

PUREGYM

Investor Presentation

Results for the quarter ended 30 June 2022

25 August 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 & acquisition strategy, plans & objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known & unknown risks, uncertainties & 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 & future business strategies & 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 & 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 & 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 & ratios. We believe that these measures are useful indicators of our ability to incur & service our indebtedness & can assist certain investors, security analysts & 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 & Run-Rate Adjusted EBITDA are not measures of our financial performance or liquidity under IFRS & 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 & financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under IFRS.

Introduction & overview

Q2 financial results

- Continued progression in Q2 with revenue up +43% vs 2021 & +8% vs 2019
- Adj EBITDA of £26m in the quarter
- Run-rate Adj EBITDA continues its upward trajectory, reaching £114m in Q2
- Opened 9 new gyms in Q2, totalling 18 for H1 with a further 5 as of today
- Excellent liquidity position with £285m of cash & £430m of total accessible funds[1]

Outlook

- Recovery continues, but consumer confidence, hot weather & strike disruption are not making it easy
- We are deploying increased effort, resources & focus on cost management to compliment continued strong focus on revenue management
- Investment programme is ramping up
  - Refurbishment is increasing across the owned estate - notably in Denmark
  - Expect to open 50+ sites this year across the group (corporate owned & franchise)
  - Building the capability to double that opening and refurbishment rate next year
- Remaining cautiously positive about the future, despite obvious economic challenges that lie ahead



Notes:
(1) Includes £30 million cash held by parent, Pinnacle Topco Limited



Q2 financial results

Continued progression in Q2, with Run Rate Adj EBITDA reaching £114m

Q2 2022 Group results highlights

Revenue & membership

£119m
Q2 revenue
up +43% vs Q2 2021

£23.73
ARPM per month
up +30% vs Q2 2021

1,666k
Closing members
up +6% vs Jun 2021

Adjusted EBITDA

£26m
Adj EBITDA
up +58% vs Q2 2021

21.8%
Adj EBITDA Margin
Up +200bps vs Q2 2021

£114m
Run Rate Adj EBITDA
up +£8m vs Q1 2022

Group estate

525
Gyms in the estate[3]
vs 506 gyms at Jun 2021

9
New gyms in Q2 2022
vs 15 in Q2 2021

Liquidity & Cash Flow

£285m
Cash
Vs £76m Jun 2021

£430m
Liquidity[1,4]
vs £221m at Jun 2021

£21m
Operating Cash Flow
Up +1% vs Q2 2021

SS Net Debt & Capex

£562m
Net debt[4]
vs £786m at Jun 2021

3.5x
Proforma net leverage[2]
down from 4.9x at Jun 2021[5]

£24m
Capex
vs £14m in Q2 2021

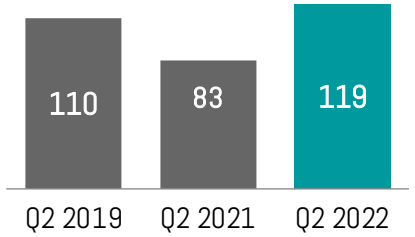
Notes:
(1) Liquidity defined as cash plus available RCF facilities. (2) Includes £30 million cash held by parent, Pinnacle Topco Limited & based on £161m RR Adj EBITDA for 2019. (3) Gyms in estate includes 4 franchise gyms in KSA. (4) Includes £30 million cash held by parent, Pinnacle Topco Limited. (5) Stated using Senior Secured Net Debt as at 30 June 2021 of £786m & RR Adj EBITDA for 2019 of £161m (proforma for the acquisition of Fitness World).

Q2 2022 Group results vs 2019 & 2021

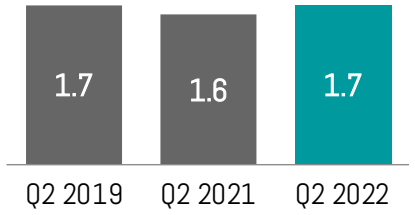
All figures stated to the nearest £ million, except for members (million) & gyms (number)

Revenue & membership

Revenue

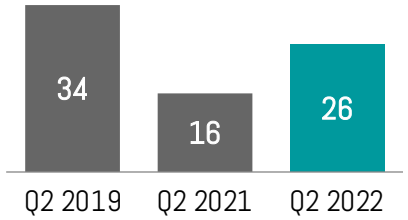


Closing members

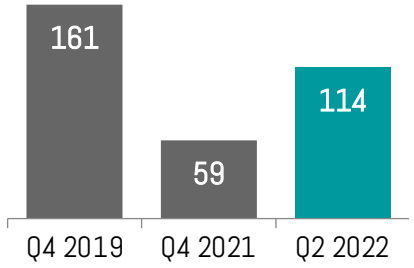


Adjusted EBITDA

Adj EBITDA[1]

