

Investor Presentation

Results for the year ended 31 December 2022

25 April 2023

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

Financial results & key indicators of progress

- Revenue up +58% year on year – momentum has been maintained despite headwinds
- RR Adj EBITDA showing healthy progress to £114m & cash on the balance sheet of £235m
- 45 new corporate-owned sites opened in 2022 & 6 new franchise sites opened across KSA & UAE

Latest Trading & key points of business activity

- January & February 2023 results are ahead of expectations with UK LFL revenue increasing to 99%[1] of 2019 levels
- LFL gym costs very well controlled – held flat from 2019-2022 & only 5% inflation expected in 2023
- Strong focus on energy cost mitigation, with 2024 full year incremental exposure reduced to £5-8m

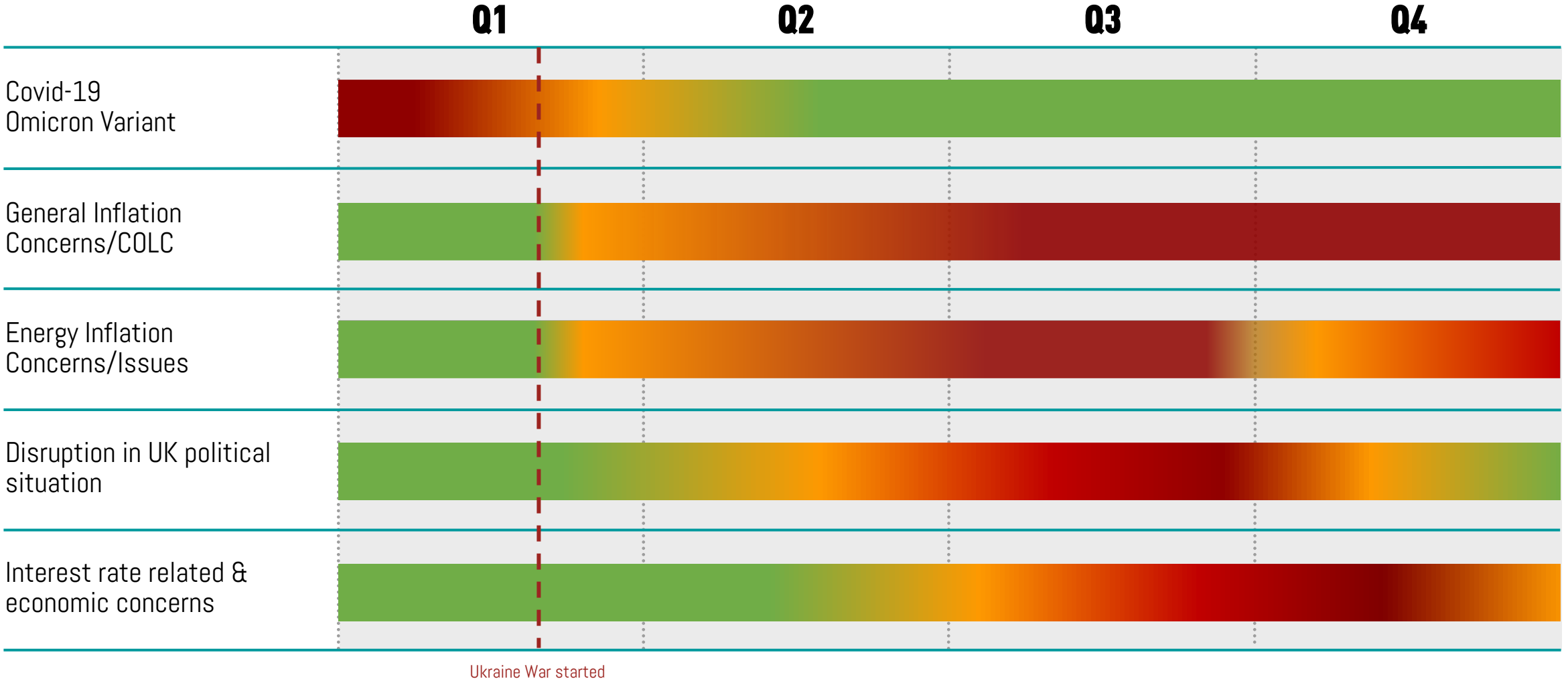
Strategy & Outlook

- The business is well positioned to benefit from its market leading positions & from customers seeking great value for money under tough economic conditions
- Unit economics remain resilient with ROCE for mature UK sites of 34% in 2022
- Strong & growing property pipeline
- Expecting to open around 40 new corporate owned sites during 2023
- Expanding franchise coverage in the Middle East & pursuing further opportunities elsewhere across the world
- Excellent support from KKR & Leonard Green as we start to explore refinancing options well in advance of bond maturity



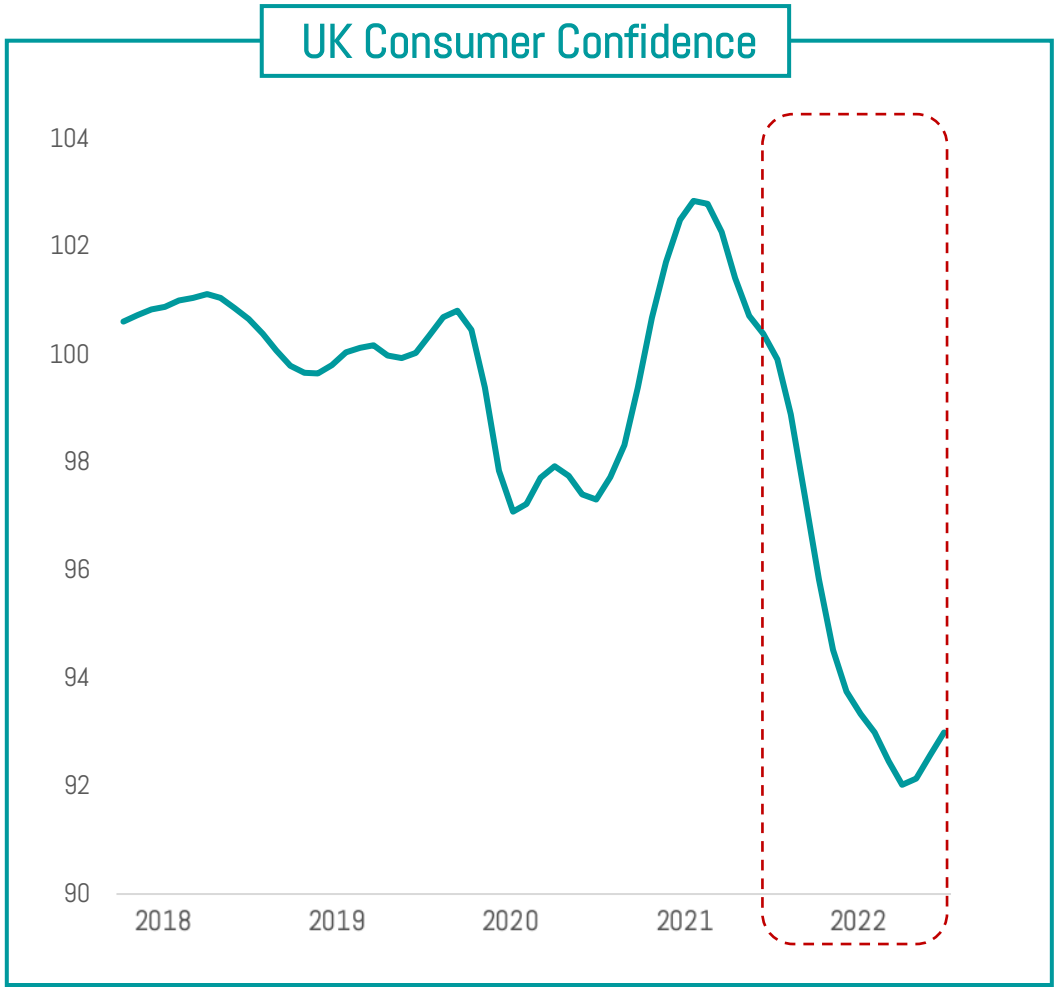
Notes:
(1) UK LFL revenue recovery of 99% based on gyms open 2018 and prior. 96% based on 2017 and prior cohorts.

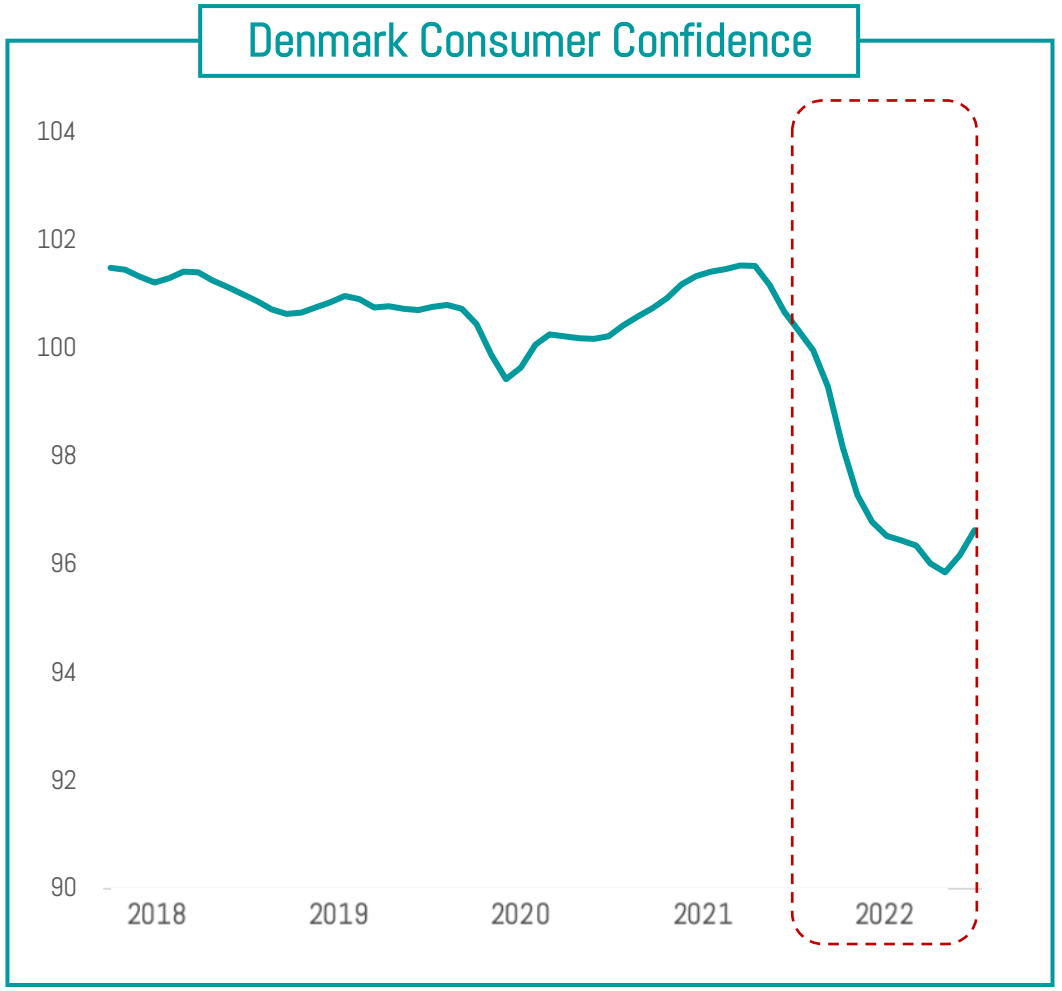
2022 was a year in which we & many other businesses had to battle significant new external headwinds



Note: Illustrative

These headwinds have also clearly had a significant impact on underlying consumer confidence during 2022





Note: Long term average = 100

Source: https://data.oecd.org/leadind/consumer-confidence-index-cci.htm

PUREGYM

Given these external challenges, we have worked hard to maintain focus on key business drivers while addressing the specific challenges we faced

Internal focus & actions	Q1	Q2	Q3	Q4
Fundraising	£300m raised from KKR			
Focus on high quality new site openings (UK&CH)	8	9	8	20 — Total 45
Further strengthened Management team		New Chief Information Officer	New senior finance personnel in DK & CH	New Group General Counsel
Investment in cost & energy reduction project			→	→
Salary supplements & increases weighted towards those most in need			31 Jul	30 Nov — 1 Jan
Headline price increases to offset inflation	UK: 99 sites DK: 7 sites CH: 4 sites	UK: 40 sites DK: 18 sites CH: 7 sites	UK: 79 sites DK: 8 sites CH: 2 sites	UK 131 sites DK: 166 sites CH: 28 sites
Targeted low off-peak pricing to remain "affordable"		UK		DK



Financial results

Continued progression in revenue & EBITDA; despite a turbulent macro backdrop

PUREGYM

2022 highlights

555
Total open sites[1]

>130
New franchise site agreement

+58%
Revenue growth vs 2021
(+12% Q4 vs Q4 2021)

+8%
Member growth vs 2021
(+11% in the UK)

+51
New sites
(Incl 6 franchise)

34%
ROCE[2]

+5%
H2 ARPM growth vs H2 2021
(+5% in the UK)

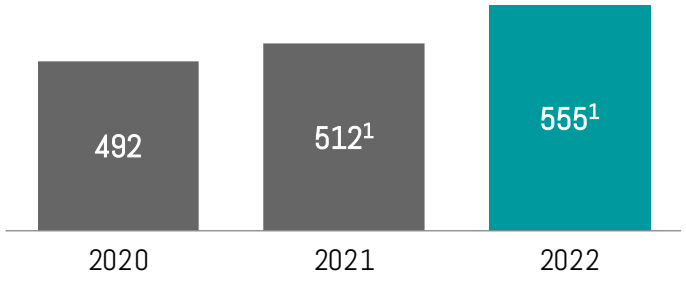
£114m
RR Adj EBITDA

Notes:
(1) Gyms in estate includes 546 corporate-owned & 9 franchise gyms in KSA. (2). Represents UK mature gyms, being those opened in 2017 & prior. Calculated using Adjusted EBITDA.

