	12%		3%	(8)%		n/a	n/a	
Adjusted EBITDA margin	**20%**	**(148)%**		**5%**	**30%**		**20%**	**(148)%**		**4%**	**35%**	

Notes:
1. The 2020 results of Poland have been excluded as the business was sold in the year and is treated as a discontinued operation in the group financial statements
2. In 2021, the cash rent adjustment excludes the impact of COVID-19 rent deferments. Therefore, Adjusted EBITDA more closely reflects the underlying trading results of the Group for the period

Pro forma figures include the results of Fitness World as if it were acquired on 1 January 2019

Corporate structure



1. EUR denominated €490 million Senior Secured Notes (converted to pounds sterling at the 30 June 2021 closing rate of €1.1646 to £1.0000)
2. The parent entity of Fitness World Group is Forward TopCo A/S
3. Material Danish and Swiss entities within the Fitness World Group have joined the material UK entities as Guarantors of the Senior Secured Notes and RCF. The Guarantors accounted for 98% of Group Run-Rate Adjusted EBITDA for the year ended 31 December 2020, and substantially all of the group's total assets as of 31 December 2020

Key performance indicators

£m	For the three months ended 30 June 2021	2020	For the six months ended 30 June 2021	2020	For the twelve months ended 31 Dec 2019PF[2]
Total number of PureGyms	286	266	286	266	263
Total number of Fitness World Gyms	220	223	220	223	221
Total number of gyms	506	489	506	489	484
Total number of members ('000s)	1,565	1,672	1,565	1,672	1,699
Average number of members ('000s)	1,506	1,694	1,469	1,633	1,682
Average number of members per gym	3,004	3,462	2,954	3,603	3,683
Average revenue per member per month (£)	18.30	2.71	9.44	11.19	21.90
Reported EBITDA (£ million)	33.9	(2.5)	26.9	36.2	207.9
Adjusted EBITDA (£ million)[1]	16.4	(20.3)	(9.0)	(0.2)	131.0
Adjusted EBITDA margin	19.8%	(147.5%)	(10.8%)	(0.2%)	29.6%
Gym Site Adjusted EBITDA (£ million)	32.5	(14.7)	13.7	17.1	171.5
Gym Site Adjusted EBITDA margin	39.3%	(106.4%)	16.4%	15.6%	38.8%
Run-Rate Adjusted EBITDA (LTM) (£ million)	39.6	101.2	39.6	101.2	160.5
Operating Cash Flow (£ million)	21.1	(19.4)	(7.7)	7.3	100.8
Operating Cash Flow Conversion	128.8%	n/a	n/a	n/a	76.9%
Senior Secured Net Debt (£ million)	786.4	784.6	786.4	784.6	744.6
Ratio of Senior Secured Net Debt to LTM Run-Rate Adjusted EBITDA	19.9x	7.8x	19.9x	7.8x	4.6x
Ratio of LTM Run-Rate Adjusted EBITDA to Pro Forma Net Interest Expense	0.7x	2.1x	0.7x	2.1x	3.1x

Notes: All figures have been adjusted to exclude Poland as it is a discontinued operation. Fitness World results have been included in the 2020 Group results since the acquisition on 14 January 2020

1. In 2021, the cash rent adjustment excludes the impact of COVID-19 rent deferments. Therefore, Adjusted EBITDA more closely reflects the underlying trading results of the Group for the period
2. 2019 Pro Forma figures are based on an aggregation of PureGym and Fitness World continuing operations with the exception of Senior Secured Net Debt, Ratio of Senior Secured Net Debt to LTM Run-Rate Adjusted EBITDA and Ratio of LTM Run-Rate Adjusted EBITDA to Pro Forma Net Interest Expense which include pro forma adjustments to reflect current financing arrangements

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

£m	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the twelve months ended 31 December 2019PF
Loss for the period from continuing operations	**(37.4)**	**(69.5)**	**(92.1)**	**(104.9)**	**(32.3)**
Income tax	(10.1)	(7.3)	(16.2)	(8.5)	(3.0)
Net finance cost	36.5	39.6	59.6	80.8	100.7
Depreciation and impairment of property, plant & equipment	30.0	27.4	57.1	54.8	106.5
Amortisation and impairment of intangible assets	11.7	5.6	21.0	10.8	18.7
(Profit) / loss on disposal of property, plant & equipment	1.1	-	0.9	0.1	0.1
Profit on lease modifications	(0. 4)	-	(0.4)	-	(0.4)
Exceptional administrative expenses	2.6	1.6	(3.1)	3.0	11.6
Group Reported EBITDA[1]	**33.9**	**(2.5)**	**26.9**	**36.2**	**207.9**
Other extraordinary items[2]	1.0	(0.5)	2.4	-	0.8
Share based payment charge[3]	0.1	0.1	0.2	0.2	0.3
Pre-Opening Costs[4]	1.5	0.3	1.9	0.7	3.6
Cash Rent Adjustment[5]	(20.1)	(17.7)	(40.3)	(37.3)	(81.5)
Adjusted EBITDA	**16.4**	**(20.3)**	**(9.0)**	**(0.2)**	**131.0**
Head office costs	16.1	5.7	22.6	17.3	40.5
Gym Site Adjusted EBITDA	**32.5**	**(14.7)**	**13.7**	**17.1**	**171.5**
LTM Adjusted EBITDA	(1.3)	67.6	(1.3)	67.6	131.0
Run-Rate Adjustment	40.9	28.7	40.9	28.7	24.9
Adjustment for synergies[6]	-	4.9	-	4.9	4.6
Run-Rate Adjusted EBITDA (LTM)[7]	**39.6**	**101.2**	**39.6**	**101.2**	**160.5**

