PureGym Q4 2022
Conference call Tuesday 25 April 2023

Humphrey Cobbold (CEO)
Good morning, everybody. Welcome to the presentation of our full year results for 2022. This is Humphrey Cobbold, Chief Executive, and I'll be joined shortly by Alex Wood, our Chief Financial Officer, as well. In addition to updating on our results, we will provide a little bit more colour on the environment we are operating in, current trading, and to take a little bit of time just to remind you of the group's overall strategy because we do think it's important to keep that in perspective. We'll be running through the presentation that was posted on our website at 7:00 a.m. this morning, dated 25th April. Hopefully, you will all have this in front of you, and we'll guide you to the page number references as we go through the document in the bottom right-hand corner of each page.

So, turning first to slide 3, the headlines are as follows. We close the year with Revenues 58% ahead of the prior year and run-rate Adjusted EBITDA for the year has progressed to £114 million. We retain a very healthy cash position, with £235 million on the balance sheet at the year end. We opened 45 new corporate sites and 6 franchise sites during the year.

In terms of latest trading, we are pleased to be able to indicate that we have traded ahead of expectations to the end of February. For example, in the early part of this year and in February, specifically, revenue from mature UK sites opened in 2018 and prior had increased to 99% of 2019 levels, despite the considerable macroeconomic headwinds that we've been facing through the year.

The management team across the whole group has worked very hard to keep a lid on costs, and Alex will evidence some of the positive impacts of that shortly. We, of course, have a particular focus on energy cost mitigation and we are pleased to be able to indicate an exposure for the group of only £5-8 million for 2024, that being the first year when all our current and pre-crisis hedges on energy costs will have expired. At the unit site level, that is around a 30% increase in costs, which within the context of the current difficult environment for energy, we believe to be a very good outcome.

Looking more to the strategy, we remain of the view that the PureGym group is well positioned to navigate difficult economic conditions. Our key unit economics remain strong where, for example, in the UK 2022 delivering a 34% return on capital employed on the mature estate. We have a strong property pipeline, I'll talk to more about that as we look forward, and we'll be looking to open around 40 new corporate sites this year. Outside the UK and Europe, our franchise partner will continue to open new sites in the Middle East this year as part of the 135-site commitment that they've made. And we continue to seek more franchise partners to join us in developing and penetrating other geographies.

Our shareholders and business partners KKR and LGP remain highly supportive of the business, and we will be working closely with them to monitor and assess refinancing options well in

advance of the maturation of our bonds, which as I'm sure you're all aware, is in February 2025.

So, with that introduction and overview, let me just take a moment to set the context for our results last year and turn to page 4. This page is to illustrate, conceptually, the main macro issues and headwinds we found ourselves wrestling with last year. I'm not going to have a moan or talk through all of these in turn, but it's important to recognise what we all lived through over the last 12 months. The point is that 2022, which we had hoped would be a year of steady return to normal after COVID, turned out to be anything but that.

Turning then onto page 5, consumers also noted that it had been a difficult year and here we show this just for illustrative purposes, to highlight some of what we've been dealing with, the trends in monthly consumer confidence scores in the UK and Denmark; our two key markets. Overall, against such a precipitous fall in consumer sentiment, we're actually pretty pleased that demand for our services has held up and shown itself to be as strong as it has. I think this shows the level of resilience in the business and the business model, and how important gym memberships are to the people who are our members.

On page 6, I've tried to highlight just a few of the key streams of action undertaken by management, in addition to all the normal day-to-day actions of running the business. Having completed the fundraise from KKR, we maintained a healthy rhythm of new site openings, because we have a strong belief in the underlying strength of our operating model. We further strengthened the management team based on our belief that human capital is every bit as important as physical capital, especially when times are tough. We doubled down on cost management and especially on energy usage and energy costs and we took the right and necessary decisions to look after our colleagues and help those most in need, to help manage their way through the cost-of-living crisis. We raised prices where we felt we could, and indeed had to, in order to mitigate the underlying inflation that we were seeing in the business. But I would note that in general, we raised headline prices by less than inflation, and by less than most of our directly relevant competitors. We also worked hard to introduce cheaper off-peak options in many gyms in the UK and Denmark, so that consumers who are feeling the heat of a tightening economy can still enjoy the benefits of activity and exercise.

So, with those few pages, I hope I've given you a very brief overview of where we stand, the context we've been operating within, and what we as a business and management team have been doing over the last 12 to 16 months. Let me now hand it over to Alex to summarise both the financial results, and to give you some detail on current trading and business performance. Alex, over to you.