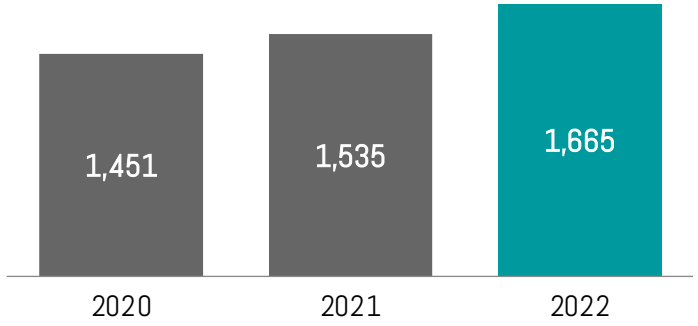
Financial & operational summary

Despite many new challenges in 2022, the Group continued a healthy recovery from the 'dark days' of 2020 & 2021

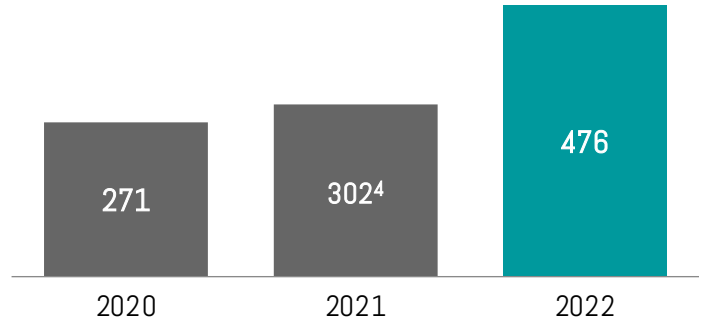
Gyms in estate



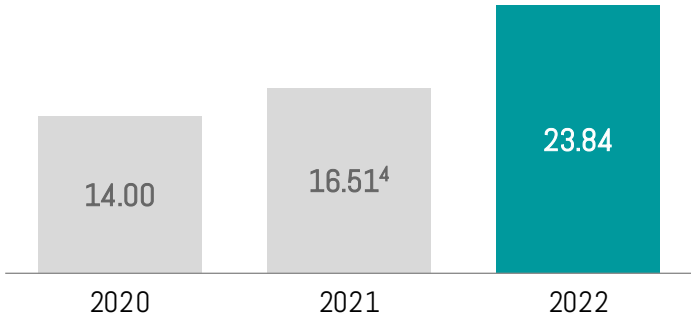
Closing members (k)



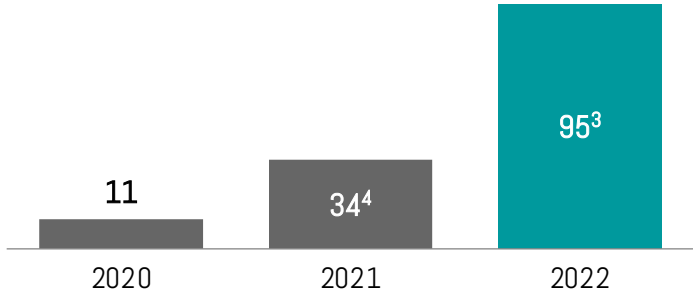
Revenue (£m)



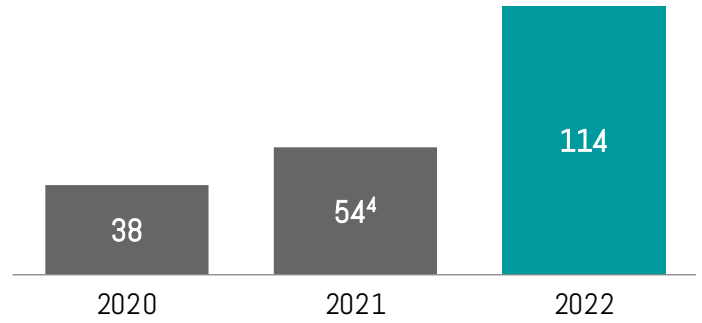
ARPM (£)



Adj EBITDA[2] (£m)



Run-Rate Adj EBITDA (£m)

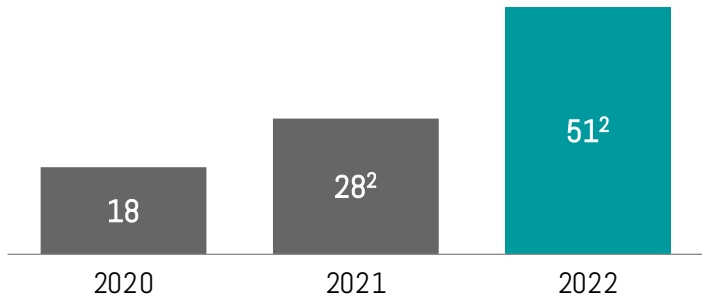


Notes:
(1) 2021 Gyms in estate includes 509 corporate-owned & 3 franchise gyms in KSA and 2022 Gyms in estate includes 546 corporate-owned & 9 franchise gyms in KSA. (2) Excludes the benefit & cost of any COVID-19 rent deferments. (3) 2022 Adj EBITDA stated net of £3.1m of USA start up losses. (4) As restated to reduce revenue & EBITDA by £5m in 2021, see notes on slide 40 for further detail.

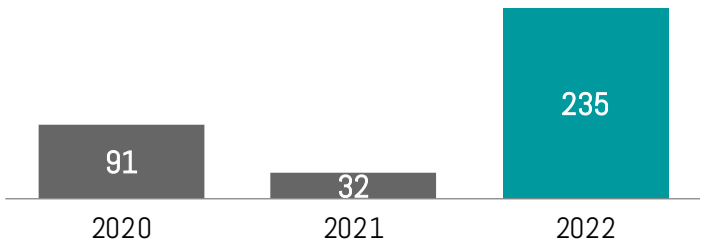
Financial & operational summary (continued)

Despite many new challenges in 2022, the Group continued a healthy recovery form the 'dark days' of 2020 & 2021

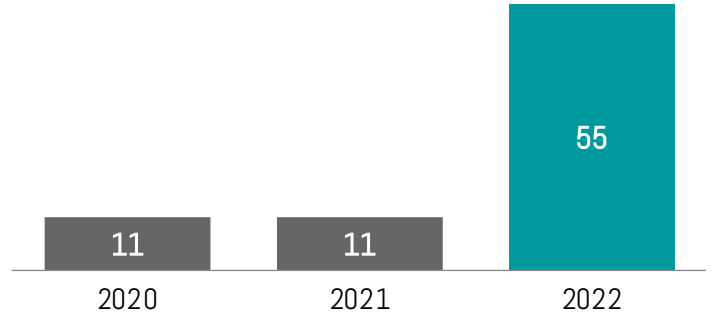
New sites opened



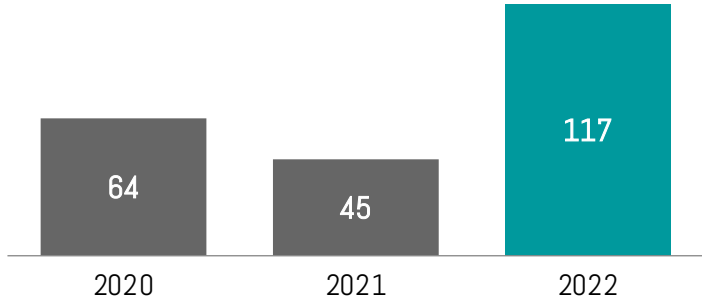
Cash (£m)



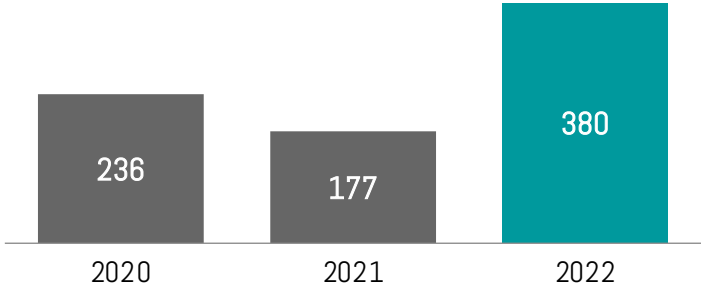
Operating cash flow[3] (£m)



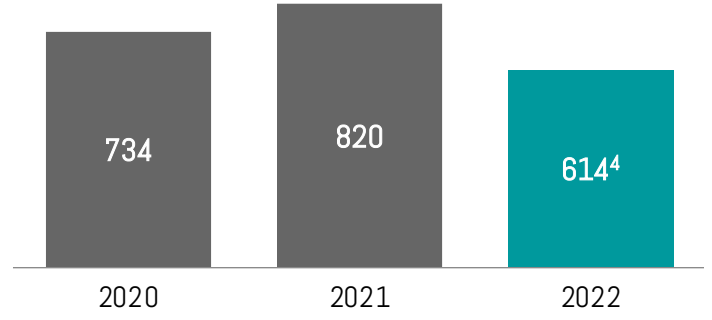
Capex (£m)



Available liquidity[1] (£m)



SS Net Debt (£m)



Notes:
(1) Liquidity defined as cash plus available RCF facilities (2) 2021 new sites includes 25 corporate-owned & 3 franchise gyms in KSA and 2022 new sites includes 45 corporate-owned & 6 franchise gyms in KSA. (3) Operating cash flow, stated after maintenance & refurbishment capex but before interest on borrowings or growth capex. (4) Includes £30 million cash held by parent, Pinnacle Topco Limited

Capital expenditure

Continued deployment of capital in a measured & controlled way

- £1.2m[1] capex per site average delivering **34%+ ROCE**
- £73m of expansionary capex in 2022
- 45 new corporate owned site openings in 2022 plus additional sites constructed for early 2023 openings
- £44m spend on maintenance & refurbishment works across estate
- Coming out of the pandemic we have carefully scaled our organisational ability to deploy capital wisely in new sites & refurbishments & we intend to use this ability in the coming periods

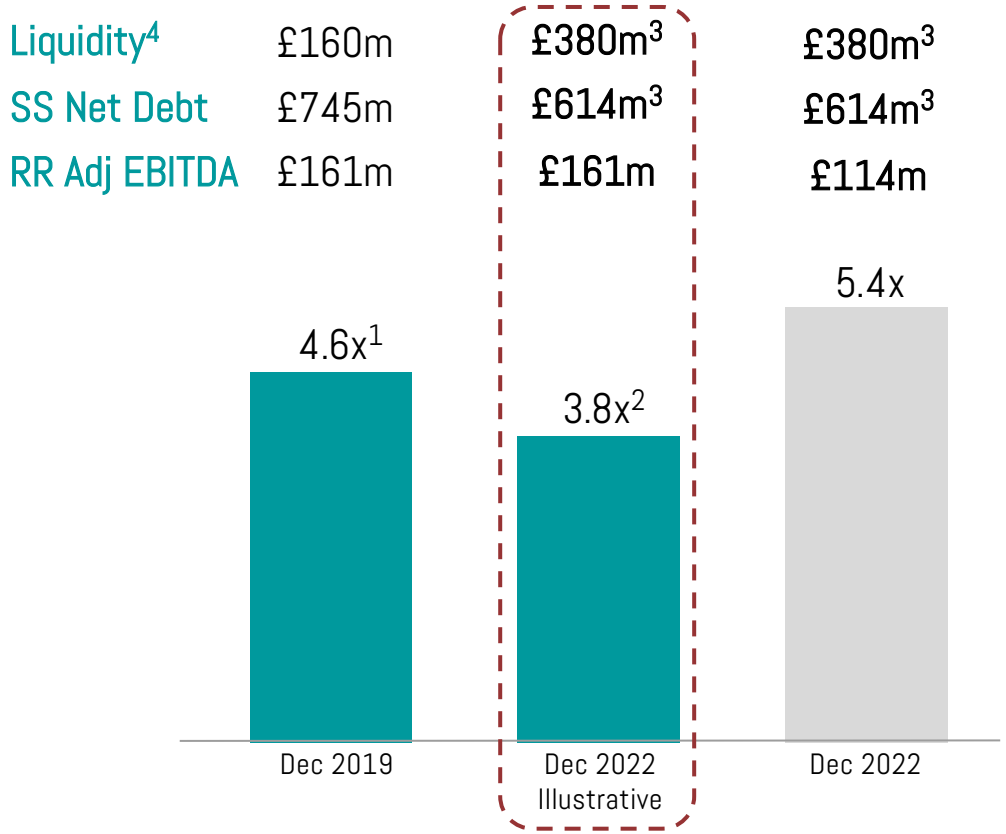
£m	2022	2021
New site capital expenditure[1]	67	27
IT development capital expenditure	6	4
Expansionary capital expenditure	**73**	31
Maintenance & refurb capital expenditure	44	14
Total capital expenditure	**117**	45
Expansionary capex working capital movement	(14)	4
Maintenance & refurb capex working capital movement	(13)	(1)
Total capital expenditure cash flow	**90**	48



Notes:
(1) The reported new site capex in 2022 relates to 45 in year new sites as well as build costs relating to some sites opened in 2021 and 2023. When excluding capex relating to 2021 and 2023 openings, the average capex per gym opened in 2022 was £1.2m.