Note: All figures have been adjusted to exclude Poland as it is a discontinued operation. Fitness World results have been included in the Group 2020 results since the acquisition on 14 January 2020.
(1) Group Reported EBITDA is defined as earnings before net finance cost, taxation, depreciation, amortisation, profit/loss on sale of property, plant & equipment, impairment, profit/loss on lease modifications and exceptional items. (2) Other extraordinary items includes the net impact of various one-off items not included in "Exceptional items" but which are not reflective of the underlying trade of the Group. (3) The share based payment charge relates to shares in the ultimate parent company, Pinnacle Topco Limited, issued to directors and certain employees. (4) Pre-opening costs represent the total of all gym site operating costs incurred prior to the opening of a new gym and primarily consist of staff costs and marketing. (5) Under IFRS 16, most lease costs are excluded from Group Reported EBITDA. To produce a comparable and more relevant EBITDA figure, the contractual property rent payments due during the accounting period are deducted and any property rent-related expenses included in Group Reported EBITDA are added back. Management believes that adjusting EBITDA to reflect cash rent is a better reflection of actual earnings. In 2021, the cash rent adjustment excludes the impact of COVID-19 rent deferments. (6) Q2 2020 LTM Adjusted EBITDA represents the Combined Group on a pro forma basis. Q2 2020 Run-Rate Adjusted EBITDA (LTM) includes £4.9 million (2019PF: £4.6 million) of synergy benefits for the acquisition of Fitness World. Management still believe that these synergies will be delivered but in the context of reporting on the COVID impacted period can no longer be separated out from the underlying operations of the combined group. (7) The Run-Rate adjustment reflects the impact of 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. Run-Rate Adjusted EBITDA therefore seeks to reflect the anticipated mature Adjusted EBITDA potential of those gyms which were trading at the end of the relevant period. Management forecasts EBITDA on a gym specific basis and updates forecasts quarterly based on current and anticipated performance, taking into account seasonality and location-specific factors.

Glossary

Term	Definition
Adjusted EBITDA	The profit or loss for a certain period before income tax expense, net finance cost, depreciation and impairment of property, plant & equipment & right of use assets, amortisation and impairment of intangible fixed assets, profit/loss on disposal of property, plant & equipment, profit/loss on lease modifications, exceptional administrative expenses, & other extraordinary items, after adding back Pre-Opening Costs & share based payment charges, & 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 & the end of every month in that period.
Average Revenue Per Member Per Month	Revenue for that period divided by the number of months in that period & 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 & the end of every month in that period.
Basefit	Refers to Basefit.ch AG, the brand that Fitness World operates under in Switzerland.
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). From 2021 onwards, the Cash Rent Adjustment excludes the cash impact of COVID-19 rent deferments. Therefore, Adjusted EBITDA more closely reflects the underlying trading results of the group for the period.
Combined Group	Refers to Pure Gym & Fitness World.
EBITDA	The profit or loss for a certain period before income tax expense, net finance cost, depreciation and impairment of property, plant & equipment & right of use assets, amortisation and impairment of intangible fixed assets, profit/loss on disposal of property, plant & equipment, profit/loss on lease modifications & exceptional administrative expenses.
Expansionary Capital Expenditure	The Initial Capital Investment & the capital costs of expanding gym sites incurred in that period, and the capital costs of investments in technology in that period.
Fitness World or Fitness World Group	Refers to Forward TopCo A/S & its subsidiaries.
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 & amortisation, related to the operation of head office functions in a given period.
Large Box Format (LBF)	Large Box Format (LBF) gyms are gyms that are typically over 12,000 square feet in size.

Glossary

Term	Definition
Maintenance & Refurbishment Capital Expenditures	The total capital expenditure incurred in a period less Expansionary Capital Expenditure incurred in that period.
Mature Gyms	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.
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 & 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 & trading as of the specified date or the end date of the relevant period.
Operating Cash Flow	Adjusted EBITDA plus Working Capital Cash Flow & less Maintenance & Corporate Capital Expenditure cash flows 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 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 & 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.
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.
Run-Rate Adjusted EBITDA	The Adjusted EBITDA including any Run Rate Adjustment.
Senior Secured Net Debt	The total senior secured indebtedness of the group (excluding finance lease liabilities as reported under IAS17), less cash & cash equivalents.
Small Box Format (SBF)	Small Box Format (SBF) gyms are gyms that are typically 6,000-9,000 square feet in size.
Working Capital Cash Flow	Cash movements in working capital.

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