Alex Wood (CFO)

Thank you, Humphrey. And good morning, everyone. Let me start with the financial results for the 12 months ended December 2022, and ask you to turn to page 8 please, to have a look at a few highlights. The purpose of this page is to give you a snapshot of some of the most telling statistics from the year, most of which I'm going to cover in a bit more detail in a moment. We feel that these headlines show a solid bounce back year for the group, with Revenues reaching

£476 million, nearly 60% up on the prior year. Obviously, the full year comparison is made to 2021, when we were closed in Q1 during the second main wave of the pandemic. So, we've also included our quarter-four revenue growth versus quarter-four 2021, so that you can see the underlying year-on-year growth rate of 12%. I would also highlight that this growth has been driven through both progression in member volume of 8% year-on-year, and progression in average revenue per member up 5% year-on-year. You can see that we've called out the UK's metrics as well given it's the largest contributor to our results. But I should also note that the UK is not the only contributor to these results, with the rest of the group also progressing on volume and ARPM, nicely. And importantly, we've continued our momentum of new site rollout, as well as keeping financial returns on capital strong in the core business at 34%.

So, with those as the headlines, let me drill down into a bit more detail now over on page 9. We are pleased with most of the trends the business has shown in 2022. As you can see from the graphs on this page, we have continued to deliver progression. That's progression across the key drivers of the business: site numbers, member numbers, and average revenue per member – these elements compound to deliver significant progression in Revenue. And on the lower right-hand side of this page, both Adjusted EBITDA and run-rate Adjusted EBITDA have recovered strongly in 2022 versus 2021. Adjusted EBITDA was close to £100 million at £95 million, and this includes £3 million of start-up losses in relation to the U.S. operations. And in terms of the phasing of that profitability, let me comment that there were 20 new site openings in the final quarter of 2022. This is a large number of new site openings, which reduces profitability in the short term due to opening losses in the first few months post opening. Now rest assured these new sites are performing very well, in 2023, the business is set to show very solid EBITDA progression quarter-on-quarter, and we will be announcing those Quarter One results in just a few weeks' time.

Turning to page 10 on the left-hand side, you can see that significant increase in opening rates year-on-year. Our ability to deliver this step up in new sites was as a direct consequence of continuing to build internal resource and capabilities through the pandemic. After the KKR capital injection our year end cash position and liquidity positions in the middle of this page remain very strong at £235 million and £380 million, respectively, and this cash capacity is a significant differentiator versus our peers, especially in the current capital constrained macro environment. It gives us the financial capacity to push on with our strategic plans in a measured and controlled way, giving us a lot of flexibility. And on the right-hand side, Operating Cash Flow has bounced back into a much more healthy position, and our Net Debt at the year-end fell as a result of the cash injection by KKR; net of capital spending, of course.

Let's turn now to that capital expenditure over on page 11. We continue to invest in new sites at an average of £1.2 million of CAPEX per site in 2022 at a strong rate of return. You can see that £73 million of capital was invested in new sites and assets, both 45 sites in year that opened but also in relation to sites that were largely built in 2022, but then opened in the first quarter of 2023. And we invested £6 million in IT and technology assets to strengthen our platform. Alongside this growth CAPEX, we have continued to keep refurbishments moving forwards as well with over £40 million invested across the estate in the year, and as we've explained many

times before, a well-invested estate is an important part of our business model.

And finally in this section, let me touch on our liquidity and Net Debt position over on page 12. We've covered this, now updated, page before. To recap, the funding deal with KKR was completed in the first quarter of 2022, bringing in £300 million of additional cash. We've spent some of that cash opening new sites, of course, but the net effect has been to significantly reduce our Net Debt as you'd expect. So, our Senior Secured Net Debt position was £614 million at the end of the year, significantly lower than pre-pandemic in absolute terms. The direction of travel of the business in terms of the key run-rate Adjusted EBITDA metric is a return towards the £161 million figure that was applicable in 2019. And on that basis, our leverage is 3.8x, and we highlight that here. Of course, it's clear that while the business continues to recover, we've not yet got back to that level of EBITDA, and if we take the current run rate adjusted EBITDA of £114 million, then the leverage multiple is 5.4x, which is above our target range of 4-4.6x. Now, this picture is only to be expected after the turbulent last three years, but I hope that we've evidenced that the business is progressing well and growing back into its shoes from a leverage perspective.

