

Investor Presentation

Results for the full year ended 31 December 2021
Strategy & trading update

20 April 2022

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

2021 financial results

- Full year revenue £308m, +14% recovery vs 2020
- Q4 revenue 100% of 2019 & Q4 Adj EBITDA was £23.9m, approaching a £100m pa run rate
- 28 new sites opened across the Group in the year[1]

Latest trading update

- A strong start to 2022 with over 160,000 net member gain across January & February
- Total Group membership as at end February was back to the Dec-19 level of 1.7 million
- Monthly group revenue now c.8%[2] ahead of 2019 levels & new sites continue to perform well

Highly successful fundraising

- £300m preferred equity investment by KKR – a leading global investment firm
- £332m of cash & £477m of liquidity[3] as at Dec-21 proforma for the transaction
- SS Net Debt down to £520m proforma for the transaction (vs £745m in Dec-19)
- We are now in an excellent financial position to deliver on our strategic plans

Strategy & outlook

- Plan to more than double the size of the PureGym Group to >1,000 sites over the medium term
- Accelerated roll out of franchise operations with great potential in new international markets
- Targeting 500+ new sites across the UK & CH to take full control of these attractive markets
- Investment into the DK estate to further strengthen & drive performance



Notes:
(1) including 3 franchise sites in KSA. (2) January & February combined versus 2019. (3) Comprising cash & undrawn RCF facilities.

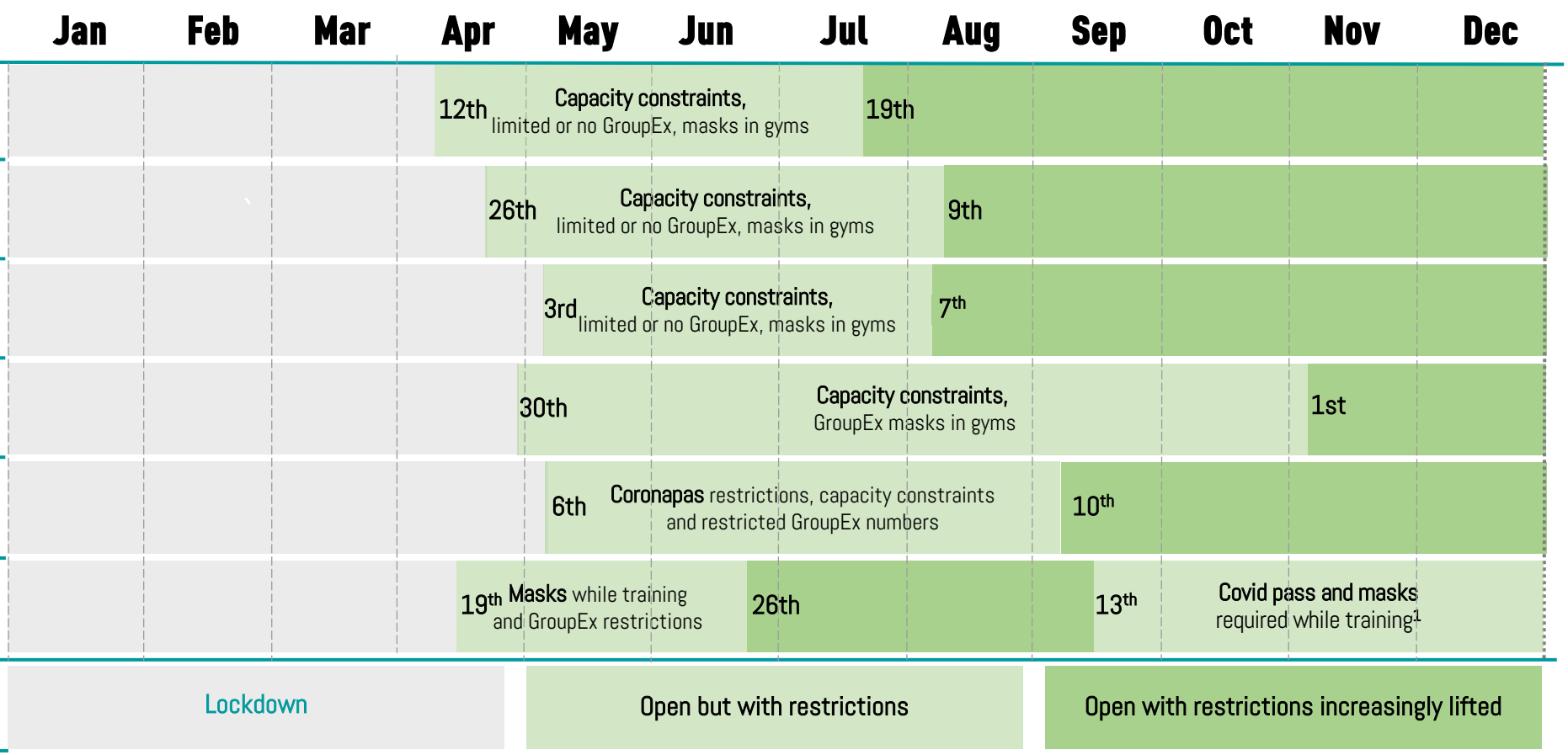


2021 financial results

A robust Q4 to close out 2021 (despite the Omicron impact)

Covid closures & operating restrictions continued in 2021

Status 31 Dec 21	Total sites:
England	256
Scotland	27
Wales	5
N. Ireland	8
Denmark	174
Switzerland	39
Owned	509
Franchise	3
Total	512



Note:
(1) Covid certificate mandatory for those attending gyms in Switzerland from 13 September 2021 & mask wearing during exercise introduced from end of November 2021.

PUREGYM

Full Year 2021 Group Results Highlights

Revenue & membership

1,535k
closing members
up +6% vs 2020

£308m
FY revenue
up +14% vs 2020

£16.81
ARPM per month
up +20% vs 2020

Adjusted EBITDA

£39.8m
Adjusted EBITDA
up +249% vs 2020

12.9%
Adjusted EBITDA Margin
vs. 4.2% in 2020

£59.1m
Run Rate Adjusted EBITDA
up +55% vs 2020

Group estate

512
Gyms in the estate[3]
vs 492 gyms in 2020

28
New gyms opened in 2021[3]
vs 18 gyms in 2020

Includes 3
new franchise gyms in KSA
vs nil in 2020

Liquidity & Cash Flow

£477m
Liquidity[1,4]
vs £236m at Dec 2020

£11.3m
Operating Cash Flow
vs £11.2m in 2020

SS Net Debt & Capex

£520m
Net debt proforma for funding deal[4]
vs £734m at Dec 2020

3.2x
2021 proforma total net leverage[2]
down from 4.6x at Dec 2020[5]

£44.8m
Capex
vs £64.2m in 2020

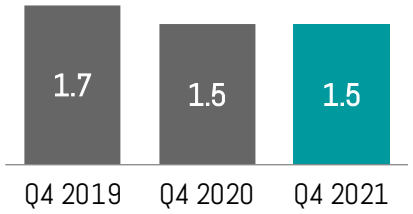
Notes:
(1) Liquidity defined as cash plus available RCF facilities. (2) Proforma for the funding deal and based on £161m RR Adj EBITDA for 2019. (3) Includes 3 franchise gyms in KSA. (4) Proforma for the £300m funding transaction. (5) Stated using Senior Secured Net Debt as at 31 December 2020 of £733.9m and RR Adj EBITDA for 2019 of £161m (proforma for the acquisition of Fitness World).

Q4 2021 Group results vs 2019 & 2020

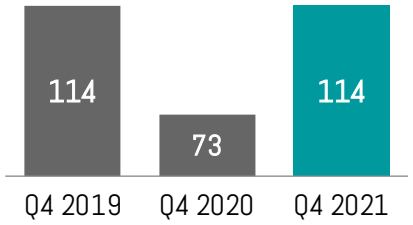
All figures stated to the nearest £ million, except for closing members (million) and gyms in estate (number)

Revenue & membership

Closing members

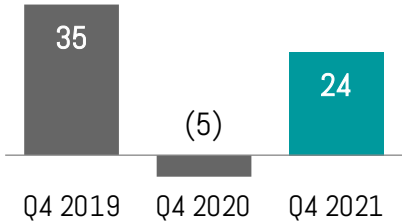


Revenue

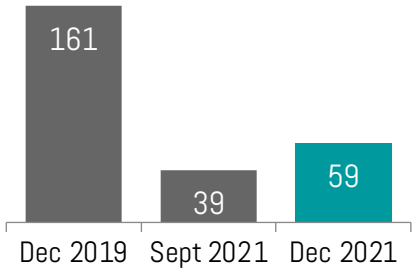


Adjusted EBITDA

Q4 Adj EBITDA[1]

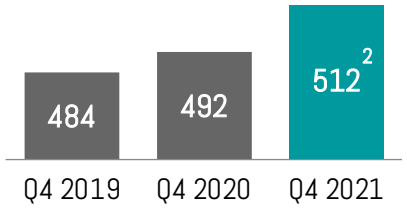


Run Rate Adj EBITDA

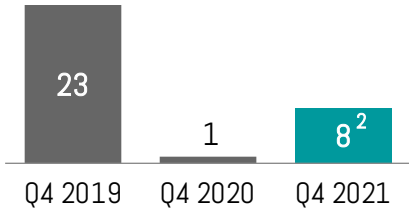


Group estate

Gyms in estate

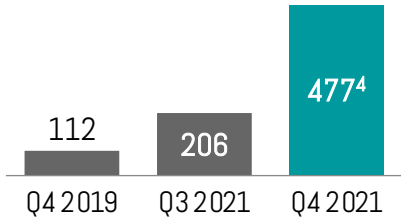


Q4 new sites

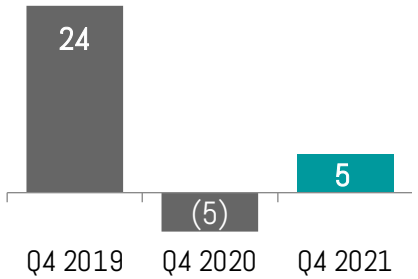


Liquidity & Cash Flow

Available liquidity[3]

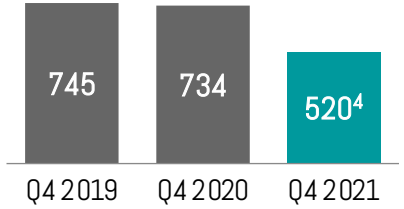


Q4 Cash Flow[5]

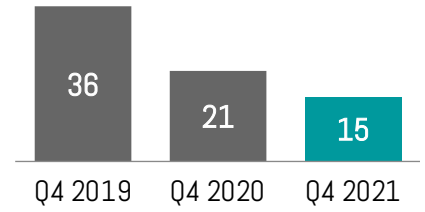


SS Net Debt & Capex

SS Net Debt

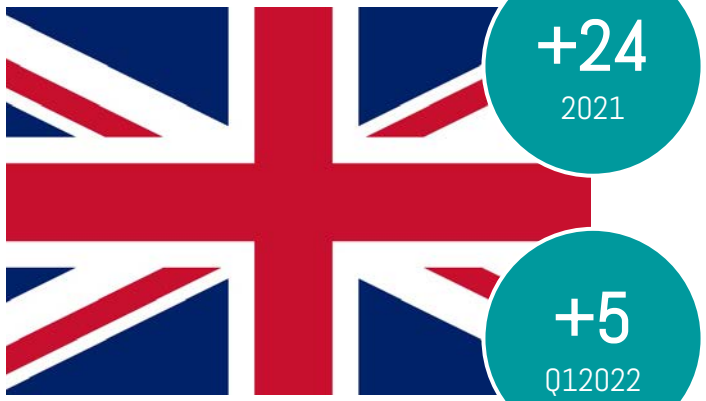


Capex

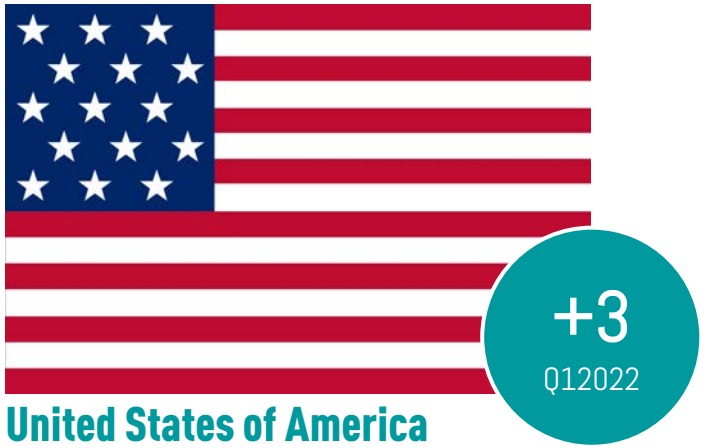


Notes:
2020 represents the results of the Combined Group, including Fitness World from 14 January 2020. 2019 includes the results of Fitness World on a proforma basis, except for available liquidity and Q2 cash flow which are based on PureGym UK only. All figures exclude Poland
(1) In 2021, excludes the benefit of any COVID-19 rent deferments. (2) Includes 3 new franchise gyms in KSA. (3) Liquidity defined as cash plus available RCF facilities. (4) Pro forma for the £300m funding transaction. (5) Operating cash flow, stated after maintenance & refurbishment capex but before interest on borrowings or growth capex.