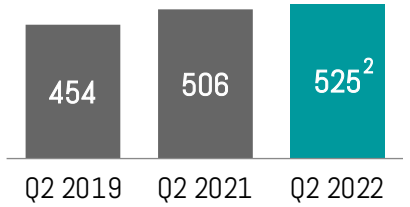


Run Rate Adj EBITDA

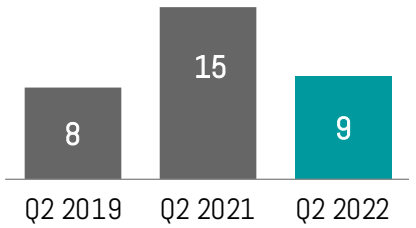


Group estate

Gyms in estate

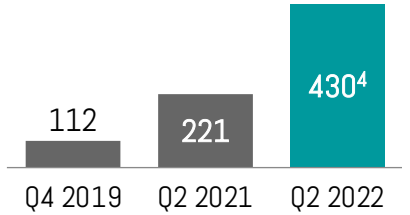


New sites

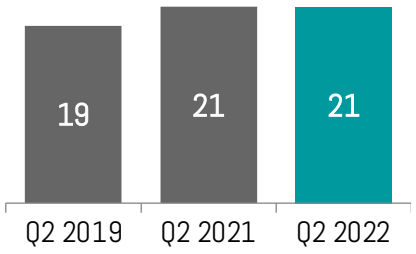


Liquidity & Cash Flow

Available liquidity[3]

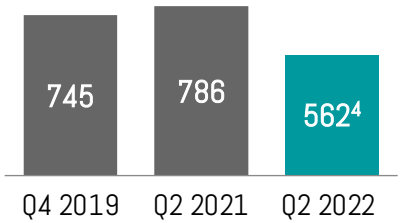


Cash Flow[5]

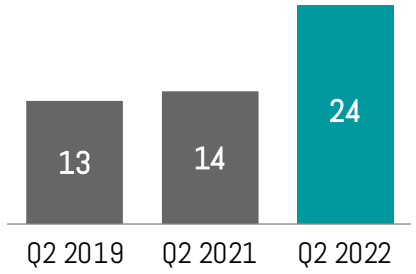


SS Net Debt & Capex

SS Net Debt



Capex



Notes:
2019 includes the results of Fitness World on a proforma basis, except for available liquidity & cash flow which are based on PureGym UK only. All figures exclude Poland. (1) In 2021 & 2022, excludes the benefit & cost of any COVID-19 rent deferments. (2) Gyms in estate includes 4 franchise gyms in KSA. (3) Liquidity defined as cash plus available RCF facilities. (4) Includes £30 million cash held by parent, Pinnacle Topco Limited (5) Operating cash flow, stated after maintenance & refurbishment capex but before interest on borrowings or growth capex.

Capital expenditure

Momentum building in capital deployment

- £17m of expansionary capex in Q2 2022 with 9 new corporate owned site openings
- £7m spend on maintenance & refurbishment works across estate

£m	Q2 2022	Q2 2021
Expansionary capital expenditure	16.5	10.2
Maintenance & refurb capital expenditure	7.4	4.2
Total capital expenditure	**23.9**	**14.4**

Key trends

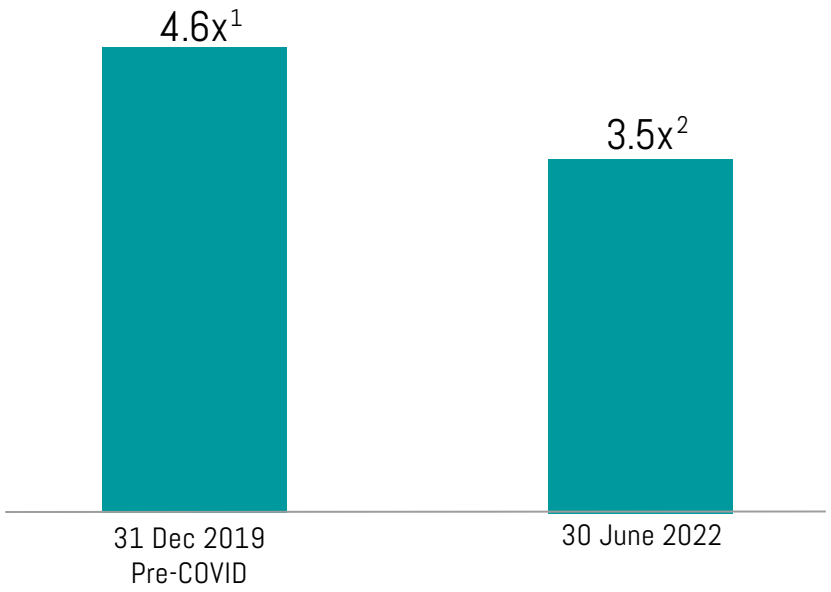
- Some increases in lead times on equipment & key construction items impacting both new site openings & refurbishments
- Ongoing cost inflation is being carefully managed, with a sharp focus on value engineering to limit impact
- Good sites in good locations are frequently contested but PureGym's strength increasingly recognised by landlords



Senior Secured Net Debt is significantly lower than pre-Covid at £562m, with available liquidity of £430m

Proforma leverage is lower than pre-Covid

Liquidity [4]	£160m	£430m[3]
SS Net Debt	£745m	£562m[3]



Proforma Net Debt

As at 30 June 2022	£m
Cash	284[3,5]
Senior Secured Sterling Notes 6.375%	(430)
Senior Secured EUR Notes 5.5%	(416)
Senior Secured Net Debt	**(562)**
Non-property leases/other	(10)
Total Net Debt	(572)
FY19 Proforma RR Adj EBITDA	161
Illustrative leverage [2]	*3.5x*