Let me use that as a natural segue to update with a little more information now on recent performance and current trading. I'd like to start this section with a few headline facts on the left-hand side of page 14. Our February month's end membership is up to the 1.9 million level in total. Site numbers have moved forward to 564 sites as a result of new openings both in the corporate state and in the Middle East. Monthly revenue for February was £43 million, which is an indicative run-rate of over £500 million a year. And we're seeing very healthy member behaviour within January, with monthly visits per active member up 12% versus the prior year and hitting around 8.3 visits per month. On the right-hand side of the page, we show the revenue ramp curves for the cohorts of new sites opened in the UK since COVID, and here you can see, firstly, that all of the quarterly cohorts are performing well. And secondly, these sites are getting to within 10% of revenue maturity numbers at around the 12-month mark after opening. Now to put that into context, these ramp curves are in line with, or indeed mostly better than, the ramp curves that we saw pre-COVID; and as I will show in a moment, pre COVID sites are delivering a ROCE of 34 percent. So if these 69 open sites since the start of 2021 are performing in line with or better than pre-COVID, it gives us a really high degree of confidence in the financial returns we can earn from these and future new openings.

Let's turn now to trading in the year to date and look at page 15. It's pleasing to be able to report that trading through the end of February was ahead of expectation for the group versus the same period in the prior year. Closing members were up 10%, Revenue was up 15%, and Adjusted EBITDA was also at 15%.

And turning to page 16, you can see that we've made good progress since the year end with closing members up 12% versus December 2022, and up 15% in the UK business. Monthly revenue was up 7%, and Adjusted EBITDA for the month of February was up 26% versus December. In addition to this healthy level of growth, we place at least equal weight on the quality of that growth. And for us quality of growth means focusing on the return on capital employed.

So, let's look at that now over on page 17, where here we show the return on capital for the mature UK estates, and show that it recovered to 34% in 2022. Now, this is a broad base of 186 gyms opened in 2017 or prior years and includes all those in the City of London and other town centres. Clearly, we're focused on driving the further recovery of the estate, so we would hope and expect this metric to improve further in the future.

If that's the performance of our 2017 and prior cohorts, then what about those that have been opened subsequent to 2017; and we cover those now on the subsequent page. If you turn over to page 18, you can see that the more recently opened sites, cohorts 2018, 2019 and 2020: 72 sites in all, are performing at a very similar level to the older cohort of sites. Clearly this is really good news, and we'd hoped to maintain, and indeed improve, this position going forward. And let me just remind you of the ramp curves we spoke about earlier. Our most recent site openings in the period from 2021 through to 2023 are showing strong early performance characteristics, which certainly bodes well for their mature ROCE performance as well. And we've included a slide in the appendix that shows a little more detail on the revenue and the volume progression of these sites for your convenience.

Let's now move on from site level return on investments to estate level trading performance on page 19. First the UK, which represents the largest part of the group. The total estate Revenue in February was 140% versus the same period in 2019, and member levels were up 122% versus 2019. Crucially like-for-like Revenue is back to 99% of February 2019 levels, taking the 2018 and prior cohorts as the basis, or 96% of February '19 levels taking sites opened in 2017 or before. The equivalent statistics for volume are 87% and 86%, respectively. And you can see exactly what our strategy has been here; we've pushed volume numbers from a post-COVID low of 66% back to over 86%, and at the same time balance carefully judged price increases to help mitigate some of the gap, as well as cover inflation of costs. We've highlighted in the appendix a page showing the elements of the price equation that we're applying to help manage this. We'll not stop our efforts to drive further volume recovery, of course, but we're not unrealistic about the challenges of doing so as well. In the appendix on page 45, we've included an indication of the disaggregation of the volume shortfall, which indicates how we plan to tackle this challenge moving forwards.

Turning now to Denmark on page 20. In Denmark, as you may remember, the situation is different. The estate is already well established, so we're not pursuing rollout of new sites. Instead, as we indicated in our half year results update in August last year, we're taking the business through quite a far-reaching transformation programme. That transformation programme is a big focus for 2023 and it is progressing well. Here we highlight the five key elements on this page. First, rebranding the business from Fitness World to PureGym. This is already underway and should be completed by the end of the summer. Second, we'll be reconfiguring and consolidating the estate to focus on being a more profitable core business. Third, and linked to the above, we'll drive efficiencies at the site level and reduce operating costs so they are appropriate for the reconfigured business. Fourth we'll continue to drive revenue recovery, as we know there are more members that we can and should be serving in Denmark. Last but not least, we'll be migrating the Danish business onto the group's core technology

platforms. This was always part of the plan, but was simply not possible to prepare for or accomplish, until we were out of the COVID situation and its immediate aftermath. Our Danish colleagues are doing a fantastic job of adapting to the challenges of the marketplace and working with us as one business to address them.