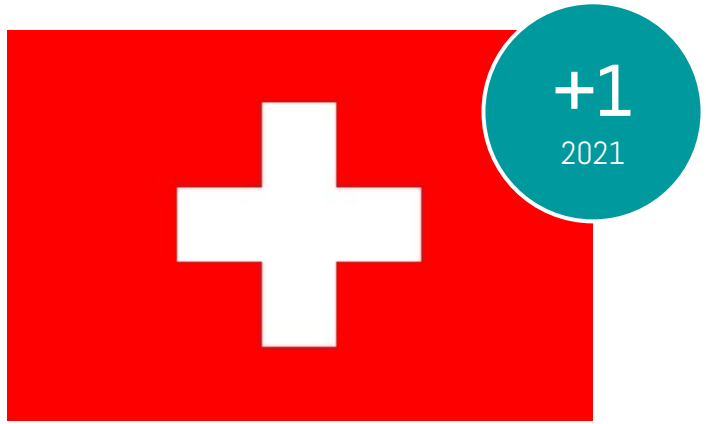
Progress on site openings has continued throughout 2021 & into Q1 2022



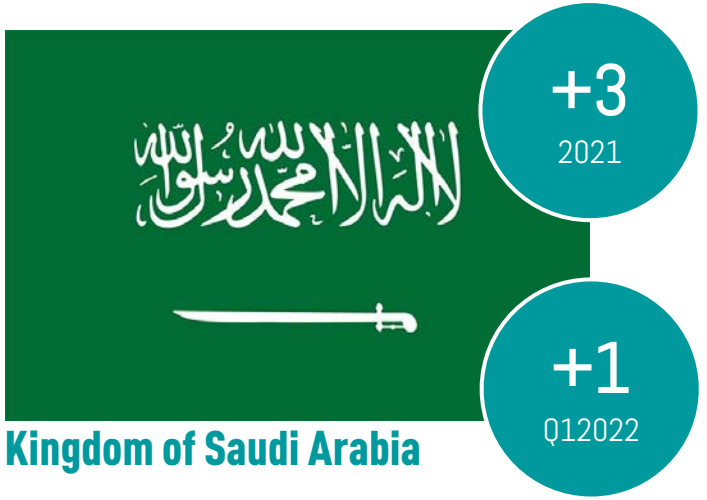
United Kingdom



United States of America



Switzerland



Kingdom of Saudi Arabia

Capital expenditure

Continued investment despite the pandemic

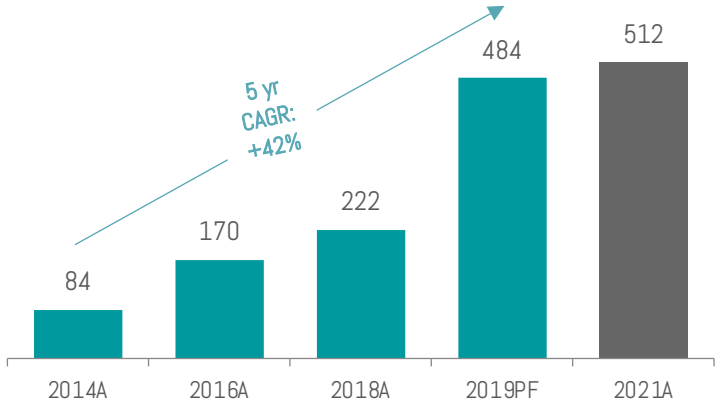
- £30.7m spent on expansionary capex in 2021
  - 28 new sites
  - 512 total gym estate (as at 31 Dec 2021)
  - Includes £7m investment in IT/Tech
- £14.1m spend on maintenance & refurbishment works across estate
- 12 significant scale refurbishments in the year

£m	2021	2020
Expansionary capital expenditure	30.7	44.1
Maintenance and refurb capital expenditure	14.1	20.1
Total capital expenditure	**44.8**	**64.2**

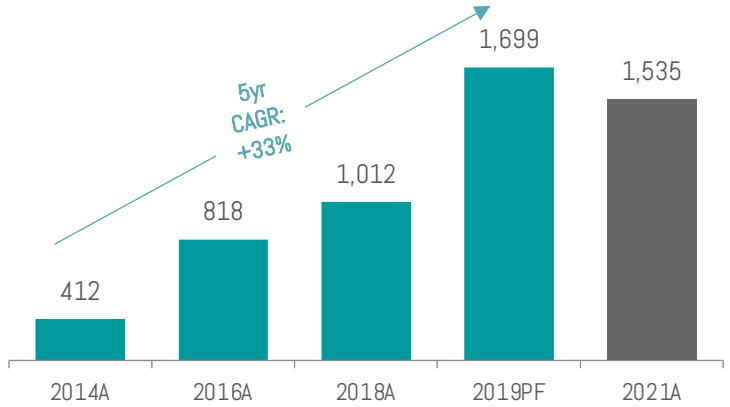


We expect the PureGym Group to return to healthy growth having managed through Covid closures exceptionally well

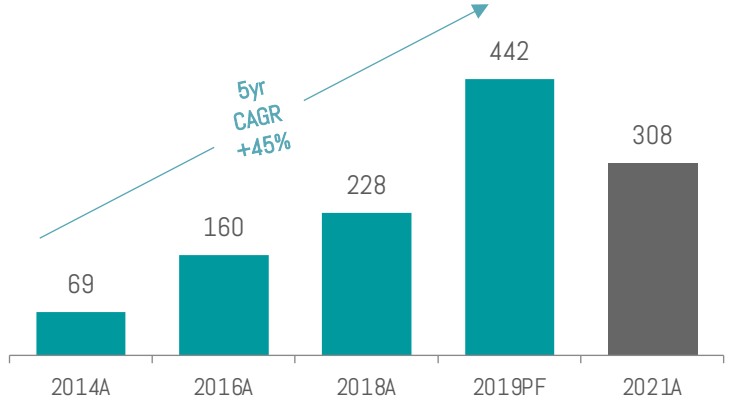
Gyms (#)



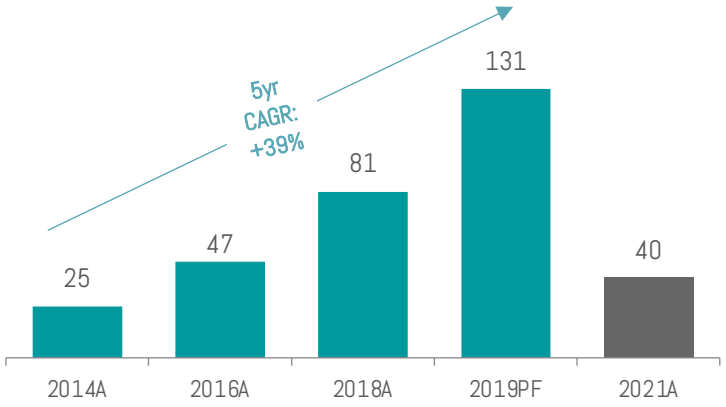
Members (k)



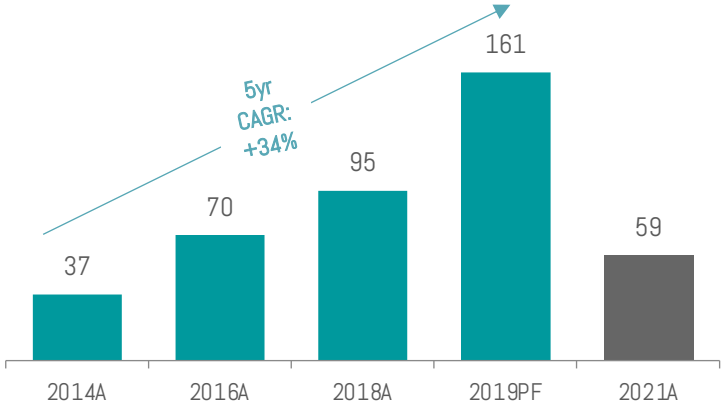
Revenue (£m)



Adj EBITDA (£m)[1]



RR Adj EBITDA (£m)[2]



Covid impacted

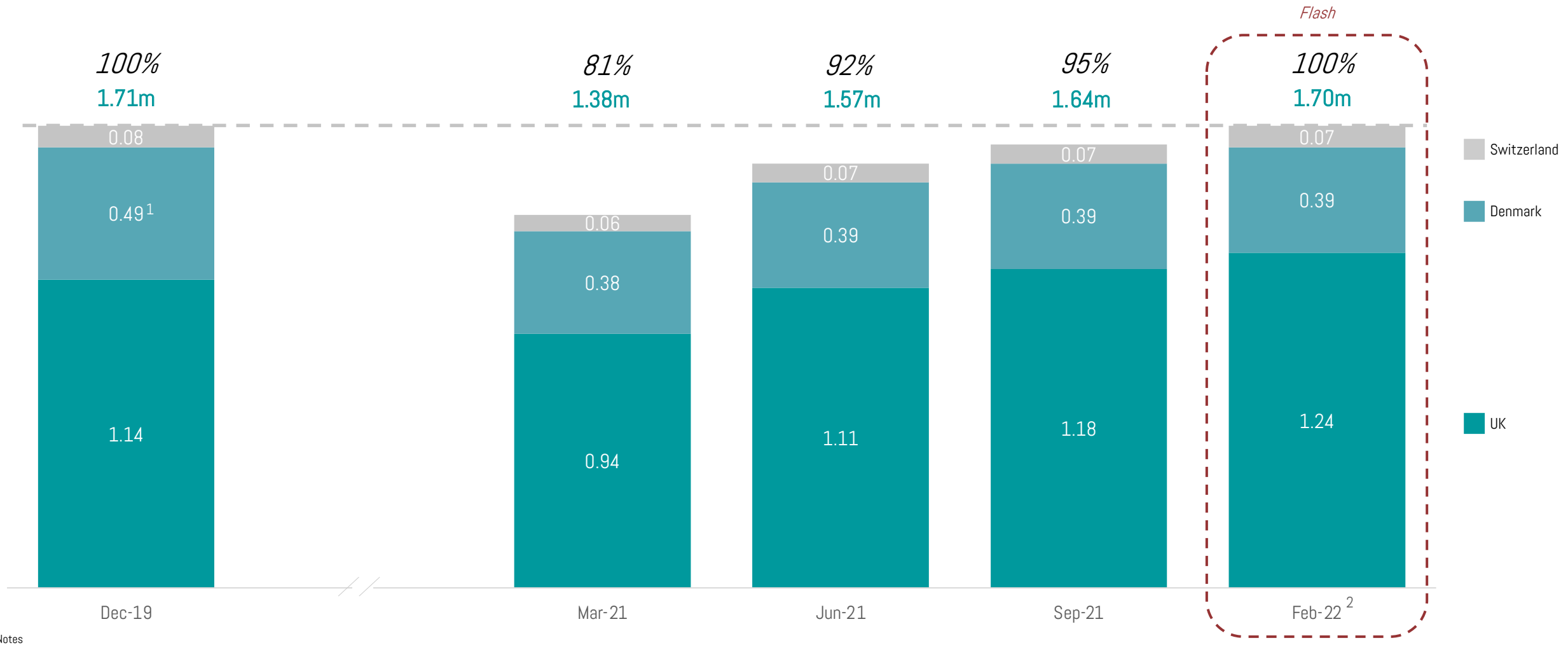
Notes: For 12 months ended 31 December
(1) EBITDA is before pre-opening costs and adjusted for non-cash expenses.
(2) Calculated as EBITDA plus immature units (open for less than 36 months) EBITDA at maturity less actual contribution of immature units.



Latest trading update

A strong start to 2022 – total Group membership is now back to Dec-19's level

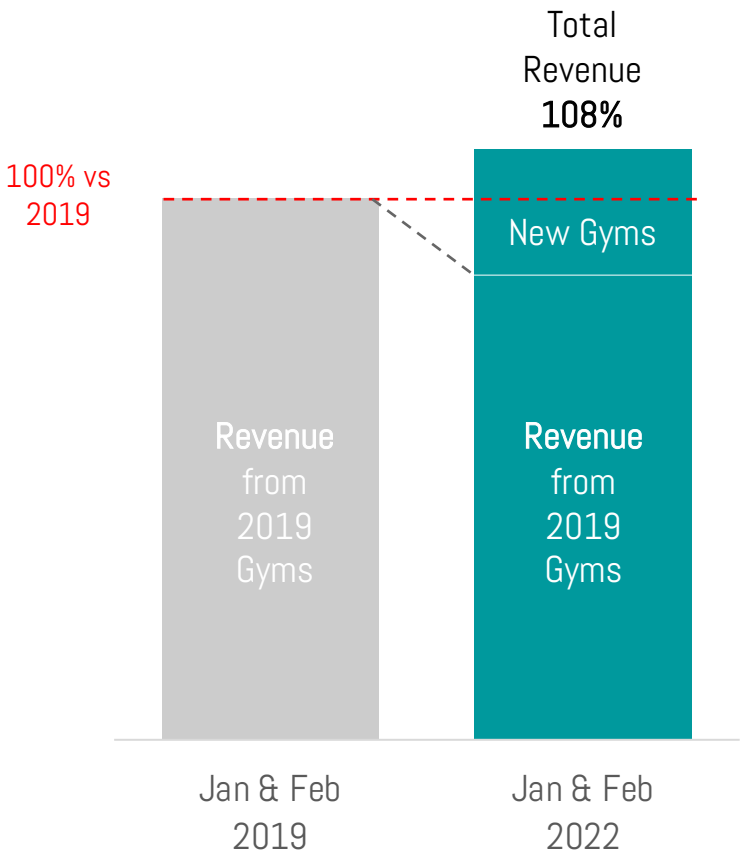
Total group membership now back to Dec-19 level – the path to recovery is clear & well underway



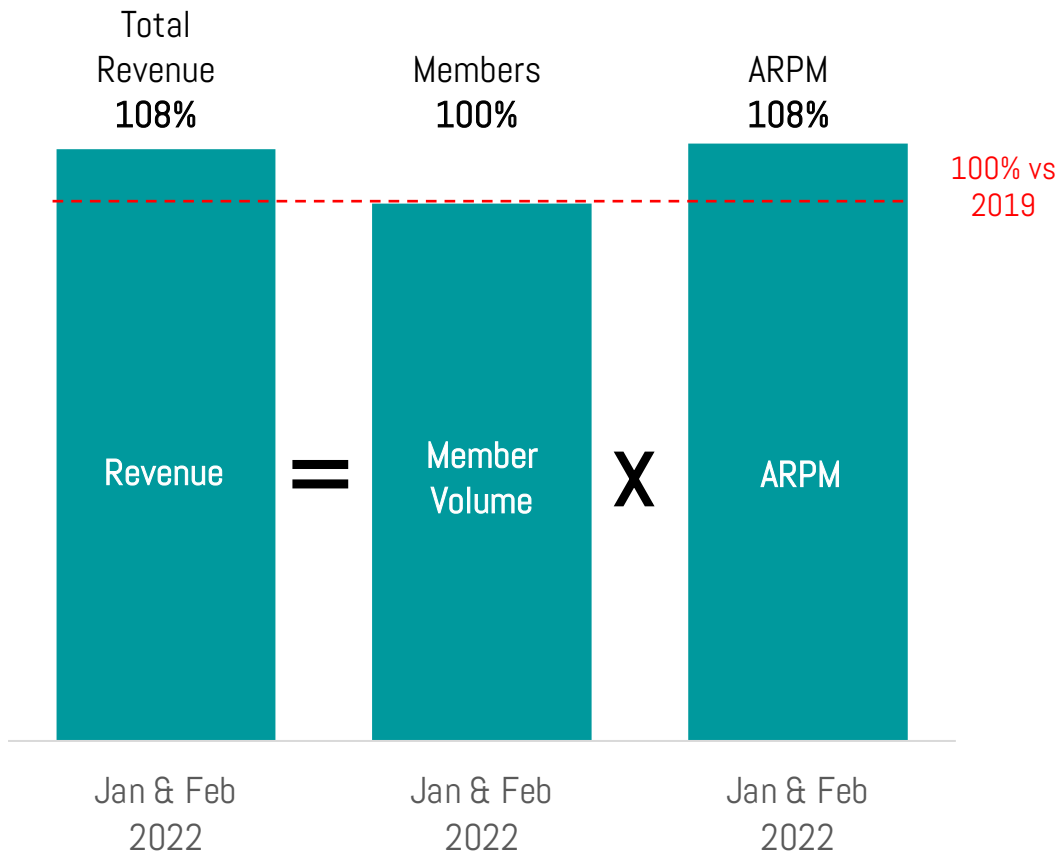
Notes
(1) Includes 0.09m members in relation to FW Poland, which was sold in 2020.
(2) End of February data point for comparability with peer reporting.