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 & Jun-22A Senior Secured Net Debt of £562m (consisting of the Sterling Notes (£430m), the Euro Notes (£416m, converted using LTM average FX rate of EUR 1.178 to £1) less cash (£284m as converted at average rates of exchange for the LTM period & including £30m cash held by parent company, Pinnacle Topco Limited)). (3) Includes £30m held by parent company, Pinnacle Topco Limited. (4) Liquidity defined as cash plus available RCF facilities.
(5) Non-sterling cash balances converted at average rates of exchange for the LTM period. Differs from cash & liquidity figures reported elsewhere which are converted using closing exchange rates



Strategy & outlook

Notwithstanding the headwinds, overall momentum of strategic execution is building well - enabled by significant equity capital raise completed in Q1

The strategy we outlined in our FY21 update is now fully "in flight"

1 Accelerate growth through franchise in Middle East/Asia & USA

2 Invest to grow in UK & CH

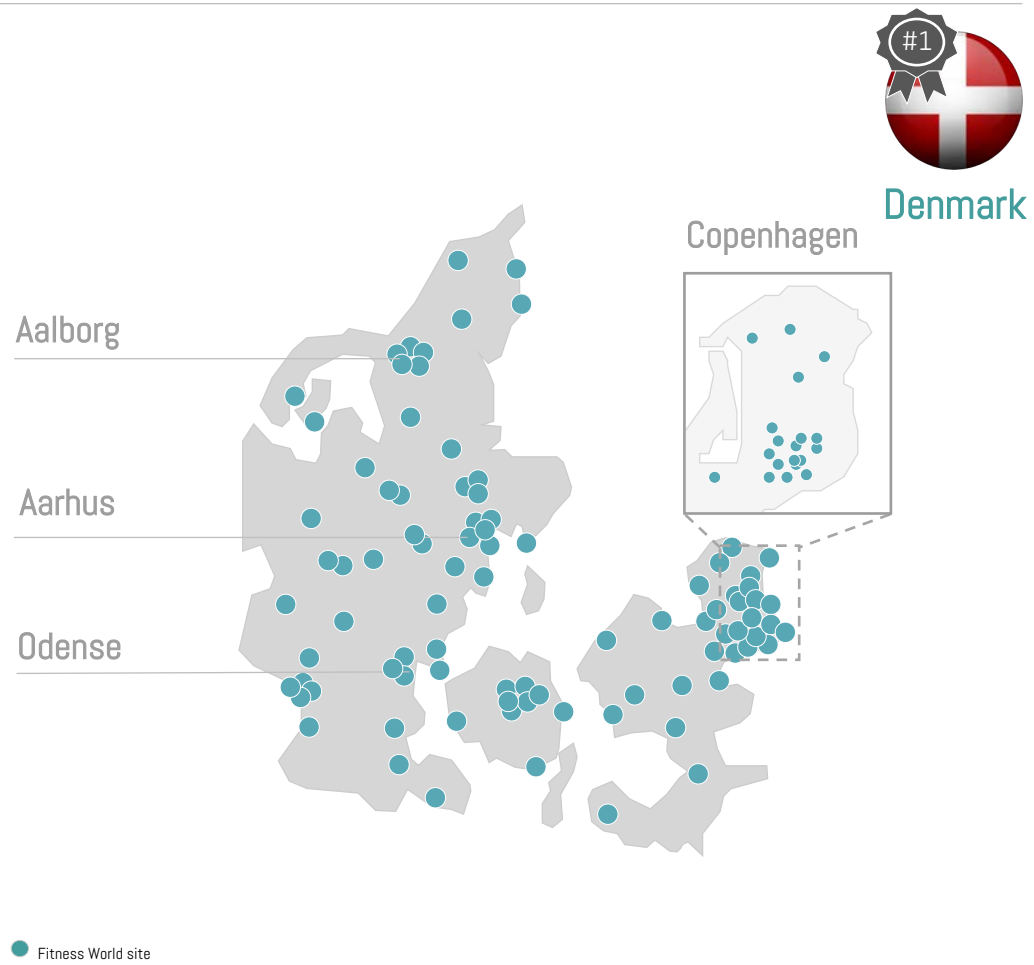
3 Invest to strengthen in DK

4 Invest in digital & tech to open up new opportunities & better engagement with existing customers

Investment in risk management, governance, discipline & controls to ensure quality of execution

A clear strategy is being executed to realise the full potential of the business in Denmark

Fitness World Footprint



1. Estate optimisation with particular focus on Copenhagen & other major cities
2. £55m+ capital investment over the next 2-3 years to upgrade product & member experience
3. Improved revenue management – key to driving performance & optimising our position vs the competition
4. Revitalised management, organisation & culture

Denmark estate optimisation & investment (1/2): Aarhus & Randers have served as a test bed for rolling out an improved product

Current position in Aarhus & Randers (2nd largest population centre in Denmark)



Key steps we have taken/are taking to optimise estate

Aarhus

- "JBV": Biggest gym in Scandinavia refurbished in late 2020
- "Scandinavian": recalibration of size to meet member potential
- "Trøjborg": transfer of 1 site – very close to another FW site – to a greenfield area further North
- "Tilst": transferring to new site in October