Senior Secured Net Debt remains significantly lower than Dec 2019 at £614m, with available liquidity of £380m

Proforma leverage



Proforma Net Debt

As at 31 December 2022	£m
Cash	234[5]
Senior Secured Sterling Notes 6.375%	(430)
Senior Secured EUR Notes 5.5%	(418)
Senior Secured Net Debt	**(614)**
Non-property leases/other	(7)
Total Net Debt	(621)
FY19 Proforma RR Adj EBITDA	161
Illustrative SS Net leverage [2]	*3.8x*
FY22 RR Adj EBITDA	114
Actual SS Net Leverage	*5.4x*

Notes:
(1) Proforma for the acquisition of Fitness World. Based on Dec-19A Proforma Run-Rate Adj. EBITDA of £161m & 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) (2) Based on FY19 Proforma RR Adj EBITDA of £161m proforma for Fitness World & Dec-22A Senior Secured Net Debt of £614m (consisting of the Sterling Notes (£430m), the Euro Notes (£418m, converted using LTM average FX rate of EUR 1.172 to £1) less cash (£234m 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) £234m cash includes non-Sterling balances translated at average exchange rates for the LTM period, in line with banking document definitions. This is equivalent to £235m cash reported on slide 10 where non-Sterling balances are translated at closing exchange rates. Both figures include £30m held by parent company, Pinnacle Topco Limited.



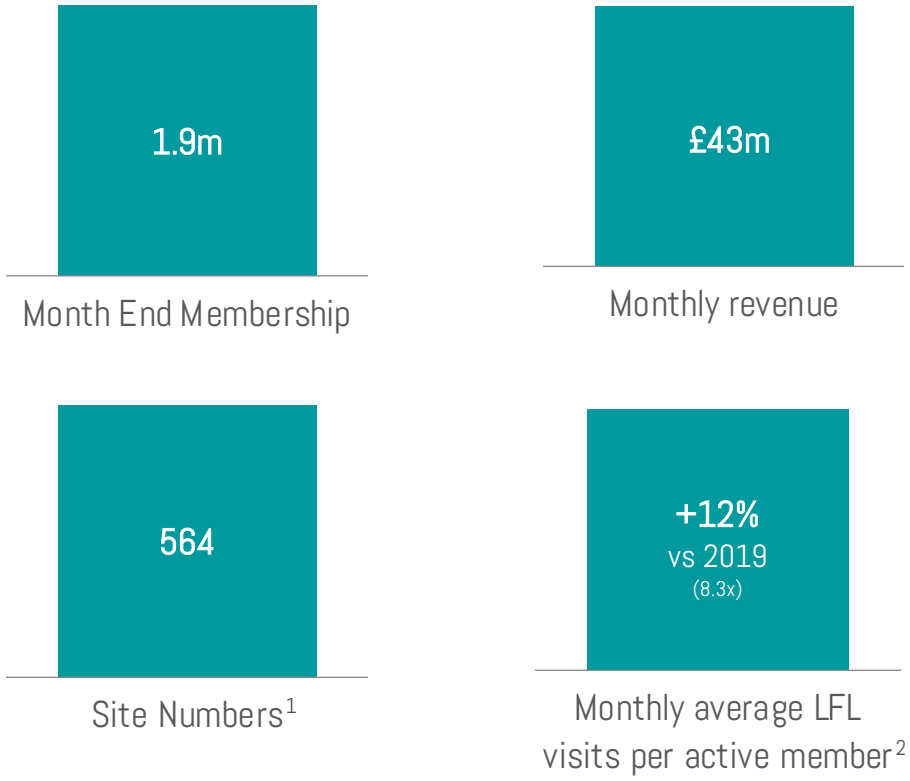
Recent performance & trading update

A robust start to 2023 with continued progression & development

Despite the challenges that remain, key performance measures were strong as at end of February 2023

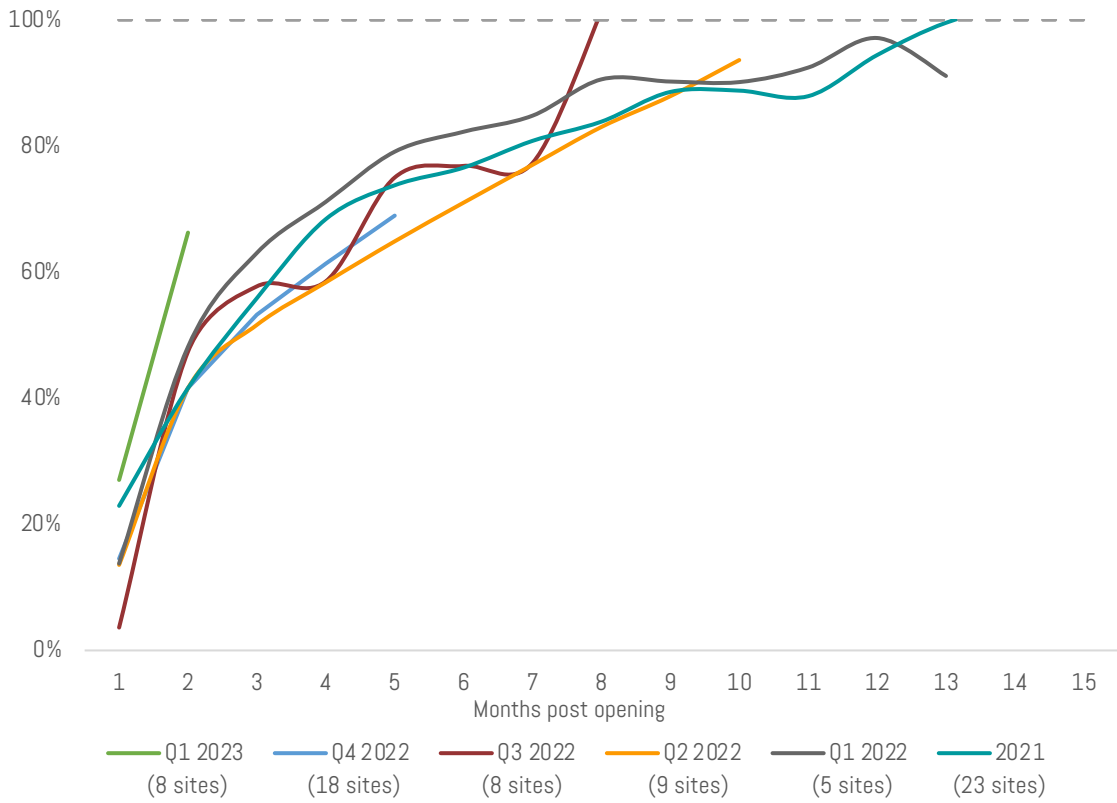
Strong performance on many key variables

As at February 2023



Recent cohorts of new sites are showing strong momentum

% revenue of mature site target by month after opening



Notes:
(1) Includes 12 franchise sites across KSA & UAE. (2) Calculated as January YTD for UK & DK, comprising total visits per active member for the month & calculated with reference to active members, being members that have visited at least once during that month

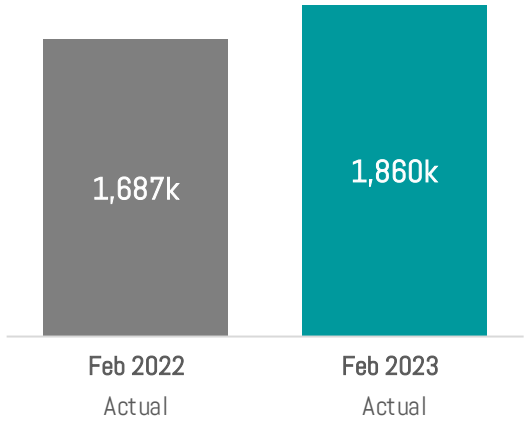
Overall trading in the year to date was ahead of expectation through to the end of February & showed good progress vs prior year

February 2023 vs February 2022

Closing Members

Up +10% vs 2022

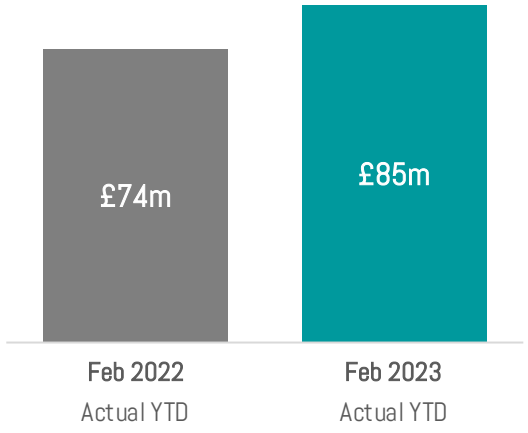
(UK up +13% vs 2022)



Revenue

Up +15% vs 2022

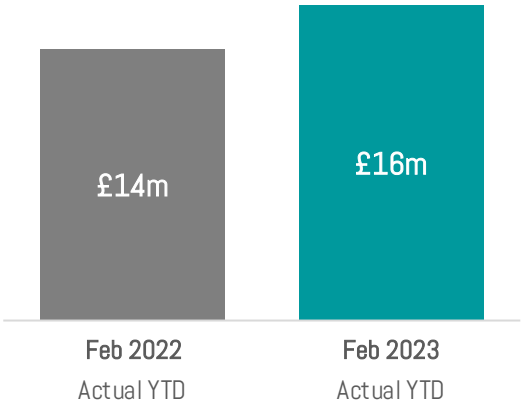
(UK up +17% vs 2022)



Adj EBITDA

Up +15% vs 2022

(UK up +20% vs 2022)



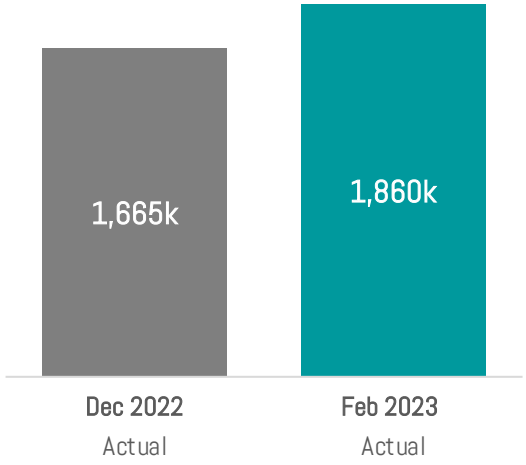
This healthy start to the year is reflected in the overall progress we have made on trading across the group since the end of 2022

February 2023 vs December 2022

Closing Members

Up +12%

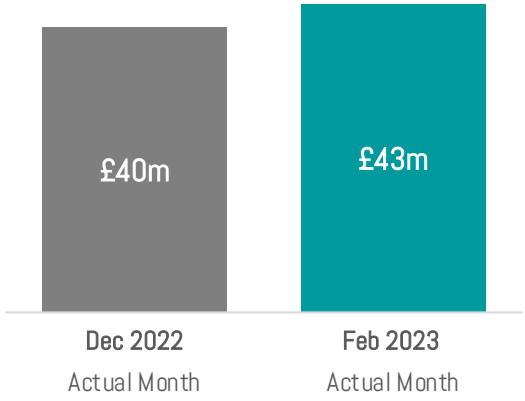
(UK up +15%)



Revenue

Up +7%

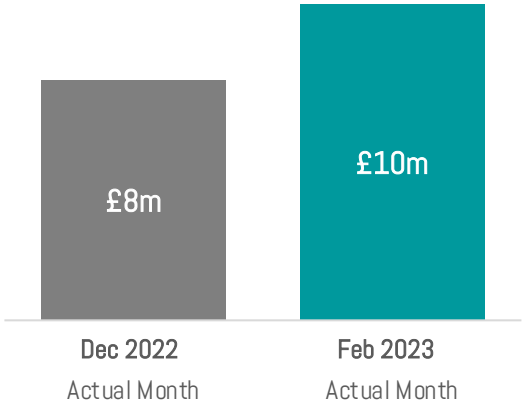
(UK up +11%)



Adj EBITDA

Up +26%

(UK up +17%)



Return on capital employed (ROCE) for the 186 UK sites that were mature before the pandemic remains very healthy at 34%...