Total Group revenue across Jan & Feb 2022 was 108% vs 2019

Jan & Feb 2022 Total Group Revenue vs 2019[1]



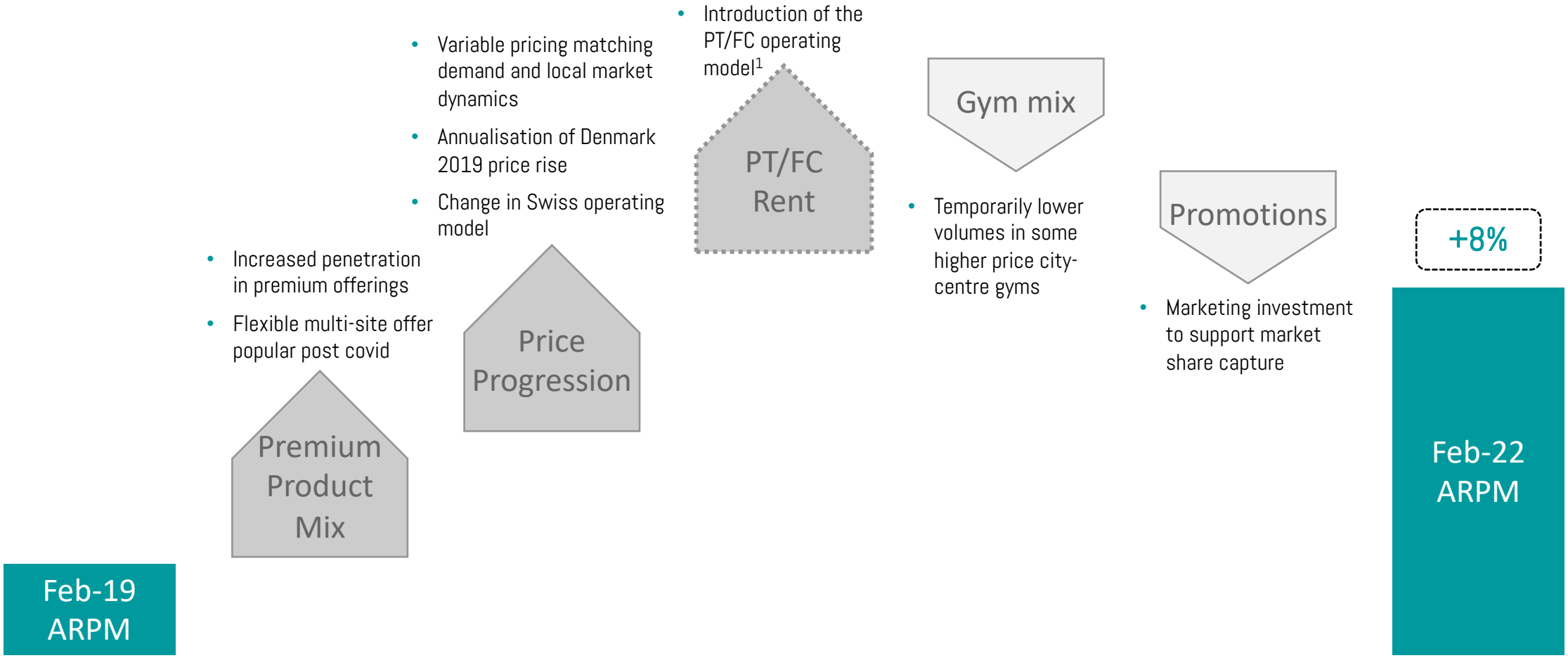
Jan & Feb 2022 Total Group performance vs 2019



Note:
(1) 2019 includes the results of Fitness World on a proforma basis

The +8% ARPM growth from 2019 is primarily driven by premium product mix & price progression

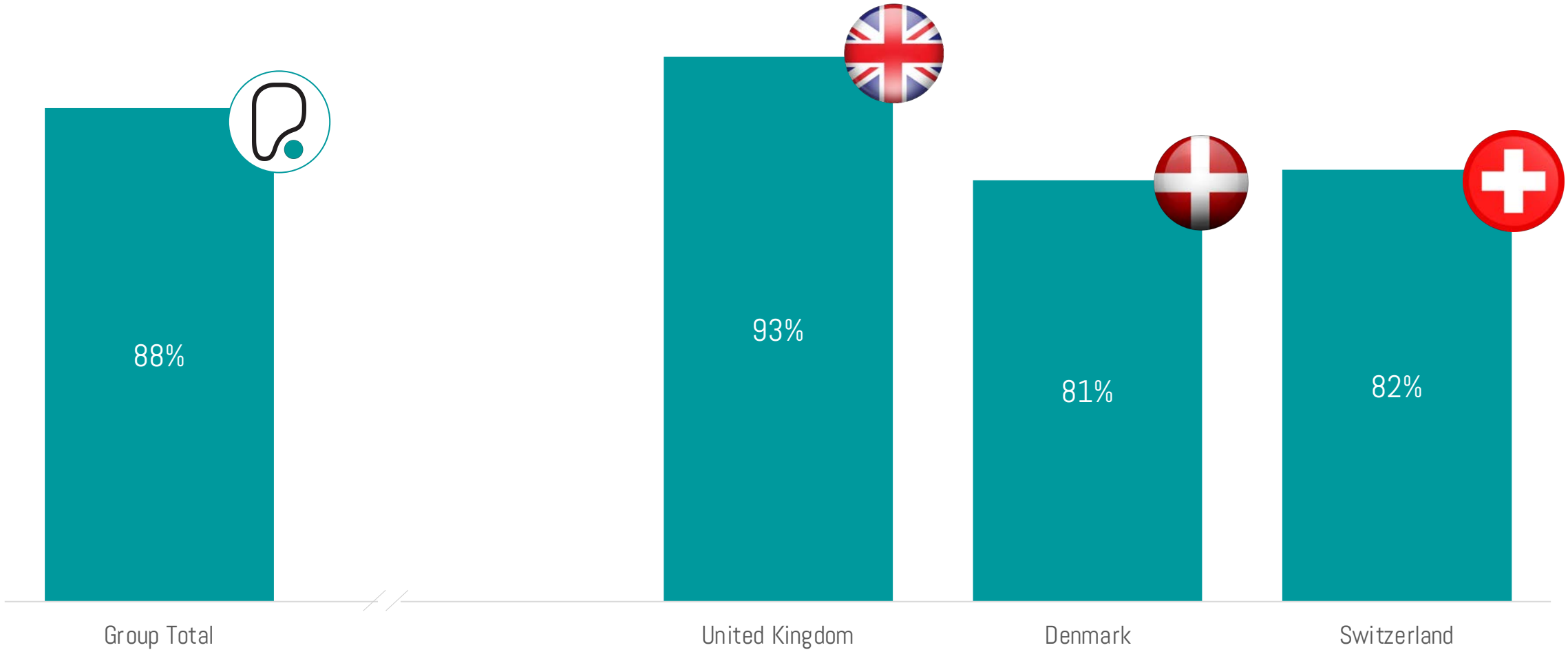
Illustrative ARPM drivers



Note:
(1) Revenue benefit offset by a broadly equal and opposite increase in gym costs.

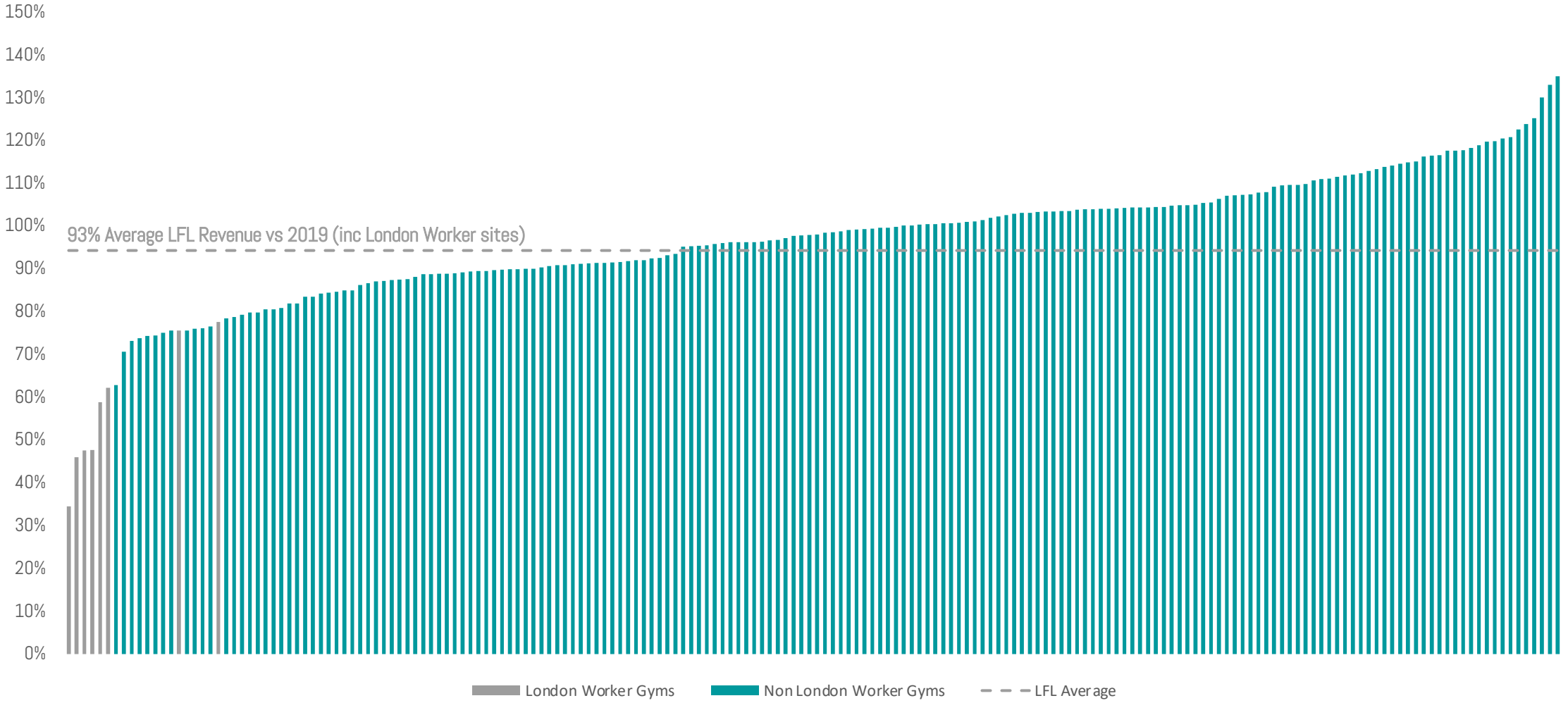
LFL revenue is already back to 88% overall & 93% in the UK

Jan & Feb LFL Revenue vs 2019 – the LFL estate continues to recover but a degree of patience is required



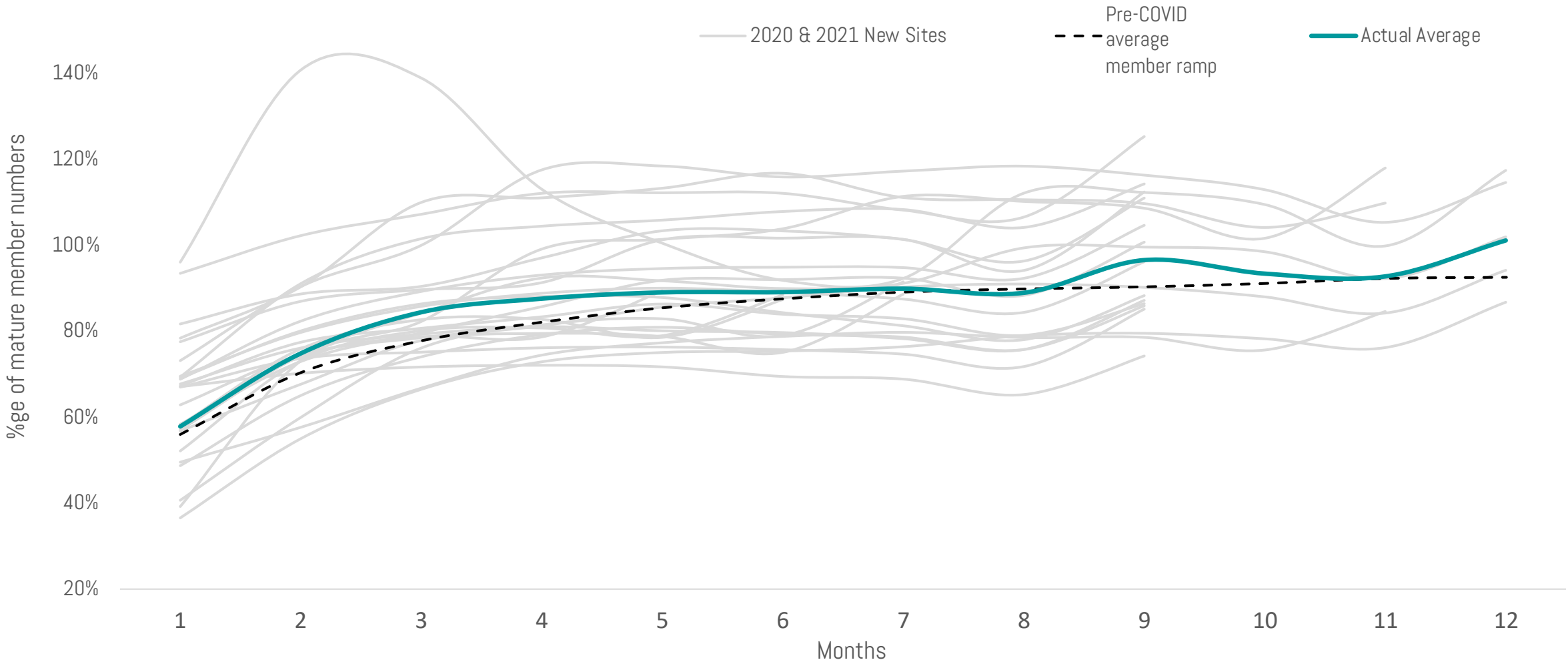
There is a healthy breadth of recovery across the UK estate & the same is true in DK & CH

UK January 2022 Revenue as % of January 2019 for 190 Mature sites



The continued strong performance of new sites gives management confidence to continue with & indeed accelerate openings over the coming years

Member volume growth from 2020 & 2021 organic openings



Limited exposure to current cost pressures in the near term

Whilst we expect to see increases in some costs, PureGym has a low labour cost model & is largely protected from significant inflation

Site P&L costs

Av. opex per gym: c.**£0.6m** pa

Inflationary outlook

- Fixed Property Costs
  - Rent
  - Rates
  - Service charge
- Staff - Management
- Staff – PT/FC
- Cleaning
- Marketing
- Utilities
- Other – R&M, Tech, Insurance, Admin etc.