Randers

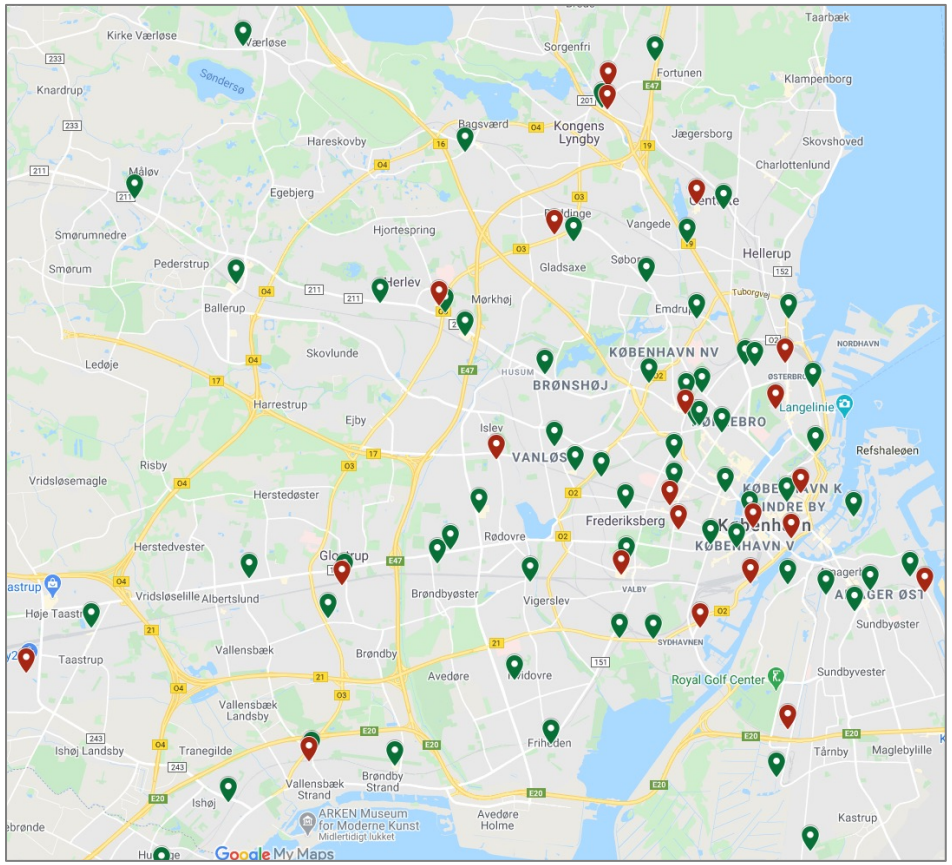
- Closing 1 site & moving another to a better location

Change to Commercial Proposition

- Variable pricing introduced across the region
- Refined commercial product choices provided

Denmark estate optimisation & investment (2/2): Programme is now rolling out to the key market of greater Copenhagen

In Copenhagen we co-exist with one other major operator – SATS



Fitness World

SATS

… & our strategy for remaining market leader is clear

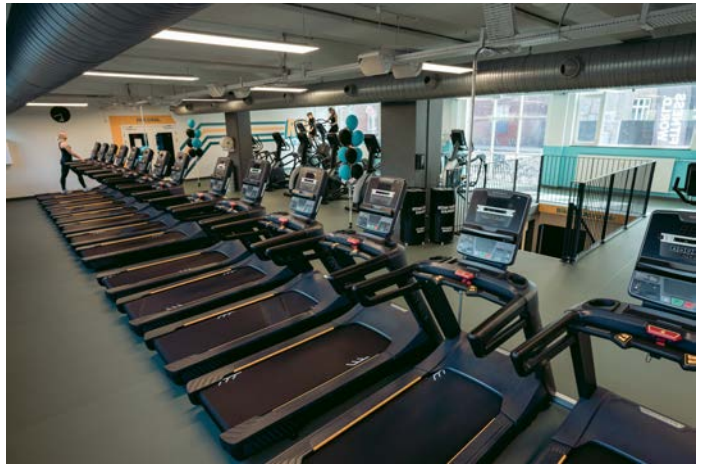
- Maintain overall estate advantage
  - 27 FW vs 12 SATS sites in central Copenhagen
  - 53 FW vs 21 SATS sites in Greater Copenhagen
  - Open new sites where pools of unfulfilled demand exists (eg Albertslund)
  - Seek consolidation opportunities where appropriate
- Invest significant capital to materially upgrade quality of member experience
  - 18 sites already scoped for 2022
  - Further sites targeted for reinvestment in 2023
- Ensure 'great value' pricing & use variable pricing to optimise position
- Fine tune product offering to the specific site conditions & local market demand

Investment that transforms member experience to the Group standard & offers "boutique fitness experience at value gym price"