Strong ROCE delivered in 2022

- Rigorous process of site selection requires a ROCE that exceeds "feasibility" target of >30%
- The UK mature estate delivered a ROCE of 34% in 2022
- As the mature business continues to recover this ROCE will increase further

UK mature site analysis

LTM as at 31 December 2022	£m
Number of mature gyms[1]	186
Revenue	198
Gross profit	195
Fixed property costs	(54)
Other opex	(66)
Gym Adjusted EBITDA	**77**
Gym Adjusted EBITDA margin	*39%*
Average initial capital cost	1.2
Mature ROCE for 2017 & prior gyms	**34%**

Notes:
(1) Mature includes all corporate owned gyms opening in 2017 or prior. (2) Simple ROCE is defined as new initial site capex/LTM Adjusted EBITDA

ROCE on the more recently opened UK sites (2018-2020), which have now matured, is around the same level as the older mature sites at 35%

LTM Cohort ROCE[1] as at December 2022

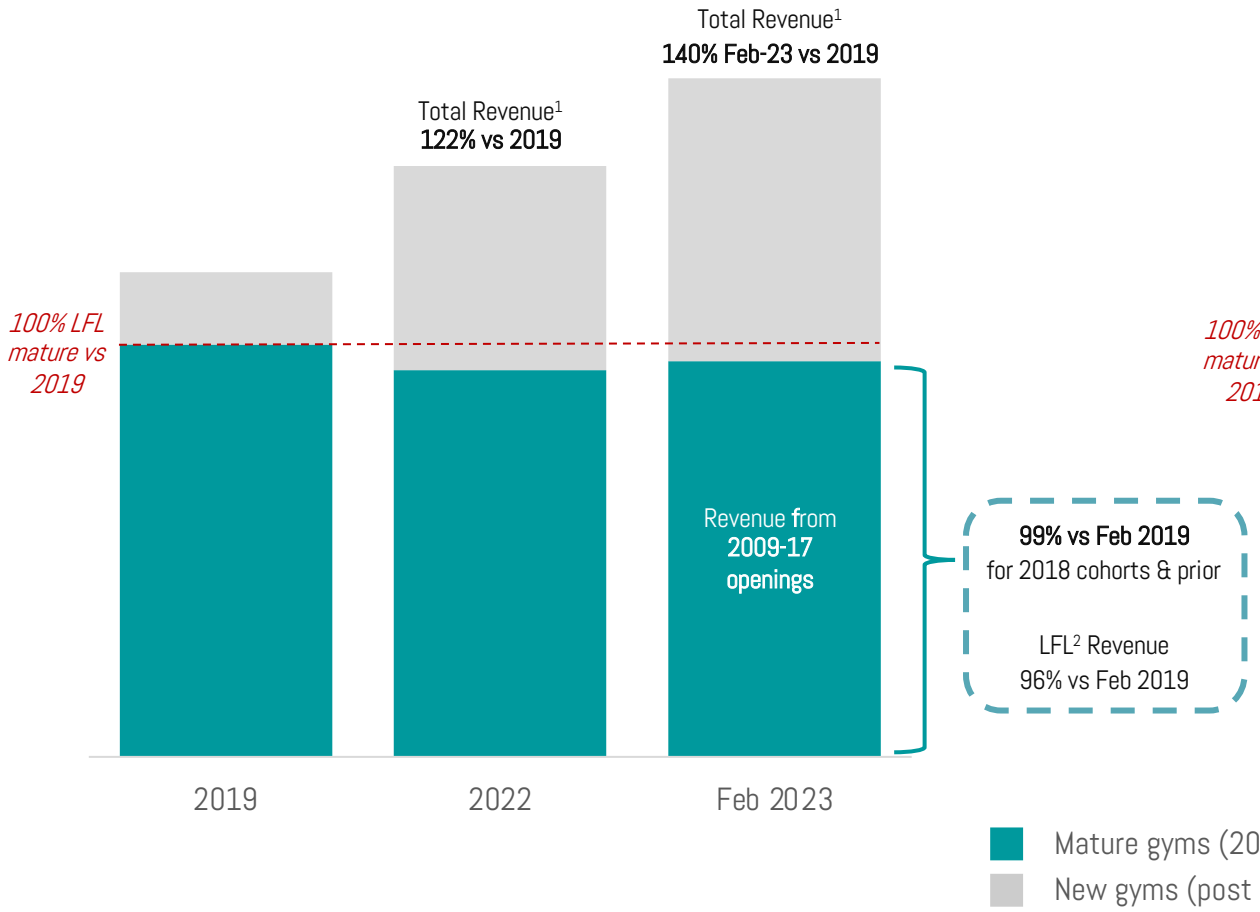
Simple ROCE of 30-40% equates to site level lifetime IRR of 1.5-2.0x WACC



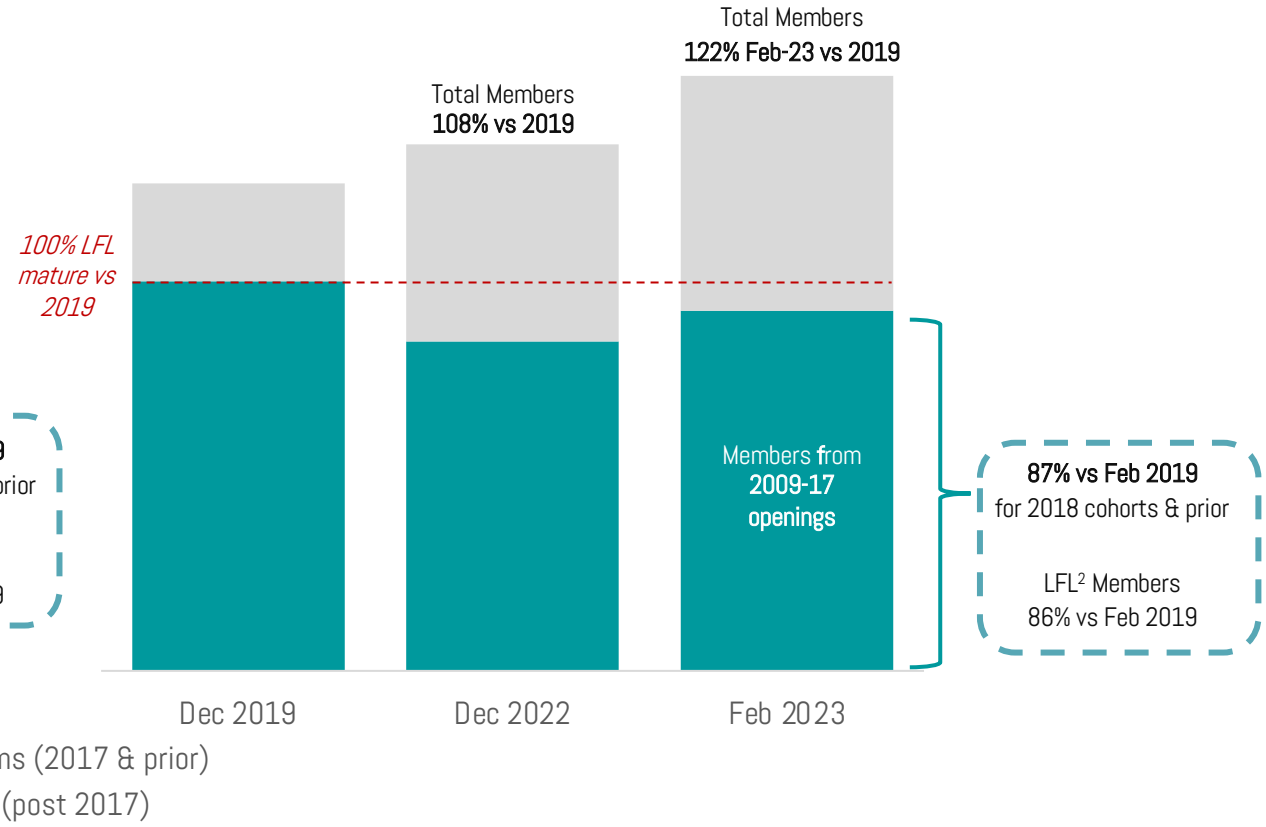
Notes:
(1) Simple ROCE defined as new site capex / LTM Adjusted EBITDA. (2) Organic sites excluding Tonbridge (closed, legal dispute) and London Bank (London city centre site committed to pre pandemic).

The UK estate has progressed very strongly on both revenue & member numbers vs prior years

UK Revenue



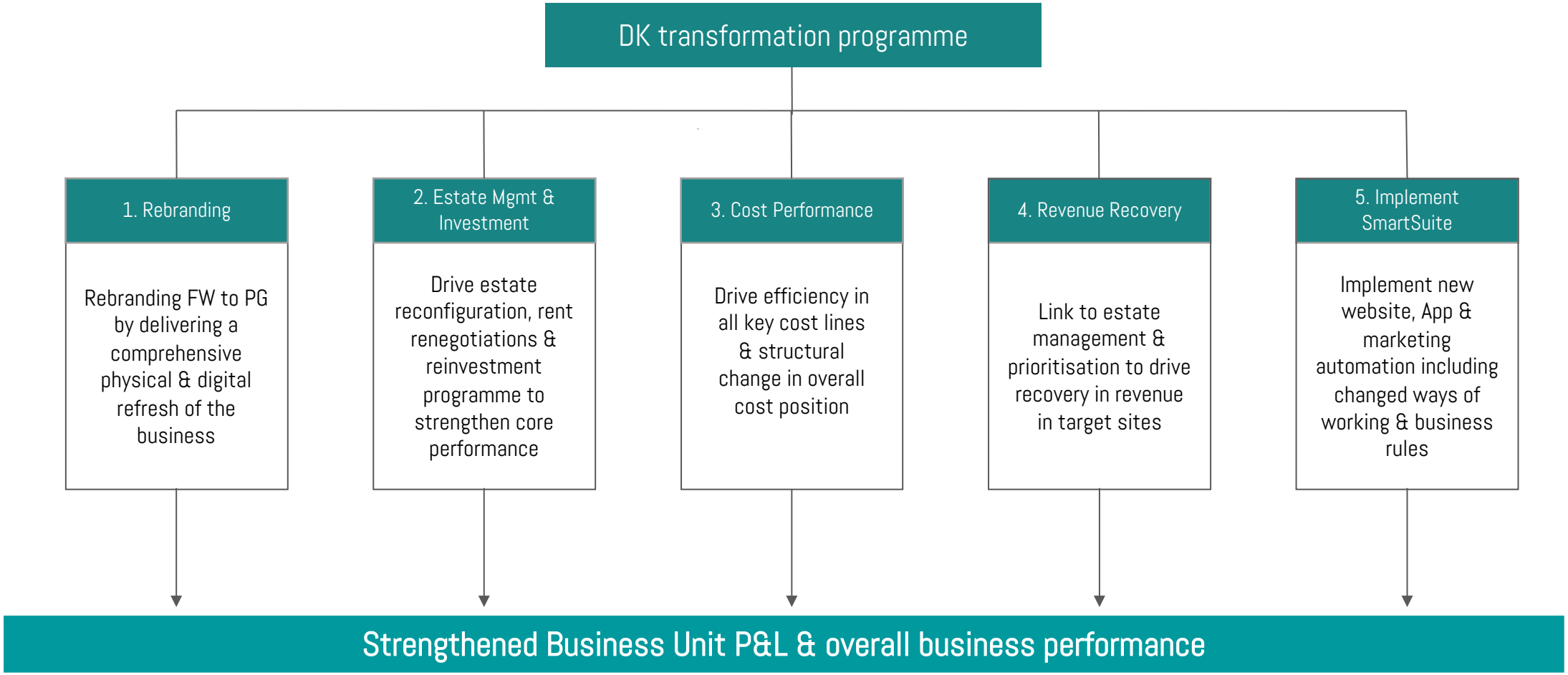
UK Member Base



Mature gyms (2017 & prior)
New gyms (post 2017)

Note:
(1) Revenue is Gross Revenue pre Cost of Sales. (2) Gyms opened 2017 & prior.

In Denmark, the transformation plan is a big focus for 2023 & is progressing well



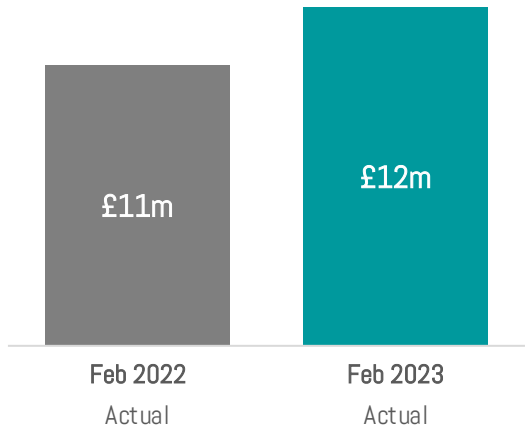
The commercial focus in Denmark is on active revenue & yield management with a price rise in January leading to uplifts in both these variables

Revenue recovery is being driven by increased yield. Early results are encouraging with ARPM up +9% YoY in February, driving +8% revenue growth