Property leases
- 17% fixed uplifts (most at 2% pa)
- 15% open market value (some capped)
- 68% index-linked (most cap & collar at 1-3%)

Rates, Service charge
- Assumed 2-3% inflationary increases

Staff
- Managers: 4-6% increases in Jan 2022
- PT/FC: c.7% in Apr '22 (NMW) with offsetting increase in rental revenue

Cleaning
- Reducing YoY with improved post Covid cost management offsetting inflation

Marketing
- Moderating as a % of revenue through economies of scale

Utilities
- c.100% protected in 2022, c.65% for 2023

Other
- 2-3% increase

Overall opex costs expected to increase 4-6%. Yield progression will offset this partially in 2022 & fully in 2023

Site Capex costs

Av. capex per gym: c.**£1.2m** pa

Inflationary outlook

- Main construction
- Mechanic & engineering fit-out
- Gym equipment
- Acquisition costs

Main construction
- Construction costs include structural work and fit out
- Larger increases in certain material but overall project increase of c.5%

Mechanic & engineering fit-out
- In line with main construction cost increase of c.5%

Gym equipment
- Freight costs causing temporary increase of c.5%

Acquisition costs
- c.2-3% increase

Site capex cost expected to increase 3-6%. With ongoing yield progression we expect to continue to deliver >40% ROCE on new sites

Notes:
(1) Based on UK unit economics as the target operating model for the Group and are broadly reflective of the total Group dynamics.
(2) 80% of Denmark utility cost are hedged in 2022. In Switzerland the utility costs are passed through by landlords, but any impact or exposure is not material in the context of the Group as a whole.



Highly successful fundraising

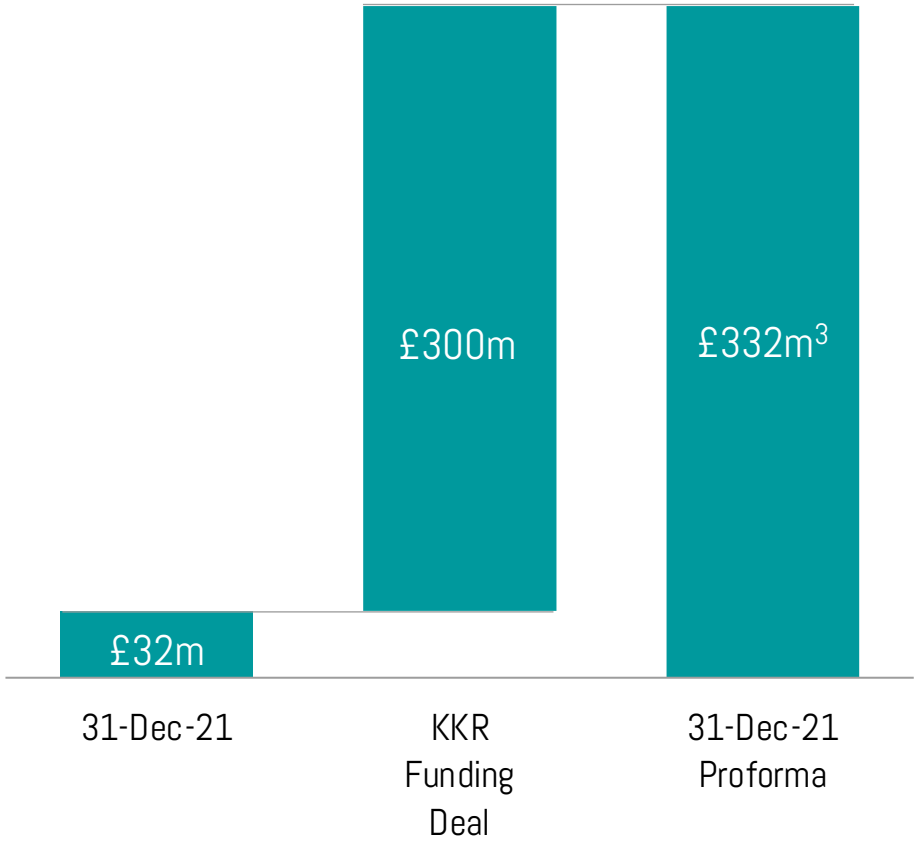
£300m preferred equity investment completed by KKR to fundamentally reset the balance sheet & lay foundation for growth

£300m equity investment by KKR puts PureGym in an excellent financial position

Key terms of investment

- £300m cash investment
- For convertible preferred equity shares:
  - Convert to c.22% of equity on exit
  - Or 11% compound interest whichever is higher[1]
- Assuming conversion by KKR, LGP own 64-67% of equity & management c.11-14%[2]
- KKR preferred equity ranks behind senior secured debt & ahead of all other equity capital
- One Board seat & full participation in the oversight of the Company
- Fundraising costs in 2021 were £13.5m (c.4% of capital raise)

Cash – Proforma for the KKR funding deal (£m)



Notes
(1) Subject to a minimum return of £360m.
(2) Actual proportions depend on final value given gearing and preference shares in the capital structure.
(3) £30m of which is held on the balance sheet of Pinnacle Topco Limited.

KKR is one of the world's leading investment firms & management is very proud to welcome KKR as a partner investor

A long & distinguished track record

- KKR is a leading global investment firm with over four decades of investing experience
- KKR employs an experienced team around the globe
- Over 45+ years, KKR have completed equity transactions with over $680bn in value
- Acted as a lender to over 1,400 companies globally
- KKR have a long track record of partnership and minority deals
- KKR had been 'tracking' the PureGym Group and management for several years and saw now as the perfect opportunity to commit capital as a new partner for the business

KKR at a glance

Total KKR Assets Under Management

$471 billion



21 Offices
Across
4 Continents

~$32 billion
Of Our Own Capital Invested In Or Committed To Our Own Funds And Deals



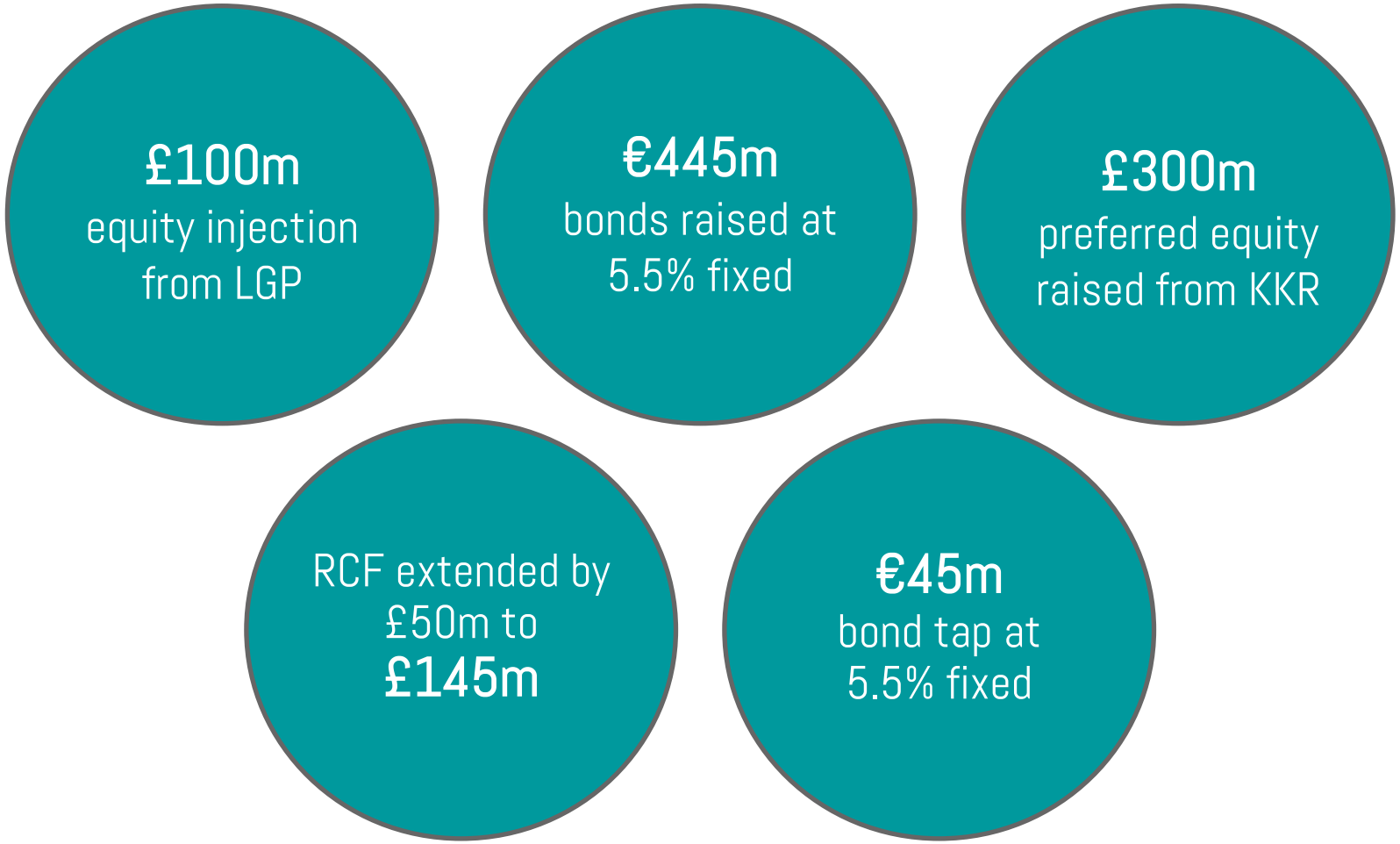


600+
Investment Professionals (1)

100+
Portfolio Companies (2)

Note: All information as of December 31, 2021 unless otherwise noted.
(1) Public and private markets investment professionals.
(2) Refers to portfolio companies in KKR's Private Equity business only.

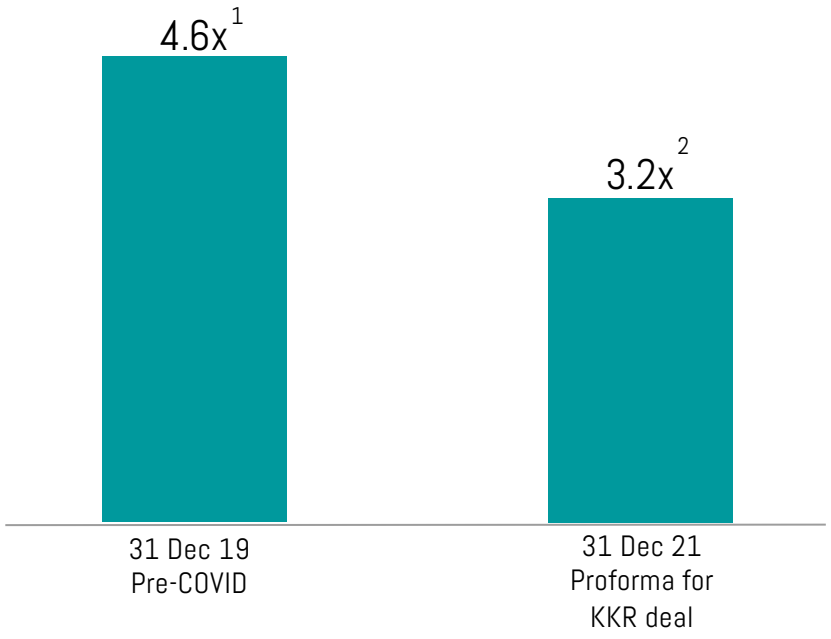
Closing the pandemic chapter – PureGym has raised over $1bn during the pandemic period



Net Debt now significantly lower than pre-Covid with available liquidity of £477m

PureGym leverage is lower than pre-Covid

Liquidity [4]	£160m	£477m
SS Net Debt	£745m	£520m



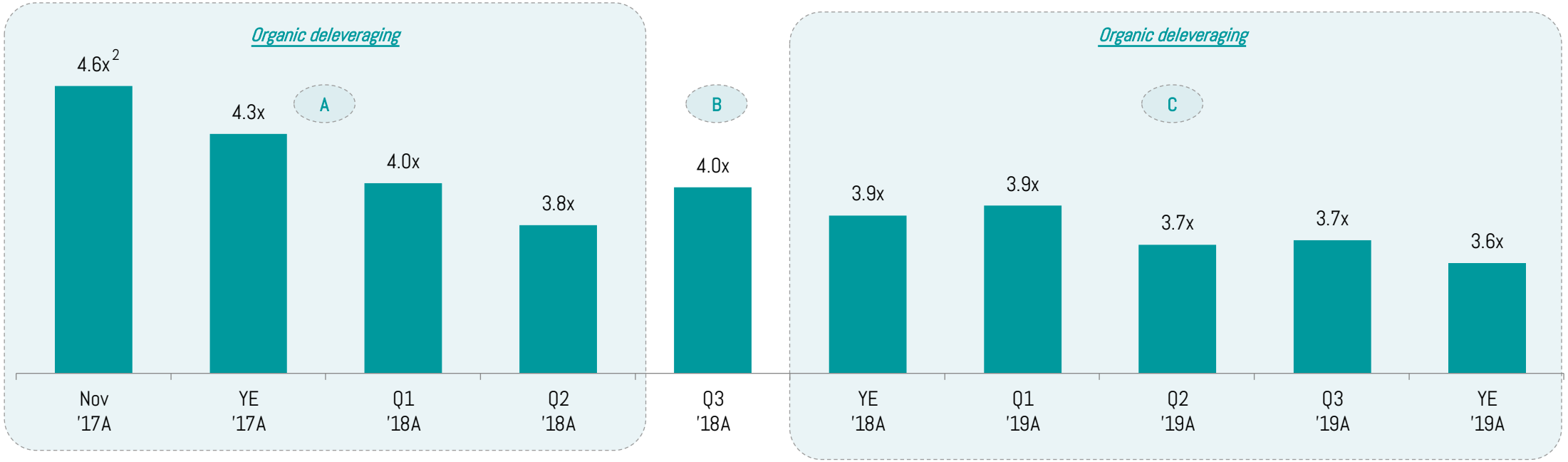
Proforma Net Debt (Combined Group)

As at 31 December 2021	£m
Cash (proforma)	332 [3]
Senior Secured Sterling Notes 6.375%	(430)
Senior Secured EUR Notes 5.5%	(422)
Senior Secured Net Debt	**(520)**
Non-property leases/other	(21)
Total Net Debt	(541)
FY19 Proforma RR Adj EBITDA	161
Illustrative leverage [2]	*3.2x*

Notes
(1) Proforma for the acquisition of Fitness World. Based on Dec-19A Run-Rate Adj. EBITDA of £161m, 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 Proforma Run-Rate Adj. EBITDA of £161m.
(2) Based on FY19 RR Adj EBITDA of £161m proforma for Fitness World & Dec-21A Senior Secured Net Debt of £520m (consisting of the Sterling Notes (£430m), the Euro Notes (£422m, converted using LTM average FX rate of EUR 1.161 to £1) less cash (£332m as converted at average rates of exchange for the LTM period)).
(3) Proforma for the £300m funding transaction.
(4) Liquidity defined as cash plus available RCF facilities.