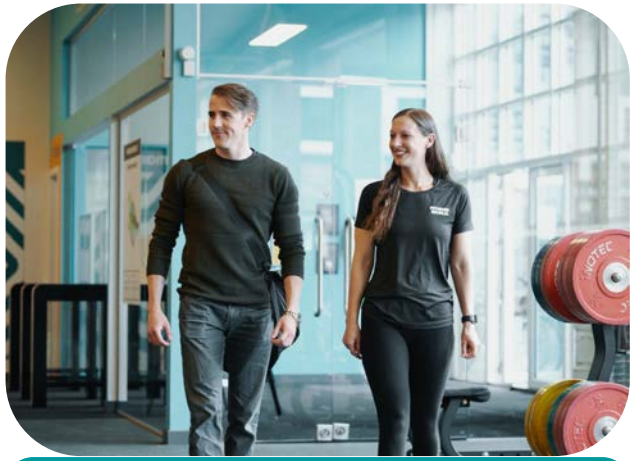


We are applying the Group's pricing & revenue management toolkit in Denmark



Optimal positioning: towards premium end of value segment

- Premier Inn vs Travelodge
- Maintain investment in product… make it better over time
- Invest to build brand awareness & consideration
- But never move away from being great value



Set site-level prices based on local market situation

- 159 DKK in Helsingør, 299 DKK in Ørestaden
- ALL products can be priced differently in all gyms
- Lower prices to grow market and/or gain share
- Higher prices to capture upside
- Prices may rise or fall over time



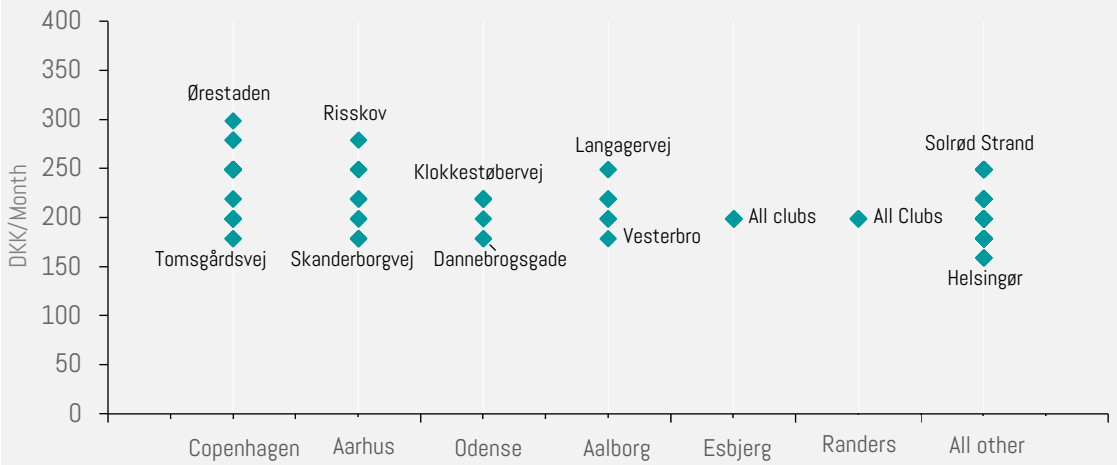
Drive premiumisation enhancing yield from those willing to pay

- Plus: 50-100 DKK extra for multiple added benefits
- Bolts-ons:
  - 20-50 DKK for group fitness
  - 119 DKK for nutrition subscription
  - Option to upgrade gym access, delivering incremental revenue

Variable pricing & disciplined management of promotions will be key factors in our revenue management approach in Denmark

Variable pricing allows tailoring in each market

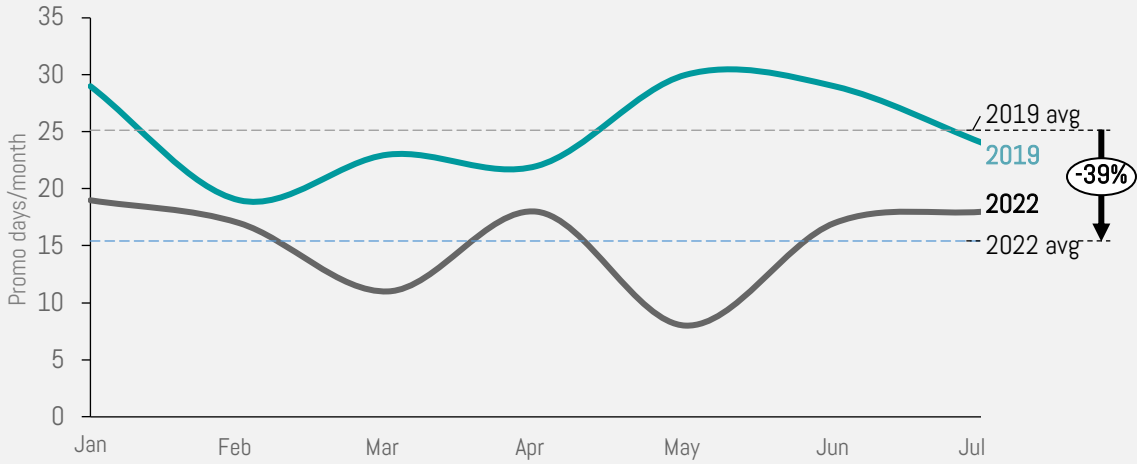
Monthly core membership price by gym & city, August 2022



- Larger cities have a spread of prices to cover different competitive & demographic location profiles
- Smaller cities follow cluster strategy approach with fewer / single price points to limit internal cannibalisation