February 2023 vs February 2022

Revenue

Up +8% vs 2022



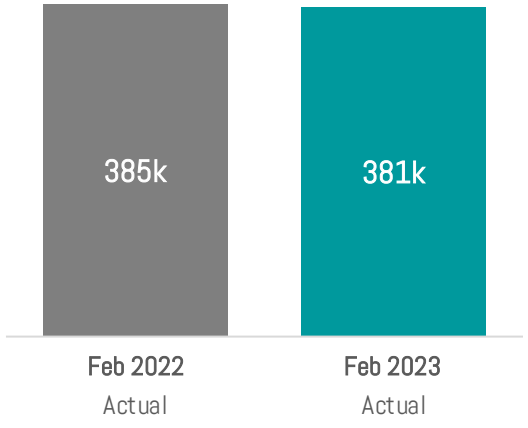
ARPM

Up +9% vs 2022



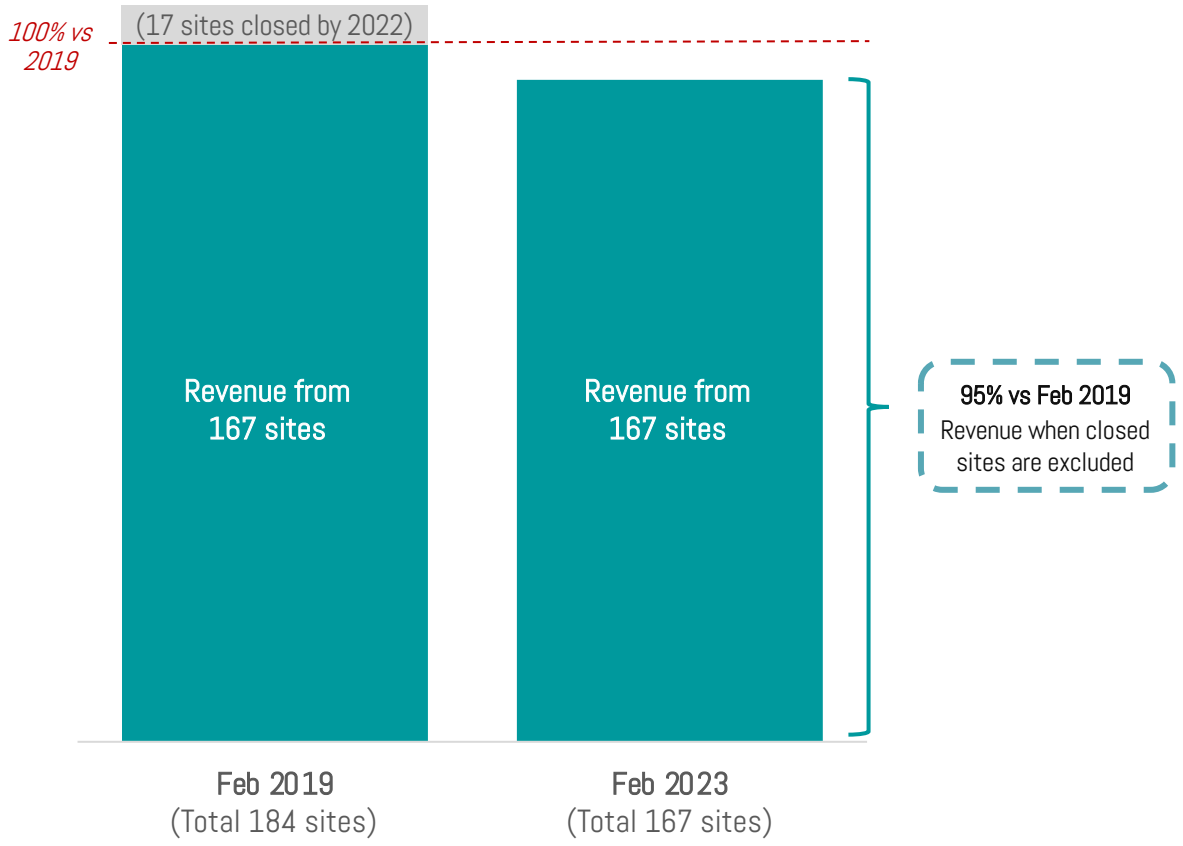
Members

Only down -1% vs 2022

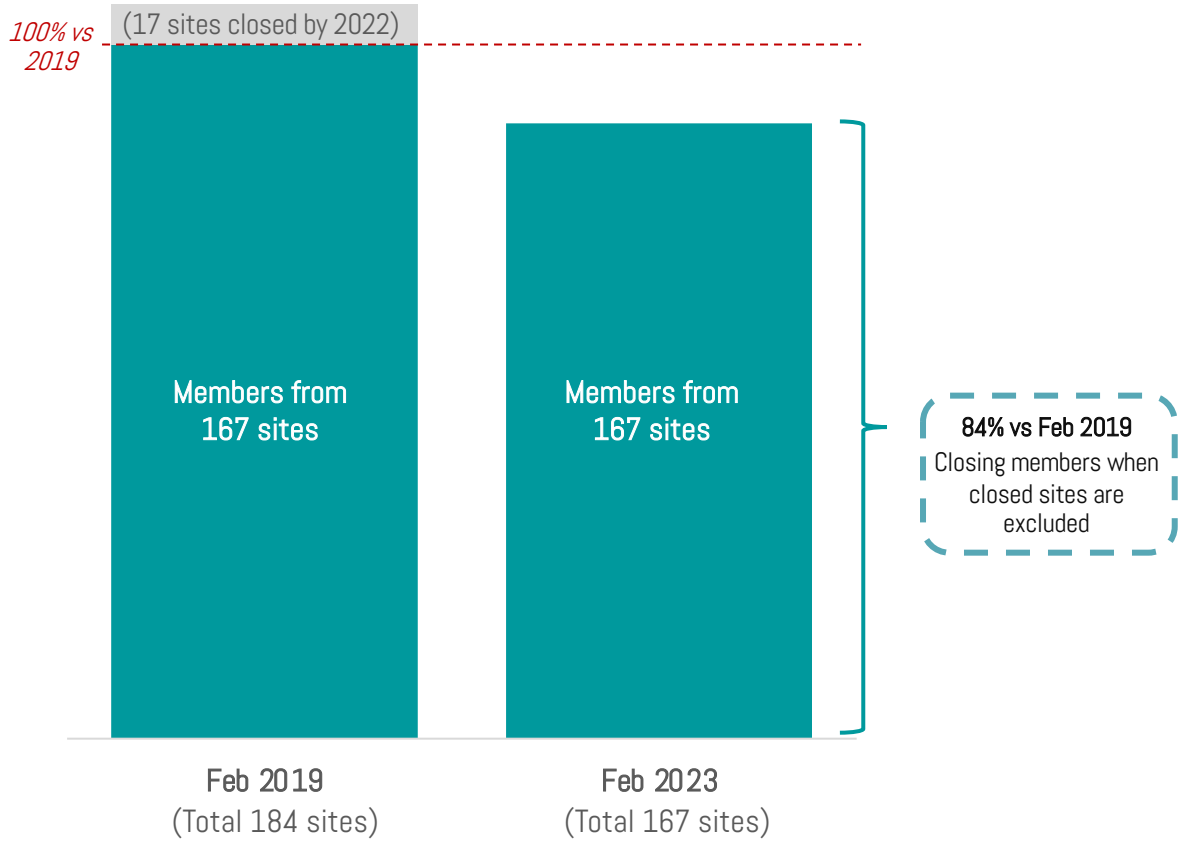


Revenue in Denmark has recovered to 95% of 2019 levels, when excluding sites already closed as part of estate optimisation plans

DK Revenue



DK Member Base



Note:
(1) Revenue is Gross Revenue pre Cost of Sales. (2) Excludes 1 site closed for long term refurbishment & 1 site closed permanently on 1 March 2023.

Strong focus on cost containment across the group

1. LFL gym costs were kept flat from 2019 to 2022
   - Procurement function set up in 2019 delivered £10m pa of cash savings
   - Energy contracts fixed at the bottom of the market & held over most of this time period

2. Management are being extremely proactive in response to energy cost inflation

3. Targeting further cost reduction
   - Working on further near & medium term cost savings
   - Ongoing procurement programme to mitigate inflationary pressures & drive down costs



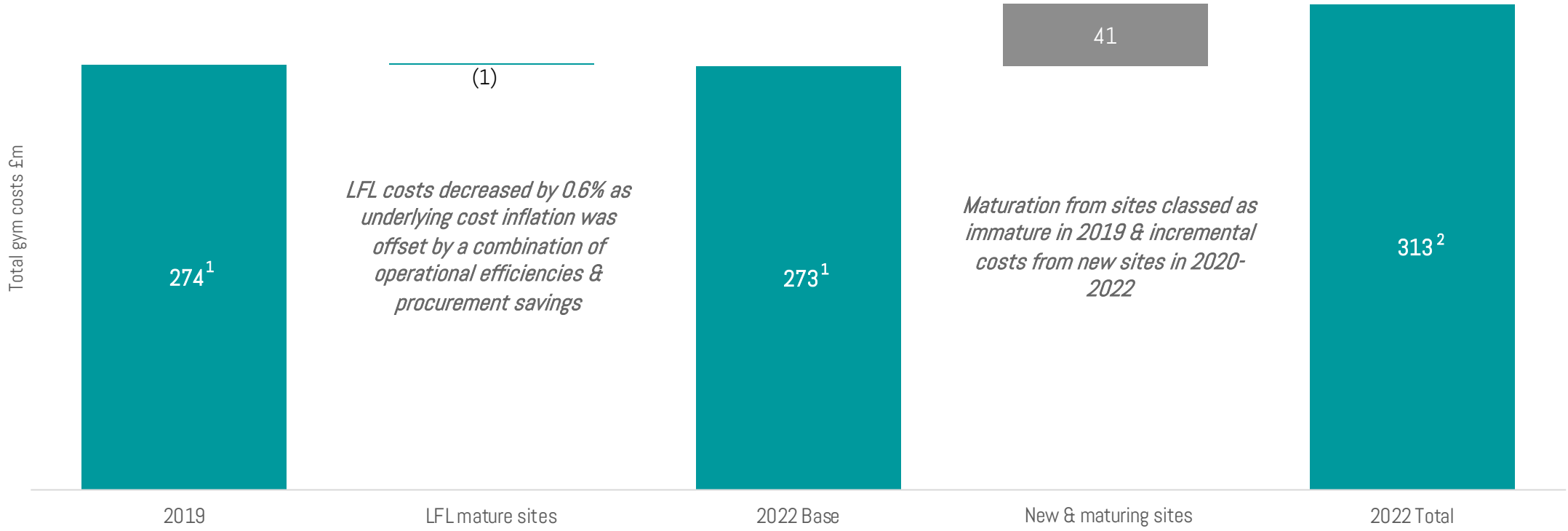
Strong Gym Cost Control: 2019 to 2022 Bridge

LFL gym costs kept flat across the group in 2022, with absolute costs scaling due to increasing gym numbers

2019
Closing gyms: 484
Average gyms: 457
Gym cost/av site: £600k

3 Years

2022
Closing gyms: 543
Average gyms: 520
Gym cost/av site: £603k *(+0.5%)*



Notes:
(1) 2019 restated for comparability to include £7.7m re PTFC model change which is largely equally offset in revenue uplift in the UK BU. (2) Excludes US gym costs of £3.3m in 2022.

By initiating a programme managing both supply & demand side cost drivers we believe that energy cost increase can be limited to £5-8m when comparing 2024 vs 2021/22

Supply side actions

- ✓ The group has benefited from **fixing energy prices at the bottom of the market**
- ✓ This continues to provide protection for most of 2023
- ✓ Prices have fallen since their peak & the group is currently fixing through to the end of 2024 – **removing majority of future price volatility risk**

Conclusion: cost increase in 2024 limited to £5-8m vs 2022 across the whole group

Demand side actions

- ✓ The group is deploying significant resources to reduce energy consumption
- ✓ **Targeting 20% consumption reduction** in the near term (12-24 months) & further reduction for the longer term
- ✓ Investing c.£10m of capex to deliver these savings

Operating cost inflation expected to be contained below 5% in 2023

While we expect to see operating cost inflation in 2023 vs 2022, PureGym has a low labour costs model & has worked hard to successfully minimise the increases

LFL average site opex per gym

2022: **£0.6m** pa

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

Inflationary outlook for 2023

Property costs (+4%)
- UK: leases largely index-linked (mostly cap & collar at 1-3%)
- DK: generally out of contract so good negotiating power, working on estate optimisation to reduce costs overall
- CH: 2% inflationary increases

Staff (flat)
- Broadly flat – inflationary increases offset by operational efficiencies:
- UK: Managers: 6-8% increases in Jan 2023
- UK: PT/FC: c.9.7% in Apr 2023 (NMW) with partly offsetting increase in rental revenue

Cleaning (-4%)
- Reducing YoY due to procurement & operational focus

Marketing (+5%)
- UK: Moderating as a % of revenue through economies of scale
- Increase driven by Denmark, due to one-off rebranding project

Utilities (+30%)
- UK: c.70% fixed at the bottom of the market for 2023
- DK: spot price now lower than prior year costs

Other (+2%)

LFL opex costs expected to increase <5%. LFL yield progression offsets this in 2023

Average site Capex costs per gym[1]

2022: **£1.2m** pa

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

Inflationary outlook for 2023

Main construction
- Construction costs include structural work & fit out
- Larger increases in certain material but overall project costs are well controlled

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

Gym equipment
- Freight costs returning to normal after inflation in 2021/22

Acquisition costs
- c.2-3% increase

Underlying cost inflation – however fit out costs being managed down through effective value engineering

Note: (1) Represents the average across the whole group and reflects mix impact of small & medium box formats as well as large box formats



Strategy & outlook

Manage & adapt to the short term but remain focused on the compelling long run opportunity at home & overseas

The building blocks of our strategy for profitable growth & value creation remain very clear

3. Expand through franchising

- Develop network across other areas of the world to leverage core IP & create value through low capital intensity EBITDA growth

2. Grow by opening new sites

- Identify the best locations in white & grey space
- Leverage superior brand & operational processes to monetise sites
- Deliver great returns on new capital deployed & grow EBITDA

1. Drive recovery in core estate

- Despite the macro factors the business is making good progress
- Over 95% LFL revenue achieved & more to come
- Strength of high ROCE model confirmed & being maintained