A reminder of PureGym's track record of organic deleveraging whilst pursuing organic growth

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



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*

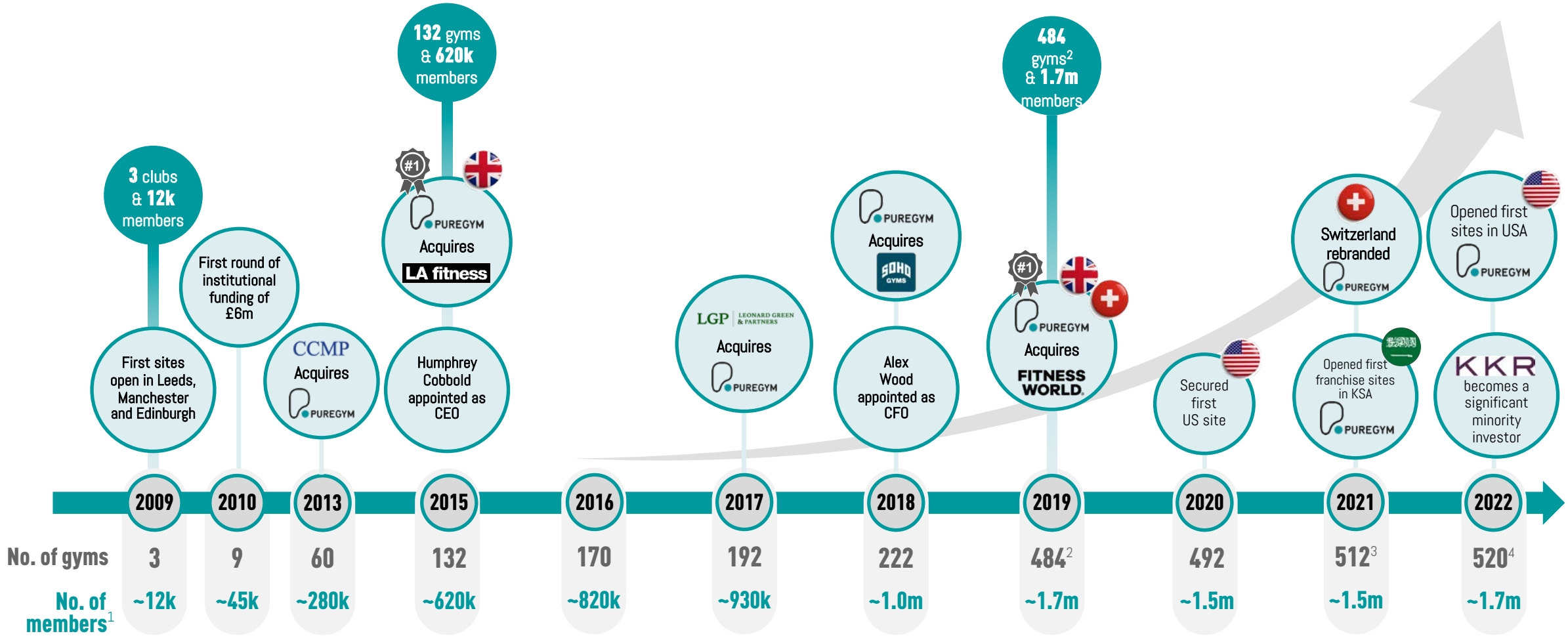
Notes: All years stated under IFRS; December year end.
(1) Senior Secured Net Debt ("SSND") defined as total senior indebtedness (excl. finance leases) less cash & cash equivalents. For the purposes of the leverage calculation, SSND uses average rates of exchange for the last 12 month period. (2) Net leverage based on LTM Sep-17A Run-rate Adj. EBITDA of £78.6m, proforma for the acquisition by LGP.



Strategy & outlook

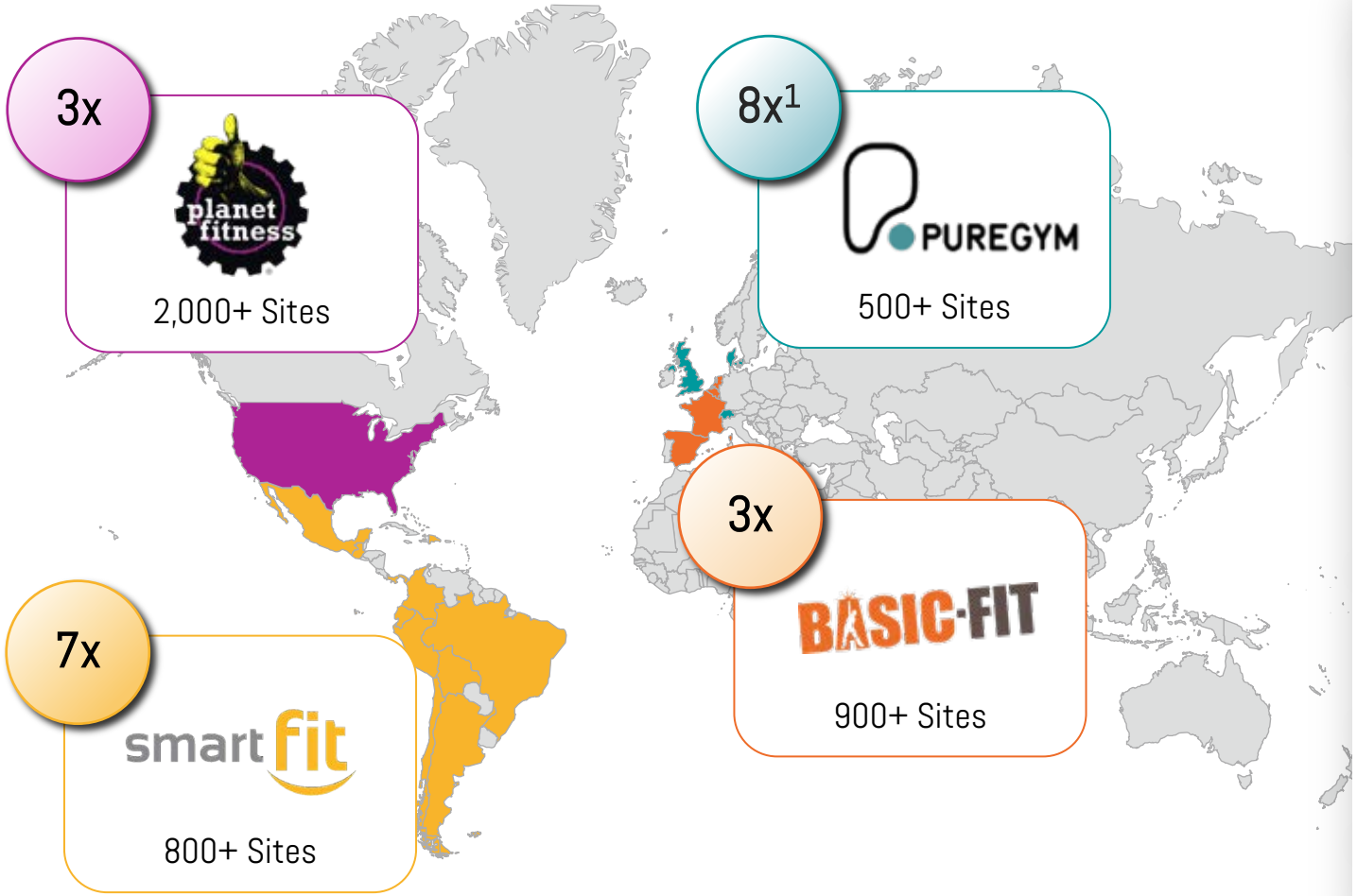
Strategy for accelerated growth to focus on capital light franchising coupled to consolidating leadership positions in existing markets

The future growth of the PureGym Group will be a continuation of a robust decade of development & progress



Notes:
(1) Number of members excludes pre-opening members, includes members at PureGym branded gyms only until the acquisition of Fitness World. (2) Proforma total number of gyms for the acquisition of Fitness World, excluding Poland (sold 2020). (3) Includes 3 KSA franchise sites. (4) Includes 3 USA sites.

Our growth strategy will consolidate and exploit our position as one of the large scale "mega players" in the global value fitness landscape



Key benefits accruing to the "mega players"

- Value fitness model is "simpler" so can be scaled within and across geographies
- Brand, marketing and customer acquisition costs can be much lower for large players
- Large players can invest much more in technology to provide better customer experience (e.g. digital services), lower operational costs, and better yield/revenue management
- Procurement costs for equipment can be 30-40% lower for large players and fit out costs can be 10-20% lower
- Access to capital is much better for larger players - and much lower cost
- Better management is drawn to larger players and are likely to run businesses better

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

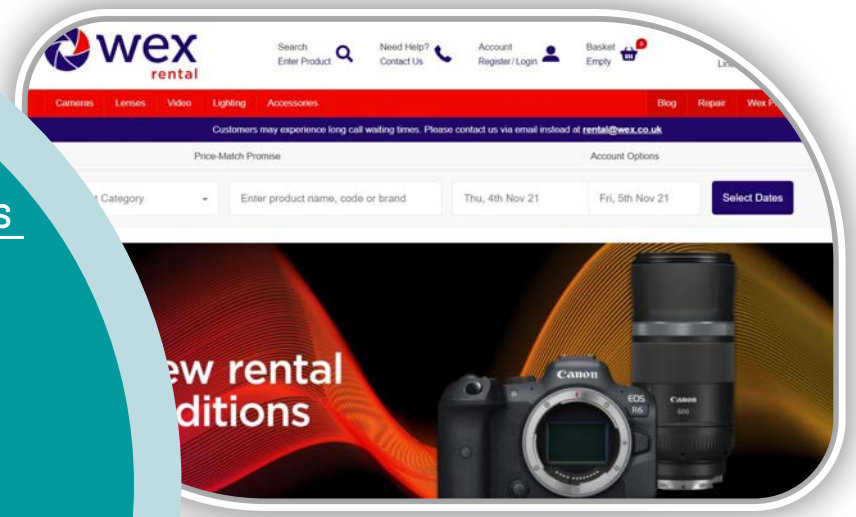
PUREGYM

Value gyms are early players in the 'sharing economy' which means usage is economically very attractive for consumers



Gyms are fundamentally places where members participate in the sharing economy

- £20-£30 per month
- Choose to rent equipment for 10-15 hours per month
- Pay £1-£2 per hour of activity and the more you do, the less it costs
- Use £10k-£25k of equipment per visit
- Plus all the benefits of a social environment







The key principles underpinning our revenue management highlight our ability to manage yield &, crucially in an inflationary environment, confer a fair degree of pricing power



Optimal positioning: towards premium end of value segment

- EasyJet vs Ryanair or Premier Inn vs Travelodge
- Maintain investment in product… make it better over time
- Invest to build brand awareness and consideration



Use price to maximise '1st day' volume and momentum

- Aggressive pre-opening offers
- Yield management to optimise revenue
- But always volume first
- Intensive local marketing efforts – newspapers, radio, OOH, leaflets, geo-social etc.



Set site-level prices based on local market situation

- £49.99 in South Kensington vs £14.99 in Sheffield
- ALL products can be priced differently in all gyms
- Specific prices change over time as market / competition evolves
- Prices may rise or fall over time



Drive premiumisation enhancing yield from those willing to pay

- Plus: £5-£10 extra per month – bundled product
- Bolt-ons: £3-£8 specific elements
- Members often upgrade club access with multi-gym and delivers further revenues

We have a very clear plan to deliver value enhancing growth

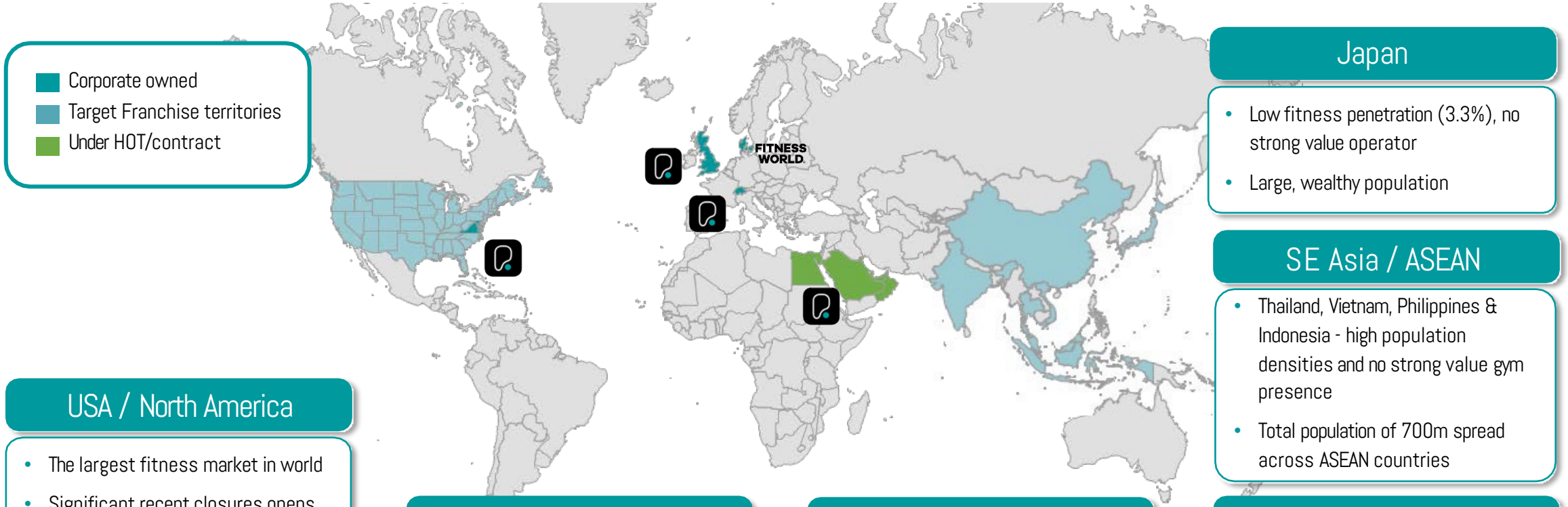
1. Accelerate growth through franchise in Middle East/Asia & USA
2. Invest to grow in UK & CH
3. Invest to strengthen in DK
4. Invest in digital & tech to open up new opportunities & better engagement with existing customers

Strong investment governance, discipline & controls

PUREGYM

The opportunity to provide accessible fitness for international development through franchising is clear & has the potential to be very large

Overall aim: to become the leading HVLP global franchise operators with 1,000+ sites by 2030