Significantly reduced promotional pressure aims to lift value in the market

Number of promotion days 2019 vs 2022



- Frequency: number of days on promotion limited to reduce costs
- Depth: promotion tailored to deliver required results
- Specificity: activities targeted by gym to avoid investment waste

We passionately believe that our people, organisation & culture will make the difference in driving success in Denmark

New senior leadership & management

- Business managed by Morten Bentzen – a seasoned executive from the "Telco" school
- Full refresh of senior management team – Finance, Commercial, Marketing, IT & Operations
- New mindset determined to implement best practice & keep innovating

Reformed operational organisation

- Distraction of Poland, Switzerland & other complexities removed to facilitate focus on Denmark
- Re-establish the role of gym managers "owning" their club, NPS measures & member experience
- Streamlined management organisation with clearer connection to PG Group expertise

Regain focus on culture & belonging

- Clear articulation of values, behaviours & attitudes
- Alignment of incentives & rewards
- Embracing being part of the PureGym Group

In summary…'Invest to Strengthen' in Denmark

1. Estate optimisation with particular focus on Copenhagen & other major cities
2. £55m+ capital investment over the next 2-3 years to upgrade product & member experience
3. Improved revenue management – key to driving performance & optimising our position vs the competition
4. Revitalised management, organisation & culture



Group: Overall picture & outlook

Clearly facing challenging times now & into the future - hard to make predictions as storm clouds gather

- Near term disruption - transport strikes, heat/weather etc. - definitely a headwind for business momentum - everyone is seeing that
- Consumers "feeling the pinch" & being careful how they spend constrained disposable income
- Cost inflation is biting on capex & some aspects of opex
- We are very attentive to the needs of our colleagues facing the cost of living crisis

We nevertheless remain well positioned to weather the storm

- No evidence of a “buyers strike” – albeit a degree of consumer caution on memberships
- Reassuring research (internal & 3rd party) suggests consumers continue to attach a high priority to maintaining gym memberships vs other more discretionary spend
- Benefit of a structurally low labour & low operating cost model (no heated swimming pools!)
- Increasing resource & effort dedicated to all areas of cost management
- We enjoy a fair degree of pricing power & a very high level of pricing/revenue control

And are reassured by & remain committed to new site opening & site refurbishment plans

- New sites continue to perform very well due to format flexibility, site selection & tailored management
- Volume of refurbishments are increasing & capital is delivering a modest but positive rate of return





Conclusions

Continued progression despite the challenges with good momentum for future growth

Conclusions

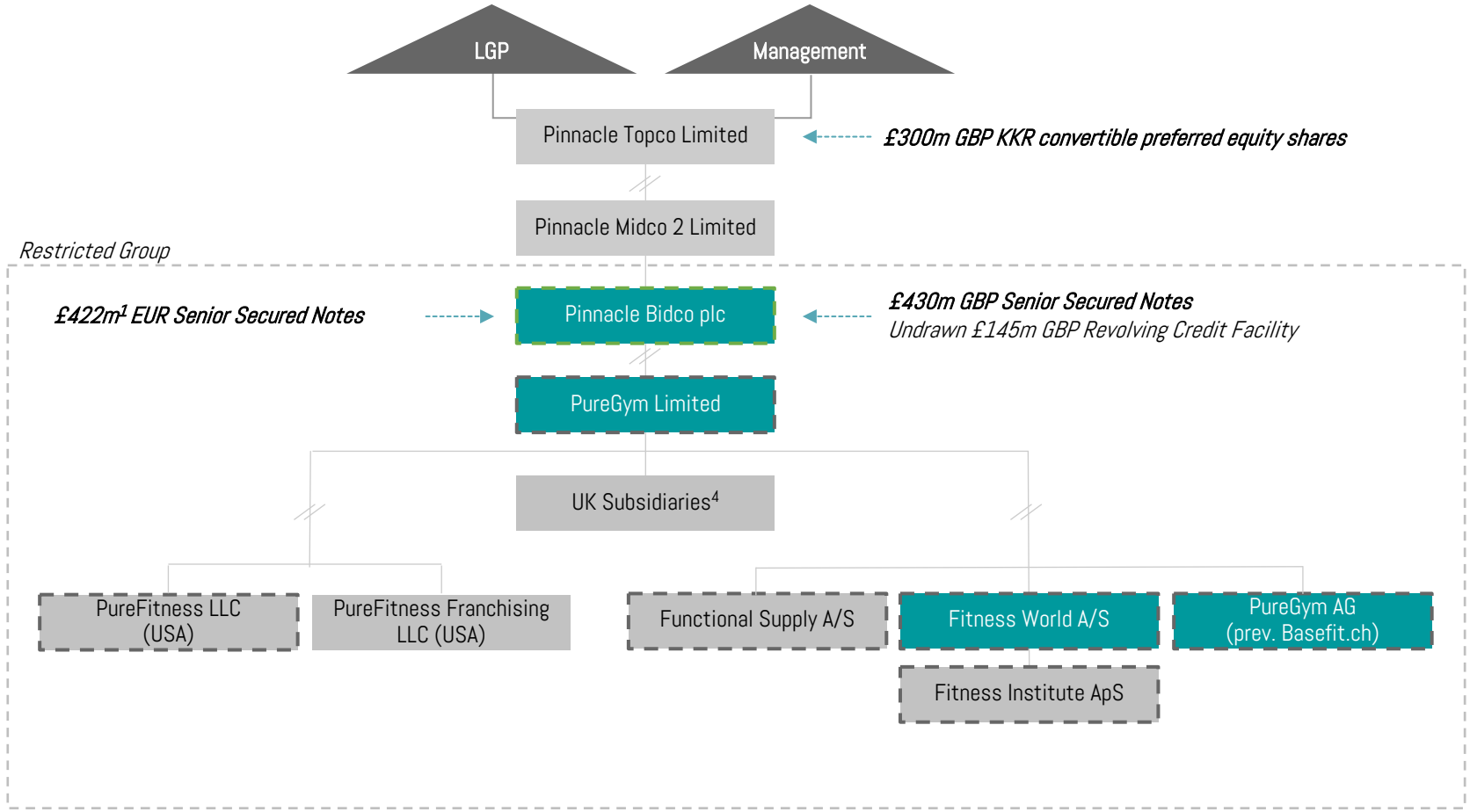
1. Continued progression in Q2 with revenue up +43% on Q2 2021 & +8% on Q2 2019
2. Run Rate Adj EBITDA continues its upward trajectory, reaching £114m by the end of Q2 2022
3. A resilient & strong liquidity position – with £285m of cash & £430m of total accessible funds
4. Little doubt that there are challenges ahead but we are well set up to weather the storm
5. Clear focus on mitigating demand & cost pressures through management action & yield management
6. Clear plan to invest significantly to strengthen estate & drive performance
7. Strong new site performance & good momentum in the global pipeline - both remain key drivers of future growth