And with that as a reminder of the plan, let's see how things are going at the end of February over on page 21. Here you can see it from a commercial point of view, we're focused on revenue management and revenue recovery. We increased prices for all members at the beginning of 2023, and we're starting to see the results of that coming through at the Revenue line. Revenue was up 8% in February compared to the prior year, and this was a combination of a 9% price increase and a very modest leakage of members relative to the prior year as a result of that increase.

So, let's now look at what that means in terms of Denmark's recovery profile over on page 22. You will notice immediately that Denmark has no new sites because the estate's fully built out. Instead, we're improving the overall quality and profitability by consolidating, rationalising, and investing in the core estates. So far, we have reduced the estate by 17 sites since 2019 on a net basis, exiting weaker sites that are not part of our long-term plan. And when those exited sites are excluded, the remaining estate is generating 95% of the revenue it was in February 2019. The Danish closing member based in February 2023 was 84% of February 2019 on the same basis.

Now switching gears, no results presentation in the current world would be complete without a focus on costs, so let's turn to that now on page 23. Here I want to highlight three key points to you. Firstly, through the pandemic and into 2022, we kept a lid on gym level costs very effectively. Secondly, we've been particularly proactive on energy cost management, and thirdly, we are being careful that our operating and overhead costs remain well under control as we look forward.

Let me give you a little more colour on each of those in turn, and I'll start on page 24, where we illustrate that across the whole of the UK and European estates, we kept average site costs flat from 2019 to 2022; That's across over 450 mature sites, and we regard this as a really good achievement. Underlying cost inflation was mitigated by ongoing proactive management of operational efficiencies and procurement base savings. At a top level, this sounds pretty straightforward, but actually represents a very significant effort by the broad-based management teams across the group. Looking at the right-hand side of the page, as we include the newer sites that were maturing over this time, average costs did rise a little but still the impacts are relatively small, just 0.5%.

Let's turn to energy next on page 25. We could spend 30 pages or more talking about all we have done leaning in to manage down energy costs. So, here we're trying to summarise a very complicated area into one simple page. On the left-hand side of the page, we highlight the supply side situation. We fixed prices back in early-2020 at a very, very good rate. In the UK, our gas fix was until the end of March this year, and the much larger electricity fix was until October this year. In Denmark, we benefited from fixes until January this year. And having waited for the

pricing to reduce from the highs of 2022, we've recently contracted to fix UK gas and electricity prices through until the end of 2024, and are aiming to fix Danish prices shortly thereby removing volatility risk. On the right-hand side of the page, we highlight that we are looking to reduce demands through better operational management. Now, this is not easy in a highly distributed estate of over 500 individual locations, but we are targeting and, have a clear line of sight to achieving, demand abatement of 20% and potentially significantly more into the future. We will invest in capital to achieve this, but this is offering reasonably attractive paybacks by reducing energy usage, and therefore reducing costs. And of course, these efforts will help us significantly improve our greenhouse gas emissions position, which is increasingly a focus for the group. The net impact of judicious management of both supply and demand is that when we compare 2022 to 2024, we will see an increase of only between £5-8 million in the entire group's total energy costs. Why do I say only? Well, we've been tracking this all through last year, and at certain stages, it looked like the increment could have easily been as much as £25-35 million. So, we are more than satisfied with what the team has achieved in the domain of energy management.

Finally, on broader operating costs, let's turn to page 26. Here we've given you some, we hope, reassuring information on the steps that we've taken to restrict the overall impact of cost inflation on the business. This is an update of a slide that we've provided previously, so I hope it's familiar to you. And the headline is that when we look at 2023 versus 2022, we expect operating costs across the whole group to be up by not more than 5%. That is not due to simple steady state management, but through a whole range of management and supply side interventions across all three of our main markets. Now, I don't suppose to walk you through all of the details on this slide, but I hope that the picture and the detail is helpful for you. On the right-hand side, I've also summarised the position for new site level CAPEX. Here, there is also some underlying cost inflation, but in general, we're keeping this pretty much under control, and this is through a combination of good contractor management and value engineering of our products.