Three key steps to growing profits & value by opening new sites

1. Select the correct locations (& avoid the bad ones)

2. Offer a well tailored product & great customer experience in those locations

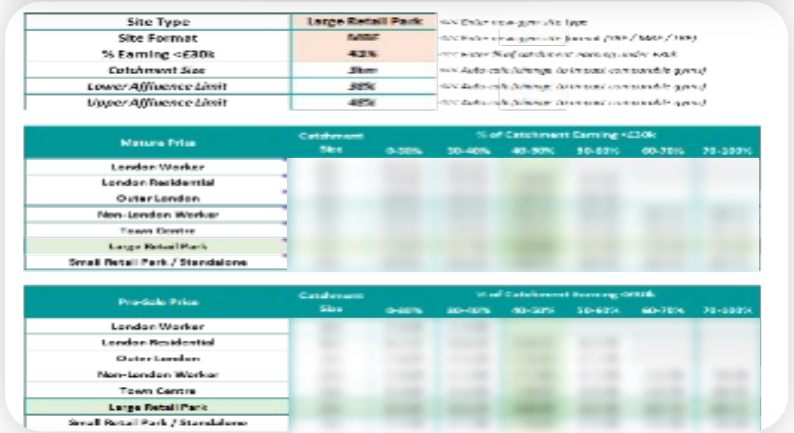
3. Minimise costs & maximise the revenue over time to optimise ROCE

Given our scale we have well calibrated models & tools which are used to systematically identify and select the best sites

How many members?.
Whitespace & demographic analysis

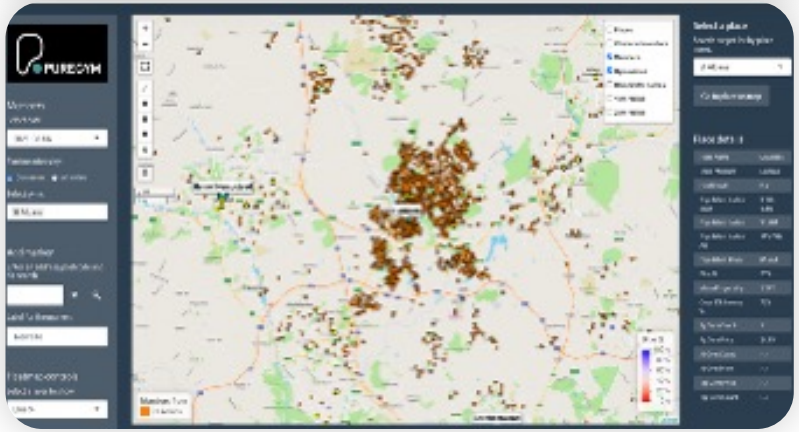


What yield will we earn?.
Benchmark pricing tool

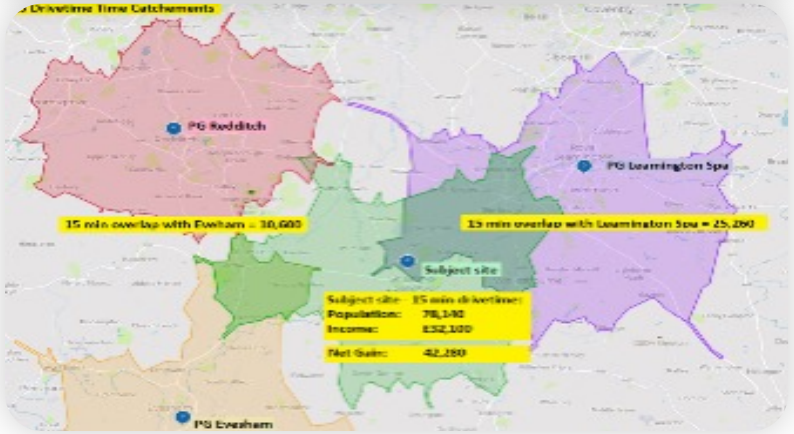


Extensive integrated analytical toolkit that swiftly optimises decision making

Who are we fighting against?.
Existing member, cannibalisation & competition mapping

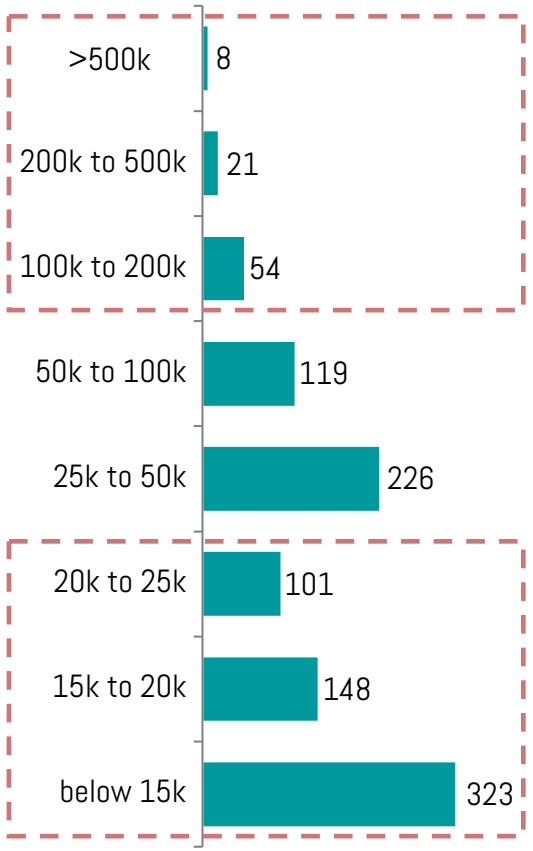


How does it fit in the network?.
Geoblink catchment analysis



Over 1,000 core UK locations are being assessed with c.350 locations under active analysis & c.100 "in the pipeline" at any one time

Number of locations by population band

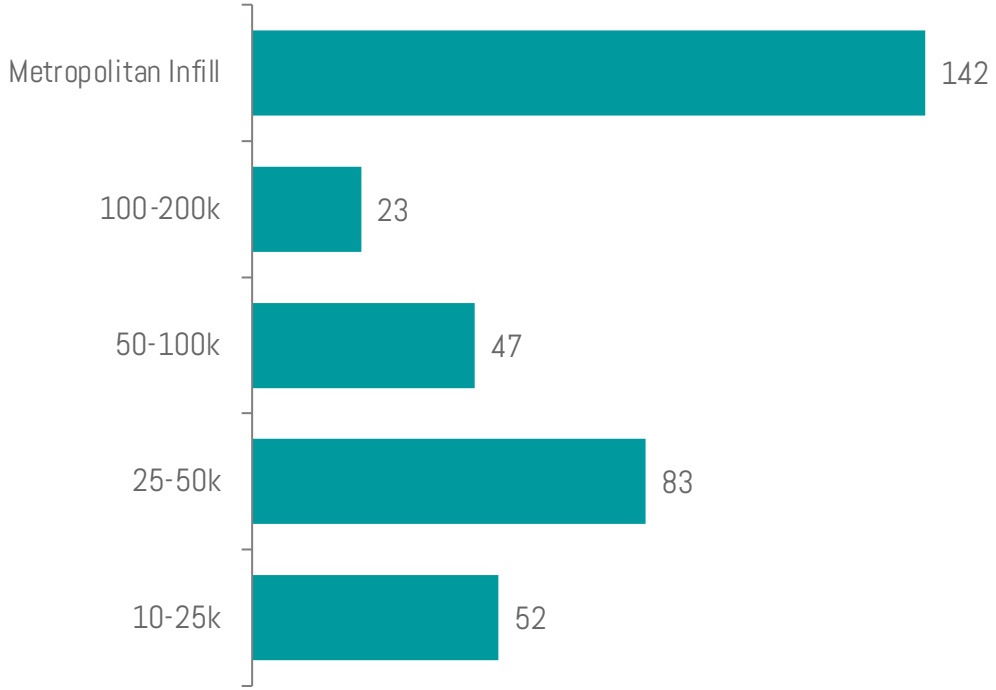


Larger metropolitan areas are shown as 1 e.g. London so in reality contain many site opportunities

Location population average	Estimated catchment average[1]
20-25k	40-50k
15-20k	30-35k
<15k	20-30k

Locations under active analysis & negotiation

c.350 prioritised locations



Source: Management analysis.

Note:

(1). Based on an assessment of 50 standalone locations where 10 minute drive time catchment is on average more than 2x the official ONS town catchment population.

The PureGym product is targeted at the premium end of value & seeks to offer a "boutique fitness experience at a value gym price"













The Standard Operating Model has been carefully tailored to address a spectrum of property sizes & catchment opportunities

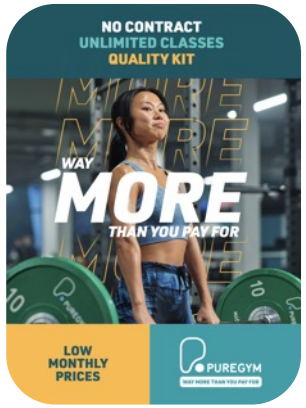
	Small box format	Medium box format	Large box format
Size (sq. ft.)	6k-10k	10k-12k	12k-22k+
Typical member numbers	1,800-2,200	2,800-3,400	4,000-6,000
Typical immediate market catchment	10k-25k	15k-35k	30k+
Classes and personal training	Floor studio: 10-15 Classes per week: c.40 Number of PT/FCs: 3-6 Total equipment offer (incl. classes) avg: c.100	Floor studio: 15-20 Classes per week: c.50 Number of PT/FCs: 5-7 Total equipment offer (incl. classes) avg: c.140	Spin studio: 18-30 Floor studio: 18-30 Classes per week: c.60 Number of PT/FCs: 8-12+ Total equipment offer (incl. classes) avg: c.200







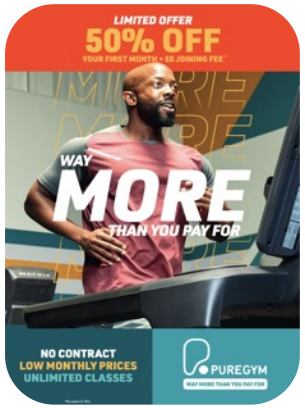
The well established PureGym revenue management strategy provides crucial underpinning to excellent performance





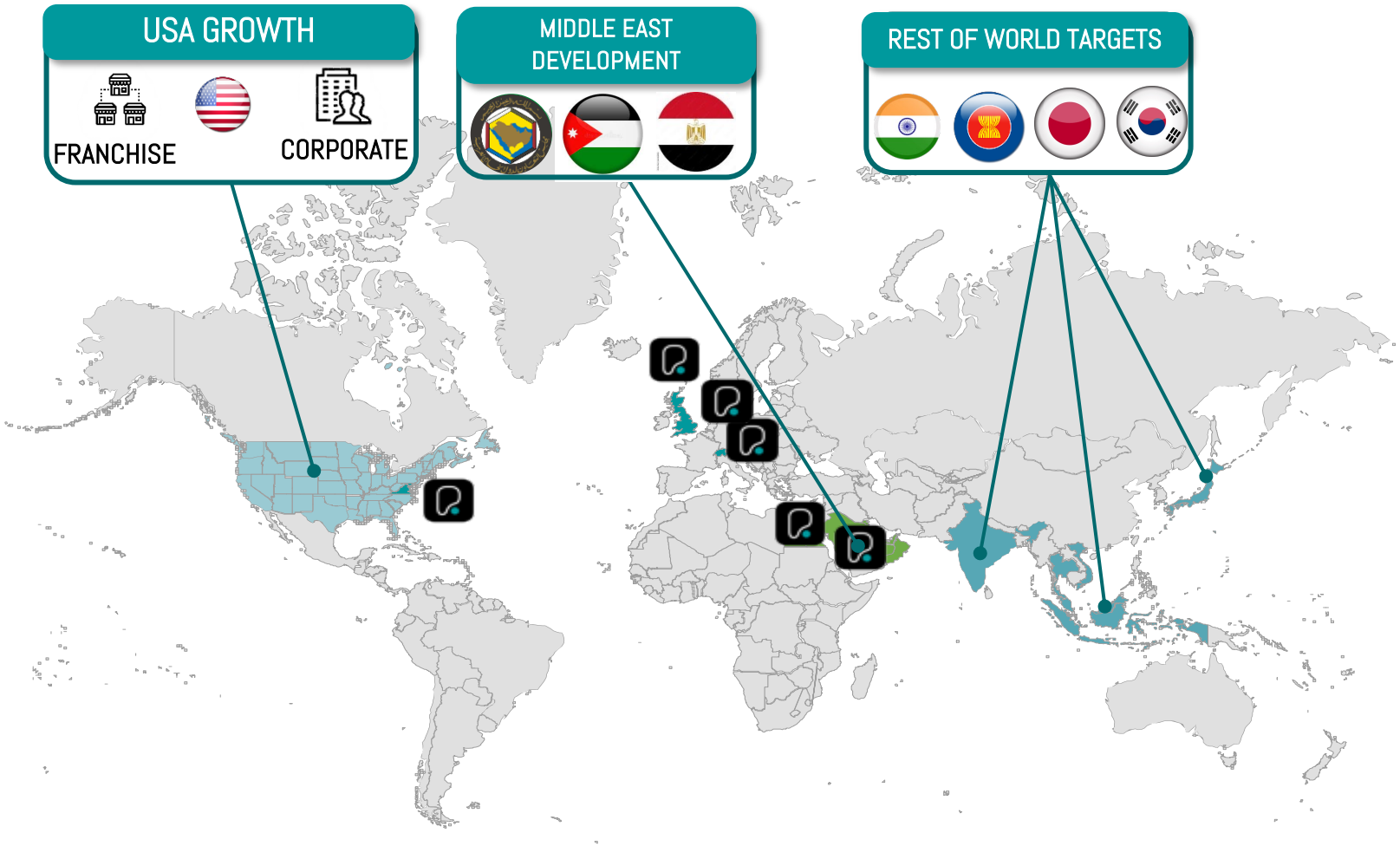






Optimal positioning at premium end of value segment	Site-level price based on local market dynamics	Premiumisation to increase yield from those willing to pay	Use price to maximise '1st day' volume and momentum	Carefully managed promotional programme to optimise market share at acceptable cost
• EasyJet vs Ryanair or Premier Inn vs Travelodge • Maintain investment in product… make it better over time • Invest to build brand awareness & consideration	• £49.99 in Clapham vs £16.99 in Bury • ALL products can be priced differently • Specific prices change over time as market / competition evolves • Prices may rise or fall	• £Plus: £5-£10 extra per month – bundled product • Bolt-ons: £3-£8 specific elements • Members often upgrade club access with multi-gym & delivers further revenues	• Aggressive pre-opening offers • Yield management to optimise revenue • But always volume first • Intensive local marketing efforts – newspapers, radio, OOH, leaflets, etc	• Controlled promotional length & depth • Focus on attracting profitable members when market is there • Focus on marginal CPA • 'Fine motor control' of channels & gyms