Appendices

Corporate structure

£285 m of cash on balance sheet across the Group as at 30 Jun 2022[3]



Notes
(1) EUR denominated €490 million Senior Secured Notes (converted to pounds sterling at the 30 June 2022 closing rate of €1.162 to £1.0000). (2) The Guarantors accounted for 99% of Group Run-Rate Adjusted EBITDA for the year ended 31 December 2021, & substantially all of the Group's total assets as of 31 December 2021. (3) £30m of which is held on the balance sheet of Pinnacle Topco Limited. (4) Includes LA Leisure Limited & Ovalhouse Limited

Group cash flow Q2 2022

- Group Adjusted EBITDA of £26m converted to £21m of operating cash inflow
- Cash inflow from working capital movement due to new site roll-out. Inflow lower than prior year due to settlement of deferred liabilities, as well as changes in operating model in Switzerland to monthly membership
- Maintenance & refurbishment capex at £6.4m in the quarter, reflecting a rising number of refurbishments as the Group invests in the existing estate
- Expansionary capex includes expenditure on the completion of 9 new corporate owned sites opened in the quarter & commencement of works on new sites to be opened after the period end
- Cash outflow for exceptional items in the period mainly reflects the settlement of exceptional expenditure incurred in 2021
- "Other" cash outflow mainly relates to the repayment of Covid rent due from prior periods
- Other financing cash outflows of £7.2m includes the repayment of short term financing

	3 months ended 30 Jun		6 months ended 30 Jun	
£m	**2022**	2021	**2022**	2021
Group Adjusted EBITDA	**25.9**	16.4	**50.9**	(9.0)
Movement in working capital	1.9	9.3	(8.8)	7.3
Maintenance & refurb capital expenditure	(6.4)	(4.6)	(9.0)	(6.1)
Group operating cash flow	**21.4**	21.1	**33.2**	(7.7)
Operating cash flow conversion	*82%*	*129%*	*65%*	*n/a*
Expansionary capital expenditure	(15.7)	(12.5)	(25.2)	(21.2)
Exceptional items	(1.5)	(4.6)	(1.7)	6.1
Tax, interest, & debt issue costs	(11.8)	(11.7)	(26.0)	(26.8)
Other	(4.9)	(6.6)	(16.4)	(6.0)
Net cash flow before acquisition & financing	**(12.6)**	(14.2)	**(36.1)**	(55.6)
Issue of senior secured notes	-	-	-	38.9
Equity injection	-	-	270.0	-
Finance lease capital repayments	(1.6)	(2.0)	(3.2)	(3.9)
Other financing cash flows	(7.2)	6.7	(9.6)	6.8
Net cash flow	**(21.5)**	(9.5)	**221.1**	(13.7)

Segmental performance

£m	3 months ending 30 June			12 months ending 31 December		
	2022	2021	Change %	**2021**	2020[1]	Change %
United Kingdom	77	55	40%	194	142	36%
Denmark	34	21	57%	90	103	(13)%
Switzerland	8	6	26%	24	24	(2)%
Other	0	-	n/a	-	-	n/a
Total Revenue	**119**	**83**	**43%**	**308**	**270**	**14%**
United Kingdom	21	21	(1)%	44	7	492%
Denmark	6	(5)	n/a	(5)	4	n/a
Switzerland	0	0	n/a	1	(0)	n/a
Other	(1)	-	n/a	-	27%	n/a
Total Adjusted EBITDA[2]	**26**	**16**	**58%**	**40**	**11**	**249%**
United Kingdom	27%	38%		**22%**	**5%**	
Denmark	16%	(21)%		(5)%	4%	
Switzerland	6%	3%		5%	(0)%	
Other	n/a	n/a		n/a	n/a	
Adjusted EBITDA margin	**22%**	**20%**		**13%**	**4%**	