Japan

- Low fitness penetration (3.3%), no strong value operator
- Large, wealthy population

SE Asia / ASEAN

- Thailand, Vietnam, Philippines & Indonesia - high population densities and no strong value gym presence
- Total population of 700m spread across ASEAN countries

USA / North America

- The largest fitness market in world
- Significant recent closures opens up opportunity despite quite high competitive dynamics

Middle East & North Africa

- First 4 gyms in 2021 / early 2022
- Early signs very promising

India

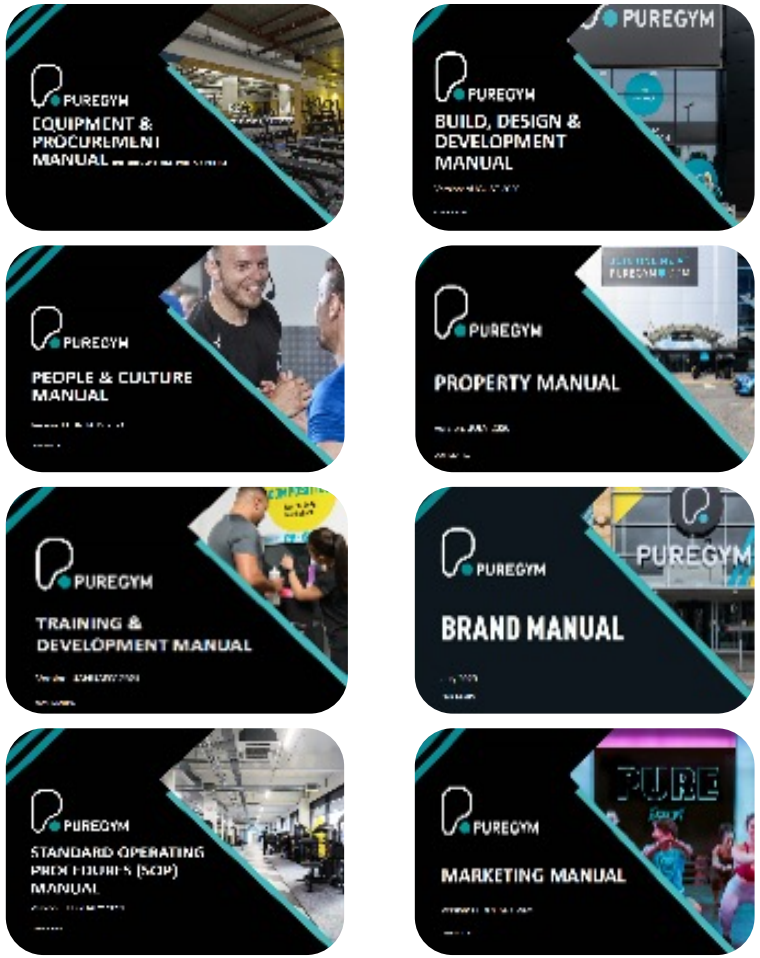
- 1.3bn people largely unserved by value fitness operators

China

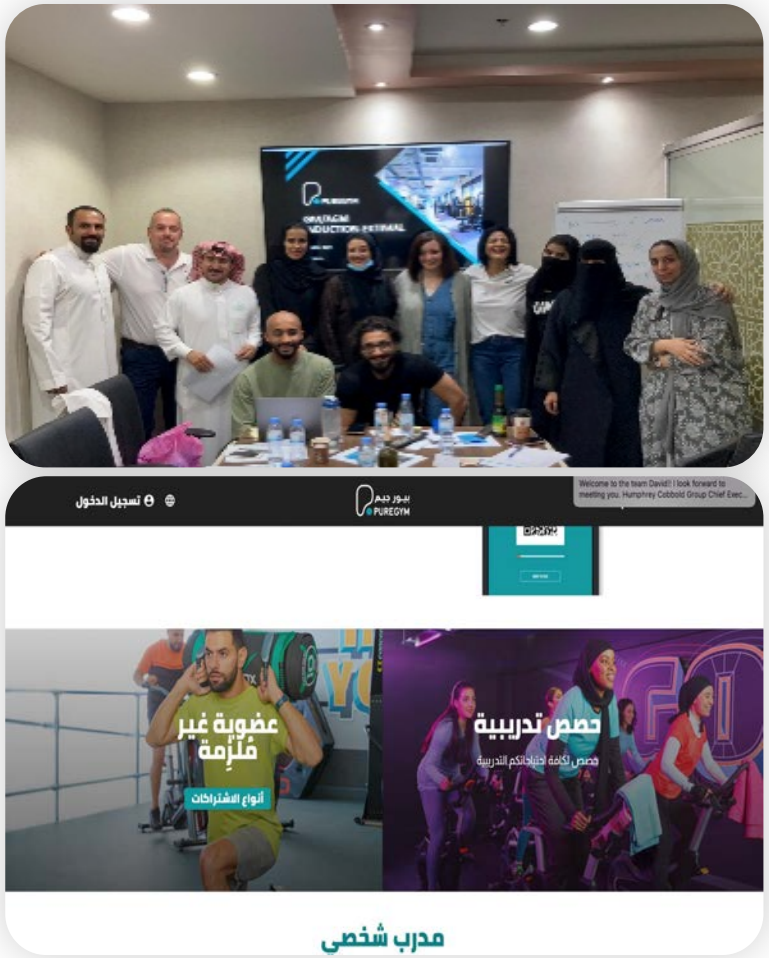
- 1.4bn people not well served by value fitness operators

The PureGym Group franchising infrastructure is now well developed & provides extensive support to partners

12 detailed manuals covering every aspect of operating a PureGym



On the ground extensive training and support with PG franchise team across all function and IT implementation



Supporting in all aspects of the journey to launch, and post launch



Investing in Saudi Arabia – 4 new franchise sites so far

Al Hamra (Male): 1633 sqm / LBF



Al Hamra (Female): 1633 sqm / LBF



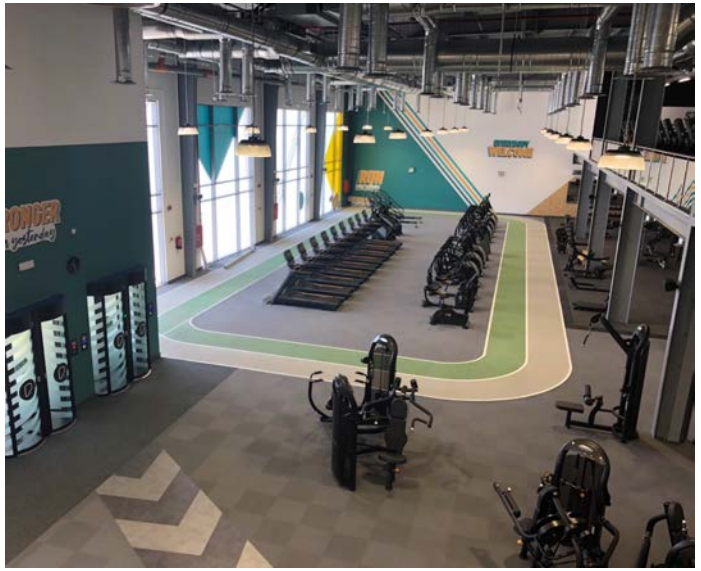


Al Aziziyah (Female): 1713 sqm / LBF



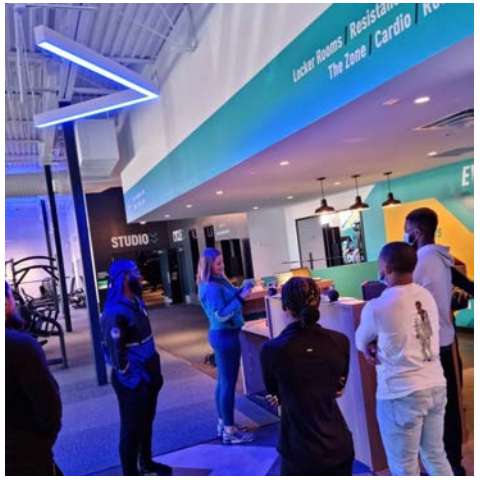
As Sahafa (Female): 1677 sqm / LBF



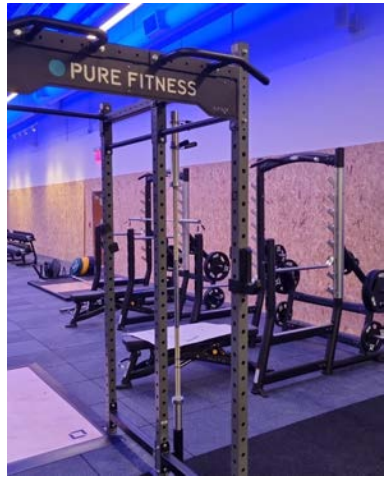


Investing in the USA – with 3 fantastic new sites replicating our look & feel



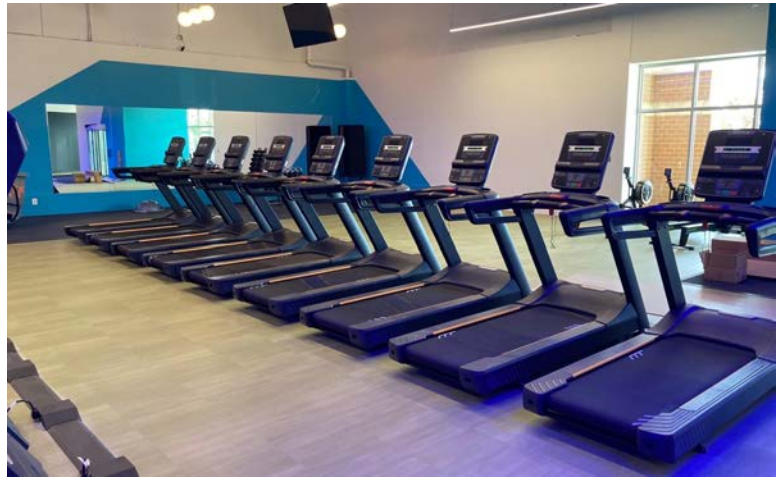








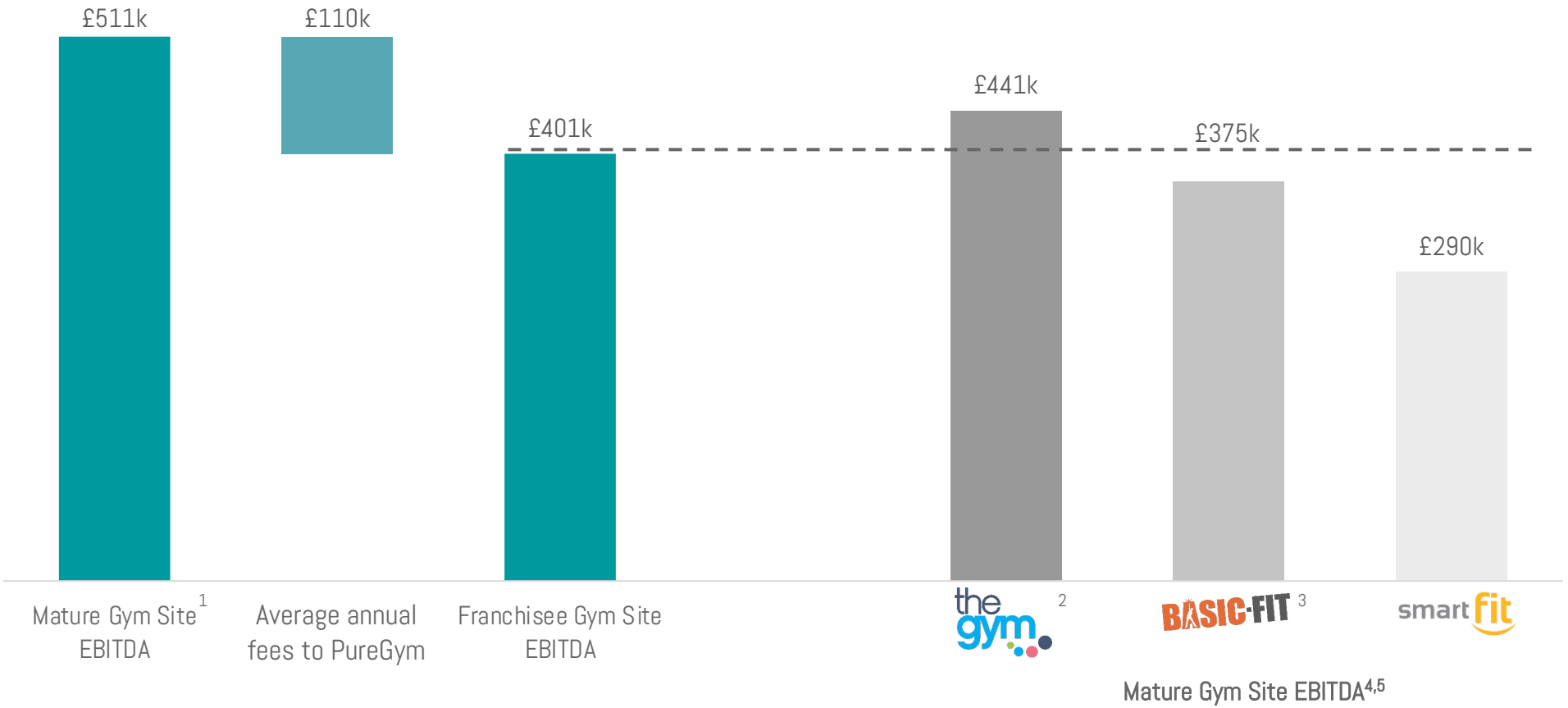




Franchising is a very exciting opportunity with highly attractive unit economics for both PureGym & franchisees

Strong profitability for the Franchisee after franchise royalties

(illustrative)



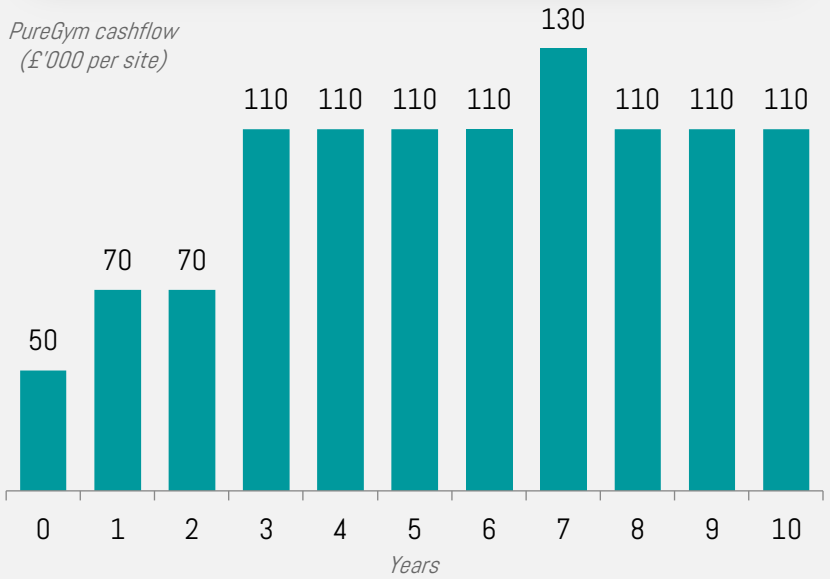
Source: Company information

Notes:

(1) Based on pre-Covid mature gym EBITDA to allow comparison to competitors. (2) Cash basis before pre-opening costs. (3) Underlying EBITDA basis. (4) Sources: Company disclosure; converted to £ at average 2019 exchange rates. Definitions of EBITDA as presented by each company. When multiple metrics are reported, preference towards using cash rent-based EBITDA before pre-opening costs. (5) Not adjusted for any incremental post COVID impact.