The opportunity to provide accessible fitness on an international scale through franchising is clear & has the potential to be very large



India

- 1.3bn people largely unserved by value fitness operators

South Korea

- 51m population, higher fitness penetration at circa 7%
- Strong franchising market

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



Conclusions

Conclusions

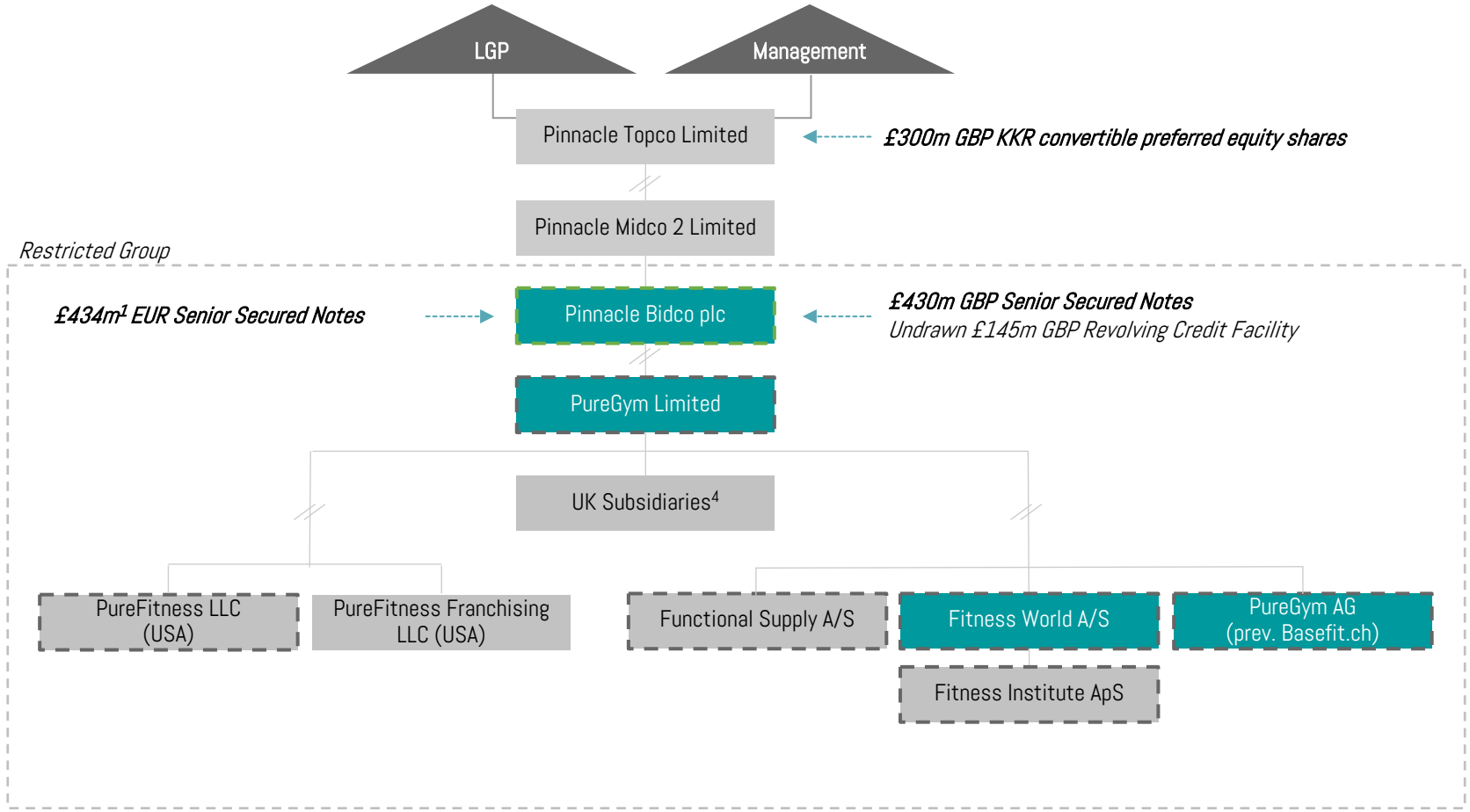
1. Revenue up +58% for the full year & forward momentum has been maintained despite the many external headwinds that have been faced
2. Run-Rate Adj EBITDA showing healthy progress to £114m & £235m of cash on the balance sheet
3. Management very focused on cost management with LFL gym costs well controlled & energy costs in particular under tight focus
4. Unit economic model is resilient & persistent with both old & newer UK sites delivering over 34% ROCE & continuing to improve
5. Expanding franchise coverage in the Middle East & pursuing further opportunities elsewhere across the world
6. Strong support from LGP & KKR to prepare for & address the need to refinance the bonds within an appropriate timeframe



Appendices

Corporate structure

£235 m of cash on balance sheet across the Group as at 31 Dec 2022[3]



Notes:
(1) EUR denominated €490 million Senior Secured Notes (converted to pounds sterling at the 31 December 2022 closing rate of €1.129 to £1.0000). (2) The Guarantors accounted for 98% of Group Run-Rate Adjusted EBITDA for the year ended 31 December 2022, & substantially all of the Group's total assets as of 31 December 2022. (3) £30m of which is held on the balance sheet of Pinnacle Topco Limited. (4) Includes LA Leisure Limited & Ovalhouse Limited

Key performance indicators

£m	For the three months ended 31 Dec 2022	For the three months ended 31 Dec 2021[1]	For the twelve months ended 31 Dec 2022	For the twelve months ended 31 Dec 2021[1]	For the twelve months ended 31 Dec 2019PF
Total number of corporate-owned gyms	546	509	546	509	484
Total number of franchise gyms	9	3	9	3	-
Total number of gyms	555	512	555	512	484
Total number of members ('000s)	1,665	1,535	1,665	1,535	1,699
Average number of members ('000s)	1,696	1,604	1,665	1,526	1,682
Average number of members per gym	3,159	3,140	3,189	3,032	3,683
Average revenue per member per month (£)	24.52	22.49	23.84	16.51	21.90
Reported revenue (£ million)	124.7	111.6	476.4	302.4	442.0
Reported EBITDA (£ million)	44.1	45.3	183.5	113.0	206.9
Adjusted EBITDA (£ million)	22.4	21.8	95.1	34.4	131.1
Adjusted EBITDA margin	18.0%	19.6%	19.9%	11.4%	29.7%
Gym Site Adjusted EBITDA (£ million)	41.7	38.4	163.6	88.4	170.7
Gym Site Adjusted EBITDA margin	33.4%	33.5%	34.3%	29.2%	38.6%
Run-Rate Adjusted EBITDA (£ million)	114.2	54.2	114.2	54.2	160.6
Operating Cash Flow (£ million)	4.9	5.4	54.7	11.3	101.2
Operating Cash Flow Conversion	21.6%	24.9%	57.6%	33.0%	77.2%
Senior Secured Net Debt (£ million)	613.8[2]	819.9	613.8[2]	819.9	744.6
Ratio of Senior Secured Net Debt to LTM Run-Rate Adjusted EBITDA	5.4x	15.1x	5.4x	15.1x	4.6x
Ratio of LTM Run-Rate Adjusted EBITDA to Pro Forma Net Interest Expense	2.2x	1.0x	2.2x	1.0x	3.1x

Notes: All figures have been adjusted to exclude Poland as it is a discontinued operation.
(1) The 2021 results have been restated to correct for an overstatement of Swiss revenue. The error was detected by management & resulted from a legacy system (unique to the Swiss business) which was put in place before PureGym acquired the business. Revenue, Adj EBITDA & RR Adj EBITDA have been reduced by £5.4m in 2021 (£2.1m of which related to Q4 2021) & by £2.8m for the 9 months to 30 September 2022 vs previously reported. See note 30 of the Pinnacle Bidco plc Annual Report & Accounts for further detail.
(2) Includes £30 million cash held by Pinnacle Topco Limited

Segmental performance

£m	3 months ended 31 December 2022	2021[1]	Change %	12 months ended 31 December 2022	2021[1]	Change %
United Kingdom	79	70	13%	308	194	59%
Denmark	37	35	7%	138	90	53%
Switzerland	8	7	23%	29	18	60%
Other	1	-	n/a	1	-	n/a
Total Revenue	**125**	**112**	**12%**	**476**	**302**	**58%**
United Kingdom	19	19	-%	79	44	80%
Denmark	5	4	25%	20	(5)	n/a
Switzerland	-	(1)	n/a	(1)	(4)	n/a
Other	(1)	-	n/a	(3)	-	n/a
Total Adjusted EBITDA	**22**	**22**	**3%**	**95**	**34**	**177%**
United Kingdom	24%	27%		**26%**	**22%**	
Denmark	14%	12%		15%	(5)%	
Switzerland	(6)%	(14)%		(4)%	(23)%	
Other	n/a	n/a		n/a	n/a	
Adjusted EBITDA margin	**18%**	**20%**		**20%**	**11%**	

Note:
(1) As restated to reduce revenue & EBITDA by £5m in 2021 (of which £2m in Q4 2021), see notes on slide 40 for further detail.

Group cash flow Q4 2022

- Group Adjusted EBITDA of £95m in 2022 up 177% on 2021, converting to £55m of operating cash flow for the year
- The working capital cash outflow in the year includes the impact of the change in Swiss operating model to monthly memberships
- Maintenance & refurbishment capex of £27m for the year, reflects continued investment in the estate, particularly in Denmark
- Expansionary capex for the year of £63m includes expenditure on the completion of 45 new corporate owned sites opened in the year & commencement of works on new sites to be opened after the period end
- Tax, interest & debt issue costs for the year of £50m mainly relates to interest on senior secured notes
- "Other" cash out flow for the year of £25m includes £16m relating to the repayment of COVID rent due from prior periods

£m	3 months ended 31 Dec 2022	3 months ended 31 Dec 2021[1]	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021[1]
Group Adjusted EBITDA	**22.4**	**21.8**	**95.1**	**34.4**
Movement in working capital	(5.6)	(11.5)	(13.2)	(9.9)
Maintenance & refurb capital expenditure	12.0	(4.9)	(27.1)	(13.1)
Group operating cash flow	**4.9**	**5.4**	**54.8**	**11.3**
Operating cash flow conversion	*22%*	*25%*	*58%*	*33%*
Expansionary capital expenditure	(20.8)	(8.0)	(62.8)	(34.4)
Exceptional items	2.8	(8.1)	0.8	(4.9)
Tax, interest, & debt issue costs	(10.6)	(12.1)	(49.7)	(52.8)
Other	1.0	(5.4)	(24.9)	(16.5)
Net cash flow before acquisition & financing	**(22.7)**	**(28.1)**	**(81.9)**	**(97.3)**
Issue of senior secured notes	-	-	-	38.8
Equity injection	-	-	270.0	-
Finance lease capital repayments	(2.0)	(2.0)	(6.8)	(7.7)
Other financing cash flows	0.2	1.9	(10.0)	8.7
Net cash flow	**(24.6)**	**(28.2)**	**171.3**	(57.5)

Note:
(1) As restated to reduce revenue & EBITDA by £5m in 2021 (of which £2m in Q4 2021), see notes on slide 40 for further detail.