Notes:
(1) The 2020 results of Poland have been excluded as the business was sold in the year & is treated as a discontinued operation in the Group financial statements.
(2) In 2020 & 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 30 Jun 2022	For the three months ended 30 Jun 2021	For the six months ended 30 Jun 2022	For the six months ended 30 Jun 2021	For the twelve months ended 31 Dec 2019PF
Total number of corporate-owned gyms	521	506	521	506	484
Total number of franchise gyms	4	-	4	-	-
Total number of gyms	525	506	525	506	484
Total number of members ('000s)	1,665	1,565	1,665	1,565	1,699
Average number of members ('000s)	1,666	1,506	1,655	1,469	1,682
Average number of members per gym	3,227	3,004	3,226	2,954	3,683
Average revenue per member per month (£)	23.73	18.30	23.59	9.44	21.90
Reported EBITDA (£ million)	47.7	33.9	94.3	26.9	206.9
Adjusted EBITDA (£ million)	25.9	16.4	50.9	(9.0)	131.1
Adjusted EBITDA margin	21.8%	19.8%	21.7%	(10.8)%	29.7%
Gym Site Adjusted EBITDA (£ million)	41.8	32.5	82.9	13.7	170.7
Gym Site Adjusted EBITDA margin	35.2%	39.3%	35.4%	16.4%	38.6%
Run-Rate Adjusted EBITDA (£ million)	114.0	39.6	114.0	39.6	160.6
Operating Cash Flow (£ million)	21.4	21.1	33.2	(7.7)	101.2
Operating Cash Flow Conversion	82.4%	128.8%	65.2%	n/a	77.2%
Senior Secured Net Debt (£ million)	562.1[1]	786.4	562.1[1]	786.4	744.6
Ratio of Senior Secured Net Debt to LTM Run-Rate Adjusted EBITDA	4.9x	19.9x	4.9x	19.9x	4.6x
Ratio of LTM Run-Rate Adjusted EBITDA to Pro Forma Net Interest Expense	2.1x	0.7x	2.1x	0.7x	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) Includes £30 million cash held by Pinnacle Topco Limited

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

£m	For the three months ended 30 Jun 2022	For the three months ended 30 Jun 2021	For the six months ended 30 Jun 2022	For the six months ended 30 Jun 2021	For the twelve months ended 31 December 2019PF
Loss for the period	**(23.6)**	**(37.4)**	**(44.7)**	**(92.1)**	**(28.5)**
Income tax	2.2	(10.1)	0.8	(16.2)	(3.7)
Net finance cost	36.4	36.5	73.1	59.6	101.5
Depreciation & impairment of PPE	27.5	30.0	54.6	57.1	99.1
Amortisation & impairment of intangible assets	5.4	11.7	10.5	21.0	19.7
(Profit) / loss on disposal of property, plant & equipment	(0.1)	1.1	(0.1)	0.9	0.1
Profit on lease modifications	-	(0.4)	-	(0.4)	(0.4)
Exceptional administrative expenses	-	2.6	-	3.1	11.6
Group Reported EBITDA[1]	**47.7**	**33.9**	**94.3**	**26.9**	**206.9**
Other adjustments[2]	2.0	1.0	3.5	2.4	0.8
Share based payment charge[3]	0.1	0.1	0.2	0.2	0.3
Pre-Opening Costs[4]	0.9	1.5	2.0	1.9	3.6
Cash Rent Adjustment[5]	(24.9)	(20.1)	(49.2)	(40.3)	(80.4)
Adjusted EBITDA	**25.9**	**16.4**	**50.9**	**(9.0)**	**131.1**
Head office costs	15.8	16.1	32.0[7]	22.6	39.5
Gym Site Adjusted EBITDA	**41.8**	**32.5**	**82.9**	**13.7**	**170.7**
LTM Adjusted EBITDA	99.6	(1.3)	99.6	(1.3)	131.1
Run-Rate Adjustment[6]	14.3	40.9	14.3	40.9	29.5
Run-Rate Adjusted EBITDA (LTM)	**114.0**	**39.6**	**114.0**	**39.6**	**160.6**

(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 & 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 & certain employees. (4) Pre-opening costs represent the total of all gym site operating costs incurred prior to the opening of a new gym & primarily consist of staff costs & marketing. (5) Under IFRS 16, most lease costs are excluded from Group Reported EBITDA. To produce a comparable & more relevant EBITDA figure, the contractual property rent payments due during the accounting period are deducted & 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. (6) 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 & updates forecasts quarterly based on current & anticipated performance, taking into account seasonality & location-specific factors. (7) Head office costs reported in the Q1 2022 presentation for the three months ended 31 March 2022 of £18.2m have been adjusted to £16.2m due to a misallocation between gym & head office costs. Adjusted EBITDA is not impacted by this adjustment.

Glossary

Term	Definition
Adjusted EBITDA	The profit or loss for a certain period before income tax expense, net finance cost, depreciation & impairment of property, plant & equipment & right of use assets, amortisation & 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.
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 & impairment of property, plant & equipment & right of use assets, amortisation & 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, & 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.
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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