So, I hope that this financial and recent trading update was helpful for you, and let me now hand you back over to Humphrey to comment on our Strategy and Outlook. Over to you, Humphrey.

Humphrey Cobbold (CEO)
Thank you very much, Alex.

Let me turn you across to page 28, which reminds us of the overall building blocks of our strategy, which we've articulated, I think, a number of times over the last 12 to 18 months. As I think Alex has illustrated very clearly, we are all super focused on the details of performance, progression, recovery, and all the challenges of the macro environment, and this is the foundation block number one on this page, and I think we've covered that in appropriate detail today. What I want to do in just the next few minutes is just to make sure we don't lose sight of that bigger picture of our strategy, and the opportunities that we see ahead of us. In essence, I want to be clear how we are building the business for the future in spite of the challenges that we face in the present. This is all about blocks two and three. The second tier of our approach is to keep developing the business by opening new sites in the UK and Switzerland, where we are proving there are excellent opportunities for profitable value creating growth, and the third tier is to pursue further

expansion through franchising across the world.

Let me just talk a little more about each of these second two building blocks, so turning to page 29. When we stop and think about it, and I make no apologies for this, our business at one level is disarmingly simple -- select the correct locations and avoid the bad ones, offer a great product that customers like, and maximise revenue and minimise costs.

Let me talk very briefly about each of these in turn and how we operate these simple principles in a relatively sophisticated manner, starting on page 30. It's clear from the data that Alex has presented I think, on recent openings and from prior years, that we're doing a consistently good job of finding new locations and avoiding bad ones, and you might well ask how we do that and can we keep it up? Well, the answer is that we do this through the application of a lot of good data and science to support good decision making. What I've tried to illustrate on this page, is that we've developed a suite of largely proprietary tools we use to provide the science and data to guide our decisions relating to the location of new sites. We use a whole range of demographic data, detailed catchment analysis, and we regress this against existing site performance to give us a model with a high level of predictive power. We analyse the relative weight of competition in our own sites, and this gets us systematically integrated into that model. We have local market pricing benchmarks across different site types, which are integrated as well to create a valid prediction model on the pricing front. And we also use a number of catchment analysis, drive time and walk time tools, to further inform the model and our decision making. The simple reality is that by virtue of our size, we have lots of data from over 300 existing sites in the UK and 500 across the whole network, which we can use to calibrate our models and make them more accurate. And this large volume of data is actually one of the hidden benefits of being a large operator in this market, and it helps us to make consistently better decisions more of the time, and that's fundamentally what underpins consistently good levels of return on invested capital. We do this for pretty much every site we're offered, which seems to have headline potential for us because it's quite straightforward to do. But we also profile and run the model across entire markets.

Let's take a look at page 31, so, we see how it plays out in the case of the UK Here I'm illustrating a recent UK market status assessment. On the left-hand side, we've shown how we can identify up to 1000 potential locations mapped onto sizes and population centres for the UK market as a whole. And on the right-hand side, I'm illustrating that typically, within our property and development team, we're monitoring around 350 prioritised locations for potential new sites across these population areas. And we're constantly cycling through between these two sides of the page. The key point here is that we are analytical, systematic, and thorough in our approach and process to managing and developing our sites, and the asset side and the asset base of the business; an absolutely fundamental underpinning to what we do. So, if that's the starting point; getting great asset locations, the next is all about products.

And here, let's turn briefly to page 32. Here we illustrate just as a reminder what we aim to have our product look and feel like. We want a product that looks and feels and performs way better than people expect for the price that they're paying. But delivering really good return on capital

and profit performance is not just about having a pretty product, but how you deliver it in sites of significantly different sizes and shapes.

So, turning to page 33, here I just wanted to remind you that we're carefully varying and tailoring the standard operating model to different sized catchments and properties, and this is really important to get right. You can't just squeeze a 25,000 square foot offer into a 10,000 square foot box; it doesn't work. For example, in the last 12 months, we've opened a 27,000 square foot site in Swiss Cottage, a large metropolitan market on the north side of London, and we've opened an 8,000 square foot site in Alloa, in Scotland, a small town catchment market./ Both are performing really well for us and delivering a great member experience, but the setup and the configuration of how we deliver the product is quite different, and it has to be, because of those different sizes and shapes. And remember that the more recent site openings that Alex shared earlier, were spread across all of these sizes. And so, we're evidencing that across a range now sizes and situations, we're able to drive ramp-ups in volume and revenue against targets, reflecting a blend across those sizes. The data that Alex shared shows the success of this tailoring approach that's important to us. Now once the site and the product and format are in place, then we zero in on cost structure and, crucially, revenue management. Alex has already explained in some detail that we're all over the elements of the cost equation in the business in our sights.