The capital light franchise model is highly accretive to value

Schematic 10 year plan for franchise site



Unit economics for PureGym as franchisor

£1m+

free cash flow per site

£nil

incremental capital outlay

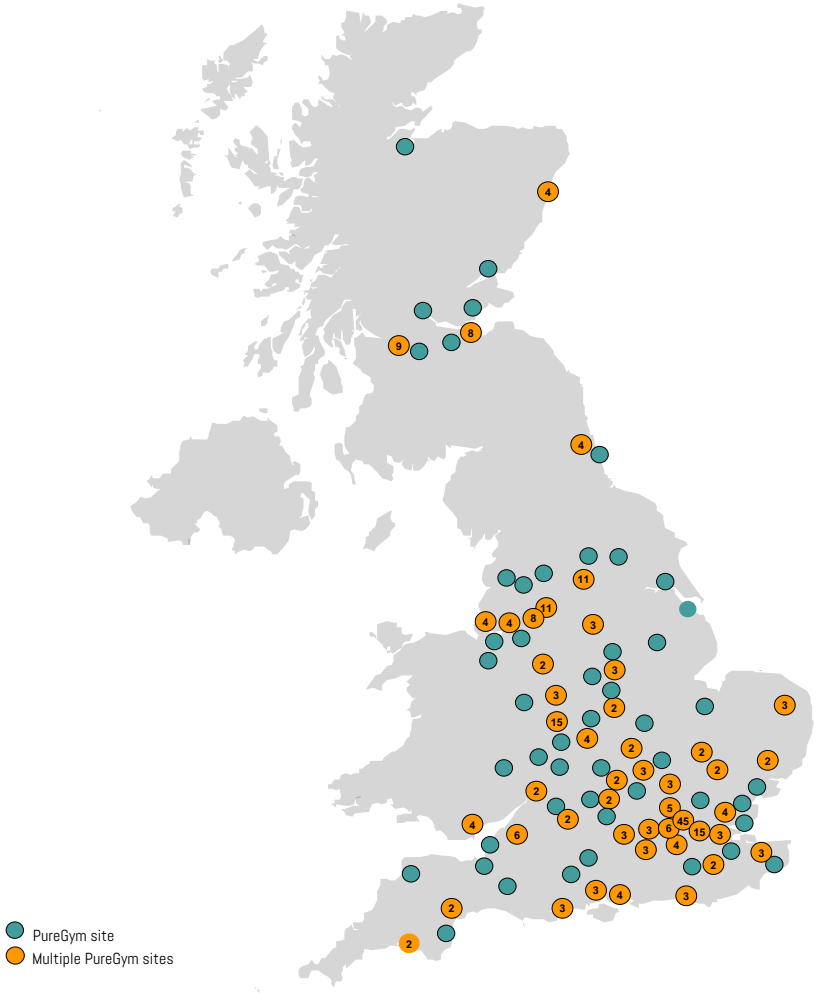
=



Key conclusion: For every franchise site opened, PureGym receives over **£1m of free cash flow**, every 10 years – with no capital outlay

Invest in the UK to capitalise on plentiful whitespace opportunities

Existing UK footprint





United Kingdom

301 sites (as at April 20th)

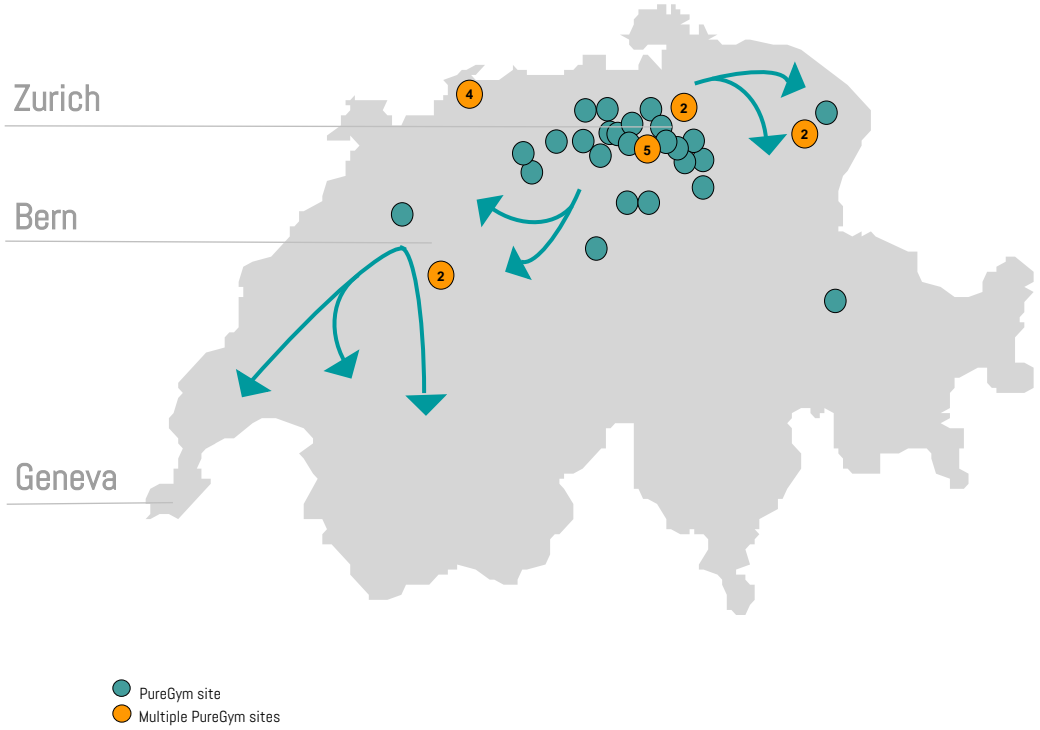
700-900 sites (2026-2028)

Accelerated roll out in Switzerland targeting dramatically stronger market share position by 2026

Existing CH footprint



Switzerland



39 sites (as at April 20th)

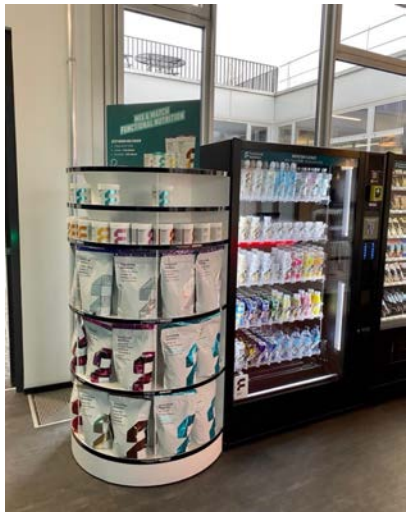
100-200 sites (2026-2028)

Rebrand in Switzerland is complete & has proved highly effective





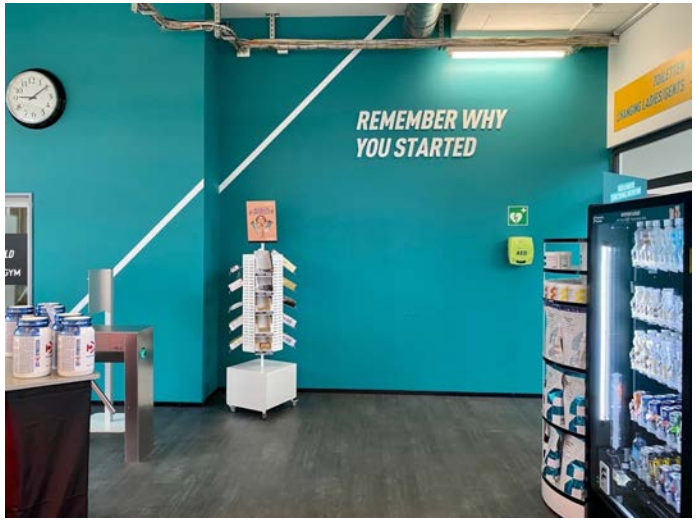






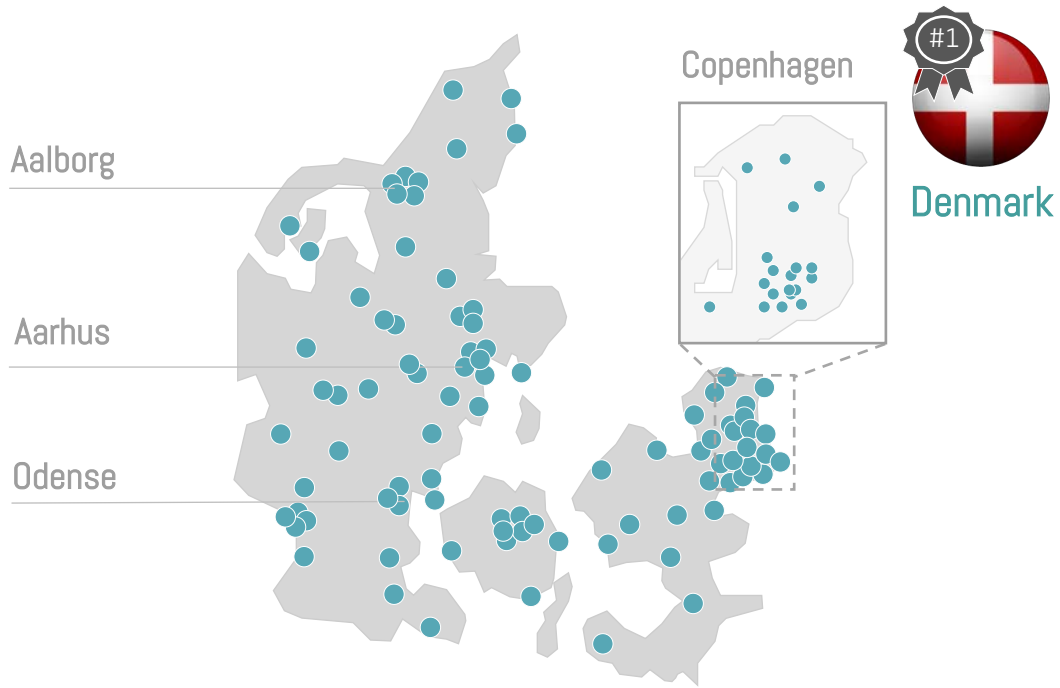






Investment in Denmark to realise the full potential of the estate

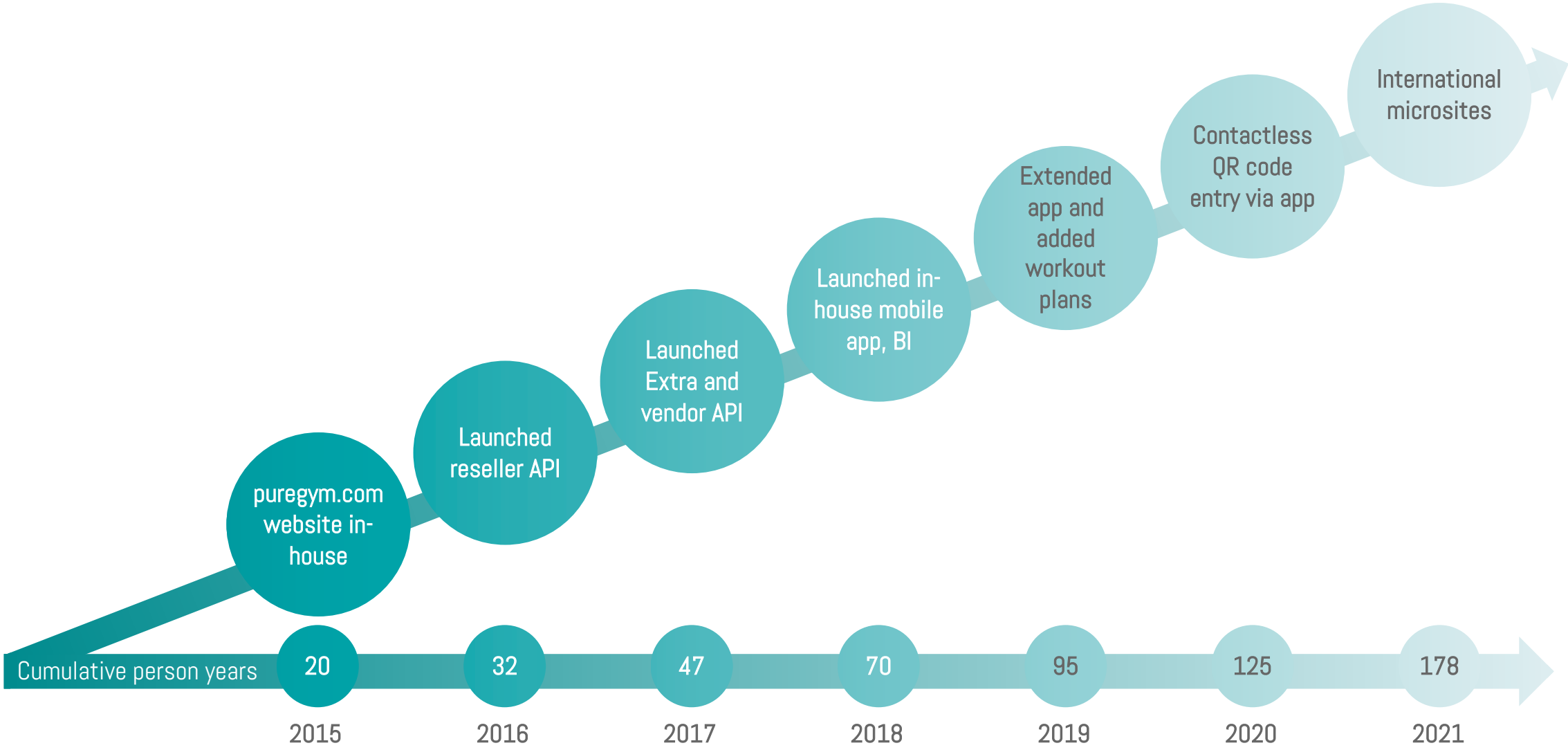
Fitness World Footprint



Key levers to further strengthen market position

1. Estate optimisation and consolidation
2. Significant investment over next 2-3 years to upgrade estate
3. Improved revenue management
4. Better, more focused cost management