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

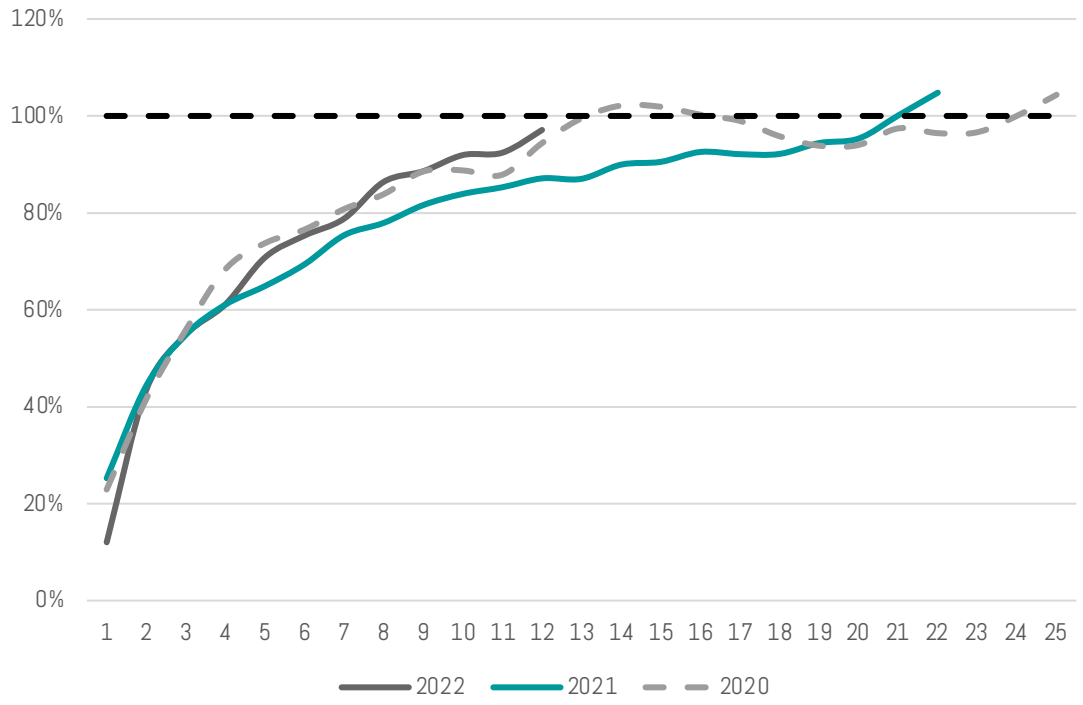
£m	For the three months ended 31 Dec 2022	For the three months ended 31 Dec 2021[7]	For the twelve months ended 31 Dec 2022	For the twelve months ended 31 Dec 2021[7]	For the twelve months ended 31 December 2019PF
Loss for the period	**(52.1)**	**(24.9)**	**(112.5)**	**(152.8)**	**(28.5)**
Income tax	(24.9)	(2.2)	(34.0)	(19.7)	(3.7)
Net finance cost	40.7	31.1	151.1	126.4	101.5
Depreciation & impairment of PPE	52.8	31.1	134.6	119.9	99.1
Amortisation & impairment of intangible assets	29.9	5.5	45.8	29.2	19.7
(Profit) / loss on disposal of property, plant & equipment	0.5	2.5	1.3	3.3	0.1
Profit on lease modifications	(1.4)	0.1	(1.8)	(0.2)	(0.4)
Exceptional administrative expenses	(1.3)	2.0	(1.0)	6.9	11.6
Group Reported EBITDA[1]	**44.1**	**45.3**	**183.5**	**113.0**	**206.9**
Other adjustments[2]	0.9	0.4	6.4	6.9	0.8
Share based payment charge[3]	(0.3)	0.1	0.1	0.4	0.3
Pre-Opening Costs[4]	1.6	0.8	4.8	3.3	3.6
Cash Rent Adjustment[5]	(24.0)	(24.8)	(99.7)	(89.2)	(80.4)
Adjusted EBITDA	**224**	**21.8**	**95.1**	**34.4**	**131.1**
Head office costs	19.3	16.5	68.5	54.0	39.5
Gym Site Adjusted EBITDA	41.7	**38.4**	**163.6**	**88.4**	**170.7**
LTM Adjusted EBITDA	95.1	34.5	95.1	34.4	131.1
Run-Rate Adjustment[6]	19.1	19.7	19.1	19.8	29.5
Run-Rate Adjusted EBITDA (LTM)	**114.2**	**54.2**	**114.2**	**54.2**	**160.6**

Notes: See slide 46 for details of the prior year adjustment on Adjusted EBITDA

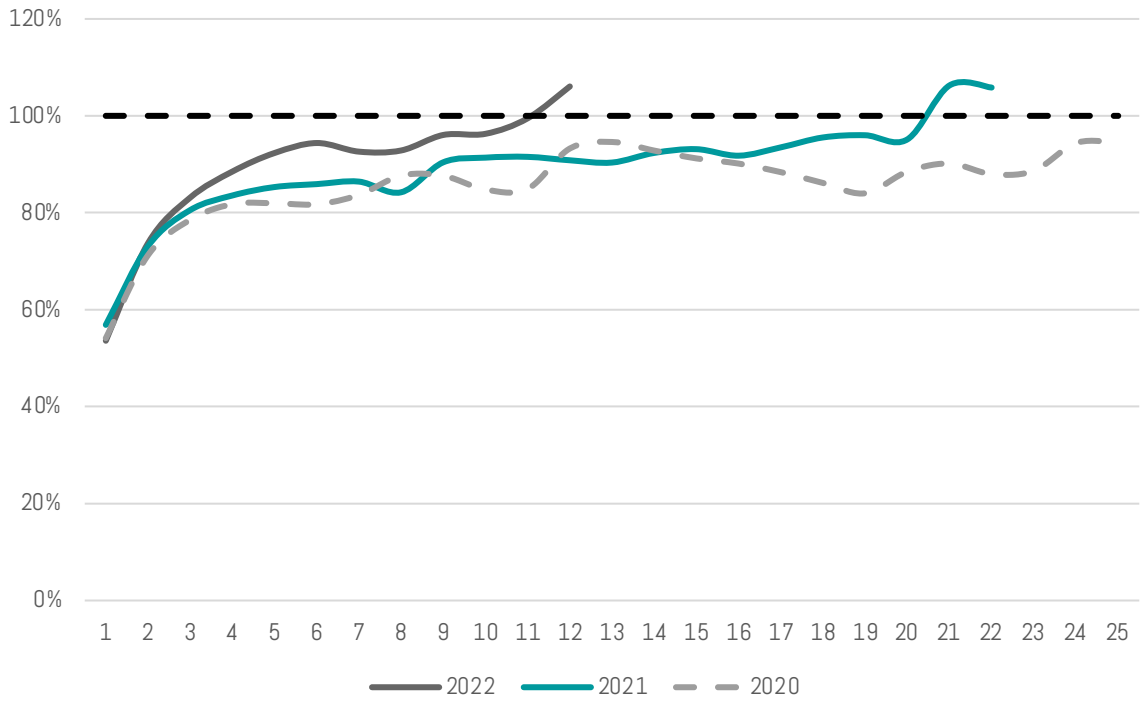
(1) Group Reported EBITDA is defined as earnings before net finance cost, taxation, depreciation, amortisation, profit/loss on sale of property, plant & equipment, impairment, profit/loss on lease modifications & exceptional items. (2) Other adjustments includes the net impact of various one-off items 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) As restated to reduce revenue & EBITDA by £5m in 2021 (of which £2m in Q4 2021), see notes on slide 40 for further detail.

It is important to observe that recent UK site openings are progressing well highlighting the product offer is "hitting the mark"

Actual revenue vs mature site target by month after opening

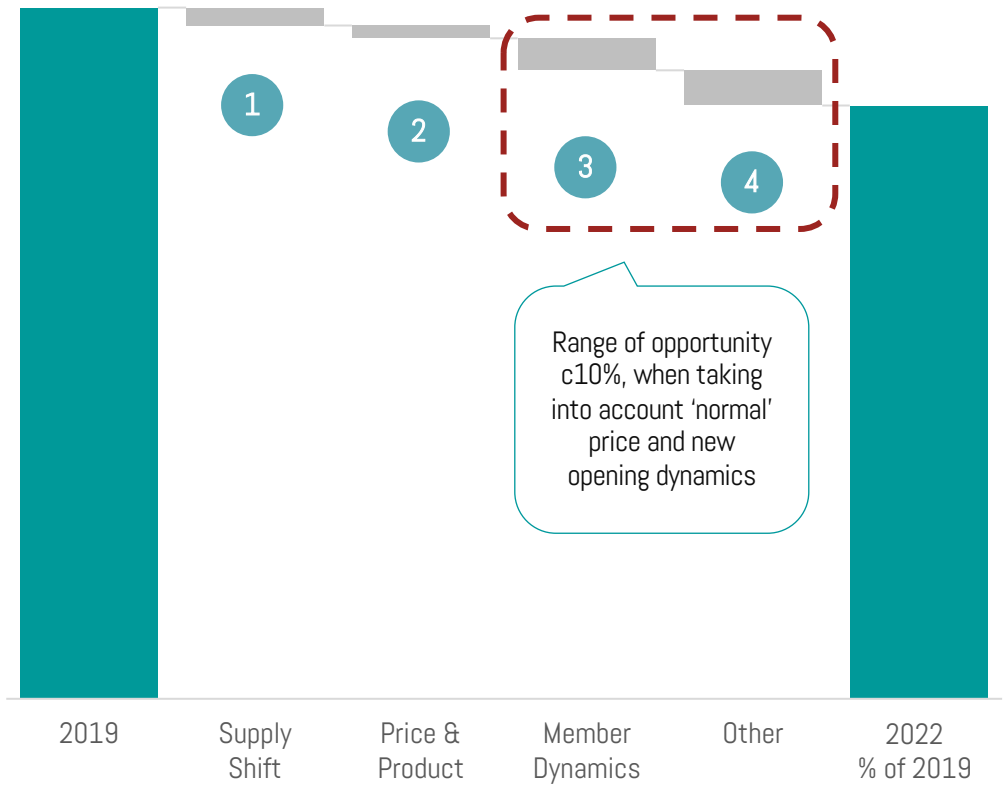


Actual membership vs mature site target by month after opening



We are taking a systematic approach across the Group to disaggregating & addressing the gap between current LFL membership performance & the desired future performance

Illustrative disaggregation of current LFL Base vs 2019 (pre-Covid)

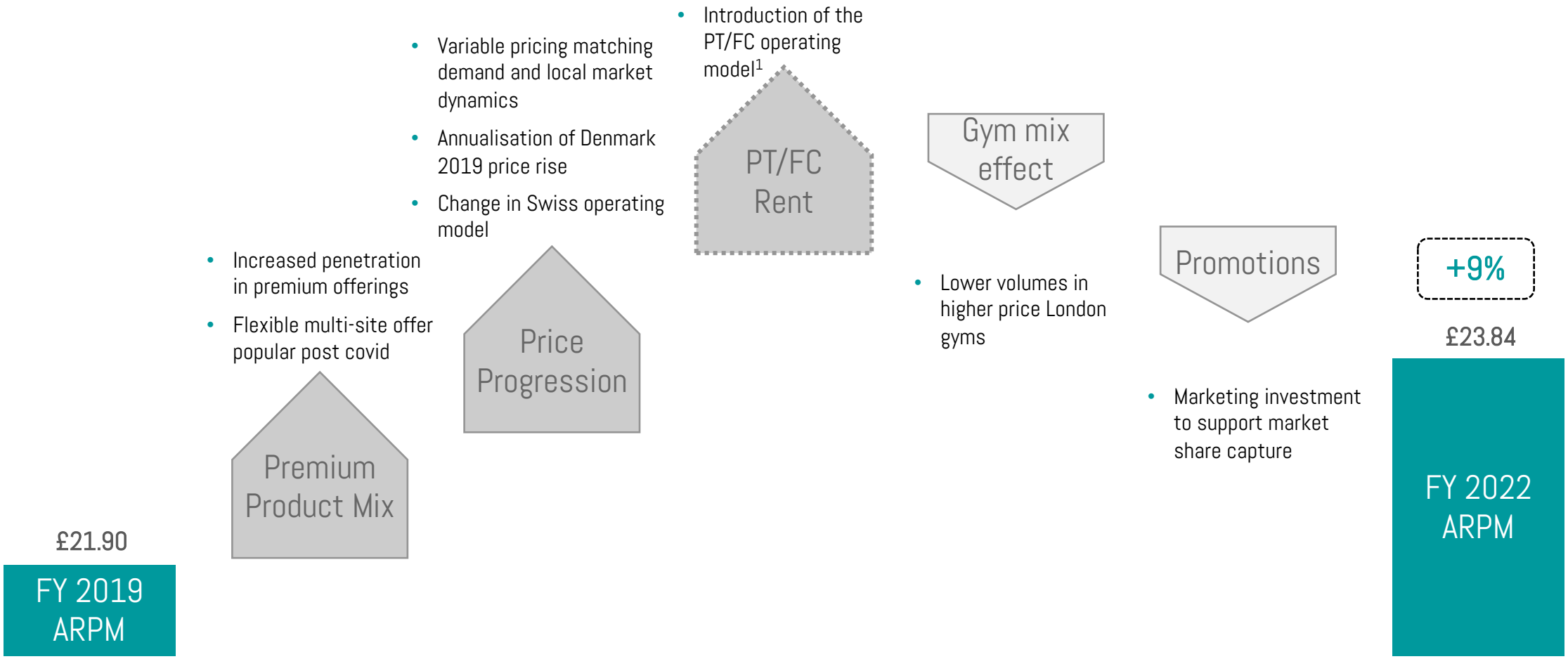


Driver of impact on member volume vs 2019

1 Supply Shift	Competition	*Impact of net new openings by competition over 4 years from 2019-2023*
	Cannibalisation	*Cannibalisation due to new PG openings the impact of which is always included in new site modelling*
2 Price & Product	Price Increases	*Estimated volume impact of price increases – through 2019-22*
	Off-Peak Intro	*Increase in use of Off-Peak to stimulate member growth*
3 Member Dynamics	Worker Gyms	*City Centre worker decline due to working from home*
	Student Gyms	*Decline in student gym population due to lower on campus attendance*
	Group Ex	*Decline in Group Exercise (largely female) members*
4 Other Covid target gap		*Lost habits or changes in behaviour due to pandemic*

+9% group ARPM growth from 2019 has been delivered primarily by premium product mix & price progression across the group

Illustrative ARPM drivers



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

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.
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 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.
ROCE	Return on capital employed. Gym Site Adjusted EBITDA divided by initial invested capital.
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.