Therefore let me ask you just to turn to page 34 to remind you of how we tackle the revenue side of the equation. We've shown a page a bit like this previously, but it's important enough for us to highlight it once again. There are five key building blocks to our approach. First, on the left-hand side getting the positioning of the business overall and the product right: a great value offer, but capturing a degree of premium pricing within the value segment. Second, one stage across from the left, we price to the local market for the simple reason that people in different locations have different amounts of money and propensity to pay for gym membership, and we reflect that in our pricing across the country. Third, we capture a premium for value added services wherever we can. And fourth, we use price to help us drive those ramp-up curves and build volume whilst managing yield and revenue at the same time. And last, at the right-hand side of this page, we judiciously and carefully use promotions to optimize our market share, something we've mentioned previously in any given market, and overall, at different times of the year and manage that carefully through the year. This is the kind of crucial core of our revenue management approach that we apply in all our markets across the estate, and it combines our cost management approach to ensure we're optimising the profitability of each site. So to summarise, the core business management and growth story is quite simple: select the correct locations and avoid the bad ones, offer a great product that customers like and configure it well for the space, and then work hard to maximise revenue and minimise costs.

Turning to page 35, let me just conclude this section with one page on the third building block I mentioned at the start. I think that it's universally accepted that there is tremendous, long-run opportunity for growth in the world of health and fitness and activity. All across the world, there is demand for more access to fitness and activity products that can help with personal wellbeing. That, in essence, is what we are looking to provide to people with a product that has mass-market and democratic appeal. And it remains the fact that across most of the Middle East and Asia, no-

one is yet providing affordable fitness at the scale in the way that we are, or the way that markets in Europe or North America have got used to such a product being provided. We've discussed and shared previously the specific financial merits of the franchising model for growth without the deployment of large amounts of capital, so I'd refer you to our prior presentations in that regard.

Here we're seeking just to remind you that we see opportunities in a number of markets across the world, and we've invested in a team who are seeking opportunities for partnership across those markets. We aren't at a standing start, as you know, we're already up and running in the Middle East, where we're working with the Al-Hokair group, one of Saudi Arabia and the Middle East's most respected groups. We have 10 sites open in Saudi Arabia and two in Dubai, and we have a healthy pipeline of sites, a number of which are in construction for this year already. The performance for our trading partner is progressing well, and they signed a commitment for a total of about 130 sites with us. Clearly our ambition is to progress this partnership further and to establish equivalent partnerships in other parts of the world. Of course, it takes time for the impact of franchising growth in particular, to be felt in the EBITDA line of a business like ours, we understand that. But we are in business for the long-run and believe that it will become, with patience and good nurturing, a key part of the group in the future. So, that is a swift reminder of the key strategy building blocks to complement what Alex has talked through in terms of our recent performance in the group.

Let me try and pull this all together with the key conclusions on page 37. First, the business progressed well in 2022, despite it being a third challenging year with substantial external headwinds after two difficult pandemic years. Second, we're turning that progression into profit, and we retain a good cash and liquidity position. Third, we are very focused on cost management and control, and we believe that there is significant further progress we can make on costs in the future. Fourth, we should all be reassured by the persistence and resilience of the core unit economic model, especially as evidenced by the UK Fifth, we're making progress in international franchising, and we are in numerous discussions to continue that progress, even if it may take a little time to come to fruition. And finally, we benefit from strong support from our equity investors and together we are looking well ahead with respect to the bond refinancing in the future.

So, hopefully this update has been informative for you and given you all a feel for where we stand. I'd like to take this opportunity once again to thank you all for your continued support of the business, and I hope you appreciate our ongoing transparency. And I'd also like to take this opportunity to call out my thanks to all of the management team and colleagues around the PureGym group who continue to do a great job in what, at times, has been quite trying certain circumstances over the last 12 to 18 months. Our next results announcement will be in May, when we will be updating on our Q1 results, and we very much look forward to speaking with you again then. And with that, I'd like to close the formal proceedings, and we'd be happy to take a few questions.