Investment in technology was sustained through the pandemic years



Given our fundraising we will now move to significantly increase investment in technology

1. Platforms & infrastructure
   - Further improve rock solid foundations for growth and risk management
2. "Smart Suite"
   - Accelerate investment in bespoke and proprietary applications that drive superior core business performance – especially in revenue and product management
3. Big data, AI and business decision support
   - Increase investments and focus on turning data into information and value and automating business functions
4. Connected digital member and products
   - Develop enhanced and new digital offerings and create omni-channel fitness journey and experiences

In summary, we have clear ambitions for continued growth as we look forward to the end of the decade

Franchise growth in 'new' markets

Middle East: Expand rapidly with existing franchisee partner

Asia: Launch new franchise partnerships in key geographies

North America: Build out estate & establish partnerships with new franchisees

New site openings & refurbishment in existing markets

Capitalise on ample whitespace and drive future EBITDA, by opening **400-600** new gyms

Focus on growth, 100-200 new sites to be opened

Significant programme of reinvestment to reset the product model & improve performance

X2-3

1000 – 2000 new sites

3-4 million members



Conclusions

In an excellent financial position – The PureGym Group is well equipped to deliver on its growth plans

The PureGym Group: Inspiring a Healthier World

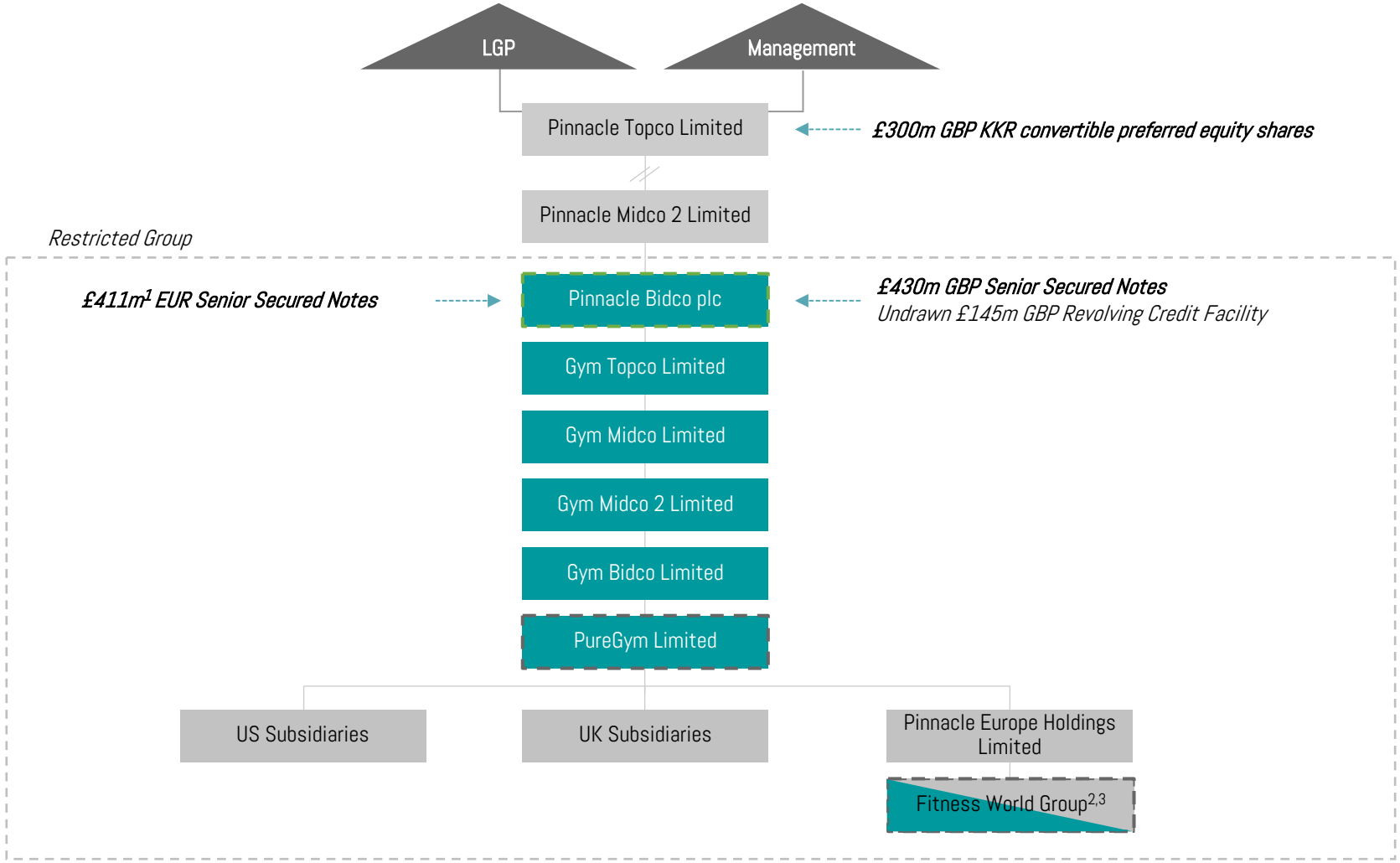
1. £300m new equity investment from KKR to fund expansion
2. In an excellent financial position – with £332m of cash & £477m of total liquidity
3. The path of recovery is clear & we are advancing well… but a degree of patience will be required
4. A clear strategy to capitalise on the global opportunity for franchising – which is virtually unlimited in scale
5. Accelerating momentum of new site rollout & refurbishment of existing sites in current geographies
6. Significant investment in tech & digital to drive performance & capture new fitness market opportunities
7. Ongoing organisational development to ensure we have the human capital to match the physical capital in the future



Appendices

Corporate structure (post KKR investment)

£332m of cash on balance sheet across the Group as at 31 Dec 21 PF for the transaction[4]



Notes
(1) EUR denominated €490 million Senior Secured Notes (converted to pounds sterling at the 31 December 2021 closing rate of €1.191 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 99% of Group Run-Rate Adjusted EBITDA for the year ended 31 December 2021, and substantially all of the Group's total assets as of 31 December 2021. (4) £30m of which is held on the balance sheet of Pinnacle Topco Limited.

Group cash flow Q4 2021

- Group Adjusted EBITDA up significantly on Q4 2020 and the business generated £5.4m of operating free cash flow
- Working capital outflow reflects settlement of historical liabilities as well as changes in operating model in Switzerland to monthly vs 12 month paid in advance
- Maintenance and refurbishment capex primarily reflects maintenance of the existing estate with some minor refurbishments occurring in the quarter
- Expansionary capex includes expenditure on the completion of 5 new owned sites open in the quarter and commencement of works on new sites to be opened after the period end
- Exceptional items primarily relates to expenditure incurred in the exploration of capital raising options. This project culminated in the issue of £300m of preferred equity to global investment firm KKR, which completed in Jan 2022
- "Other" cash outflow mainly relates to the repayment of Covid rent due from prior periods

	Quarter ended 31 Dec		12 months ended 31 Dec	
(£m)	**2021**	2020	**2021**	2020
Group Adjusted EBITDA[1]	**23.9**	**(4.9)**	**39.8**	**11.4**
Movement in working capital	(13.5)	(3.7)	(15.3)	9.6
Maintenance & refurb capital expenditure	(4.9)	3.7	(13.1)	(9.8)
Group operating cash flow	**5.4**	**(5.0)**	**11.3**	**11.2**
Operating cash flow conversion	*23%*	*n/a*	*29%*	*99%*
Expansionary capital expenditure	(8.0)	(14.4)	(34.4)	(36.5)
Exceptional items	(8.1)	(0.9)	(4.9)	(13.7)
Tax, interest, & debt issue costs	(12.1)	(20.6)	(52.8)	(69.7)
Other	(5.4)	0.6	(16.5)	(16.1)
Net cash flow before acquisition & financing	**(28.1)**	**(40.2)**	**(97.3)**	**(92.6)**
Net investment in Fitness World	-	-	-	(226.4)
Acquisition finance	-	-	-	262.9
RCF (repayment)/borrowing	-	(37.0)	-	-
Issue of senior secured notes	-	-	38.8	-
Equity injection	-	0.7	-	100.7
Finance lease capital repayments	(2.0)	(1.1)	(7.7)	(6.3)
Other financing cash flows	1.9	(0.5)	8.7	0.2
Net cash flow	**(28.2)**	**(78.1)**	**(57.5)**	**38.5**

Note:
(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

	Proforma basis (£m)						Reported basis (£m)					
	Quarter ending 31 December			12 months ending 31 December			Quarter ending 31 December			12 months ending 31 December		
	2021	2020	Change %	**2021**	2020	Change %	**2021**	2020	Change %	**2021**	2020	Change %
PureGym UK	**70**	**38**	**87%**	**194**	**142**	**36%**	**70**	**38**	**87%**	**194**	**142**	**36%**
Fitness World	**43**	**35**	**23%**	**114**	**135**	**(16)%**	**43**	**35**	**23%**	**114**	**129**	**(12)%**
Denmark	35	29	21%	90	109	(18)%	35	29	21%	90	104	(14)%
Switzerland	9	7	29%	24	25	(6)%	9	7	29%	24	24	(2)%
Total Revenue	**114**	**73**	**56%**	**308**	**277**	**11%**	**114**	**73**	**56%**	**308**	**271**	**14%**
PureGym UK	**19**	0	n/a	**44**	**7**	**492%**	**19**	**0**	**n/a**	**44**	**7**	**492%**
Fitness World	**5**	**(5)**	**n/a**	**(4)**	**5**	**n/a**	**5**	**(5)**	**n/a**	**(4)**	**4**	**n/a**
Denmark	4	(5)	n/a	(5)	6	n/a	4	(5)	n/a	(5)	4	n/a
Switzerland	1	(0)	n/a	1	(0)	n/a	1	(0)	n/a	1	(0)	n/a
Total Adjusted EBITDA[2]	**24**	**(5)**	**n/a**	**40**	**13**	**210%**	**24**	**(5)**	**n/a**	**40**	**11**	**249%**
PureGym UK	**27%**	**1%**		**22%**	**5%**		**27%**	**1%**		**22%**	**5%**	
Fitness World	**12%**	**(15)%**		**(3)%**	**4%**		**12%**	**(15)%**		**(3)%**	**3%**	
Denmark	12%	(18)%		(5)%	5%		12%	(18)%		(5)%	4%	
Switzerland	13%	(1)%		5%	(1)%		13%	(1)%		5%	(0)%	
Adjusted EBITDA margin	**21%**	(7)%		**13%**	5%		**21%**	(7)%		**13%**	4%	

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

Key performance indicators

£m	For the three months ended 31 Dec 2021	2020	For the twelve months ended 31 Dec 2021	2020	For the twelve months ended 31 Dec 2019PF[2]
Total number of PureGyms	296	274	296	274	263
Total number of Fitness World Gyms	213	218	213	226	221
Total number of franchise sites	3	-	3	-	-
Total number of gyms	512	492	512	492	484
Total number of members ('000s)	1,535	1,451	1,535	1,451	1,699
Average number of members ('000s)	1,604	1,630	1,526	1,609	1,682
Average number of members per gym	3,140	3,304	3,032	3,386	3,683
Average revenue per member per month (£)	23.6	17.8	16.8	14.0	21.90
Reported EBITDA (£ million)	47.3	13.0	118.2	87.5	206.9
Adjusted EBITDA (£ million)[1]	23.9	(4.9)	39.8	11.4	131.1
Adjusted EBITDA margin	21.0%	(6.8)%	12.9%	4.2%	29.7%
Gym Site Adjusted EBITDA (£ million)	38.1	5.5	85.7	49.4	170.7
Gym Site Adjusted EBITDA margin	33.5%	7.6%	27.9%	18.3%	38.6%
Run-Rate Adjusted EBITDA (LTM) (£ million)	59.1	38.1	59.1	38.1	160.6
Operating Cash Flow (£ million)	5.4	(5.0)	11.3	11.2	101.2
Operating Cash Flow Conversion	22.8%	n/a	28.5%	98.5%	77.2%
Senior Secured Net Debt (£ million)	819.9	733.9	819.9	733.9	744.6
Ratio of Senior Secured Net Debt to LTM Run-Rate Adjusted EBITDA	13.9x	19.3x	13.9x	19.3x	4.6x
Ratio of LTM Run-Rate Adjusted EBITDA to Pro Forma Net Interest Expense	1.1x	0.8x	1.1x	0.8x	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 Proforma 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 proforma adjustments to reflect current financing arrangements

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

£m	For the three months ended 31 Dec 2021	For the three months ended 31 Dec 2020	For the twelve months ended 31 Dec 2021	For the twelve months ended 31 Dec 2020	For the twelve months ended 31 December 2019PF
Loss for the period from continuing operations	**(21.6)**	**(53.5)**	**(146.3)**	**(193.8)**	**(28.5)**
Income tax	(2.2)	(9.4)	(19.7)	(20.8)	(3.7)
Net finance cost	31.1	13.2	126.2	128.5	101.5
Depreciation and impairment of property, plant & equipment	30.0	25.7	118.7	111.7	99.1
Amortisation and impairment of intangible assets	5.5	39.1	29.3	55.6	19.7
(Profit) / loss on disposal of property, plant & equipment	2.5	2.5	3.3	2.5	0.1
Profit on lease modifications	0.1	(0.1)	(0.2)	(0.1)	(0.4)
Exceptional administrative expenses	2.0	(4.5)	6.9	3.8	11.6
Group Reported EBITDA[1]	**47.3**	**13.0**	**118.2**	**87.5**	**206.9**
Other adjustments[2]	0.4	-	6.9	-	0.8
Share based payment charge[3]	0.1	0.1	0.4	0.4	0.3
Pre-Opening Costs[4]	0.8	0.0	3.3	1.6	3.6
Cash Rent Adjustment[5]	(24.8)	(18.0)	(89.1)	(78.0)	(80.4)
Adjusted EBITDA	**23.9**	**(4.9)**	**39.8**	**11.4**	**131.1**
Head office costs	14.2	10.5	45.9	38.0	39.5
Gym Site Adjusted EBITDA	**38.1**	**5.5**	**85.7**	**49.4**	**170.7**
LTM Adjusted EBITDA[6]	39.8	12.8	39.8	12.8	131.1
Run-Rate Adjustment	19.3	25.3	19.3	25.3	24.9
Adjustment for synergies[7]	-	-	-	-	4.6
Run-Rate Adjusted EBITDA (LTM)[8]	**59.1**	**38.1**	**59.1**	**38.1**	**160.6**

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 adjustments 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) 2020 LTM Adjusted EBITDA represents the Combined Group on a proforma basis. (7) 2019PF Run-Rate Adjusted EBITDA (LTM) includes £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. (8) 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, & adjustments, 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 operated under in Switzerland. Basefit was rebranded to PureGym AG during 2021.
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.
Proforma 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.
Proforma 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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