

Investor Presentation

Results for the full year ended 31 December 2023

23 April 2024

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 the Group. 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 therefore 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 headline achievements in 2023

- Full year performance was very strong & delivered Adj EBITDA of £132m (+39% vs 2022)
- Accelerating growth quarter-on-quarter with RR Adj EBITDA of £150m
- Excellent performance driven by growth of base membership & revenues, good cost control & the predictable maturation of new site openings in 2022 & 2023
- 54 excellent new sites opened in the year & a very strong pipeline for the future
- SS net leverage of 4.4x RR Adj EBITDA for Q4 – reducing by 1.0x since Q4 2022
- Successful refinancing of £805m Senior Secured Notes during the quarter

Recent trading & Outlook

- The Group had a strong start to 2024 with members exceeding 2 million by the end of January
- On track to open 40-50 new corporate sites in 2024 & targeting 200 openings over the next 3-4 years
- International expansion through franchising progressing well with c.15-20 new sites expected in 2024
- RR Adj EBITDA will break through £160m level several months ahead of indications given at ReFi
- Management remain confident that the Group is well placed in terms of access to capital, skills & resources to deliver on its growth plans





Financial results

A strong year, with continued & accelerating growth

FY 2023 highlights

A strong year, with continued & accelerating growth in EBITDA underpinned by membership, revenue & ARPM progression

+39%
Adj EBITDA growth vs 2022

+15%
Revenue growth vs 2022

+11%
Member growth vs 2022 (+16% in the UK)

+3%
ARPM growth vs 2022

£150m
RR Adj EBITDA[1]

37%
ROCE[2]

+54
New sites (Incl 11 franchise)

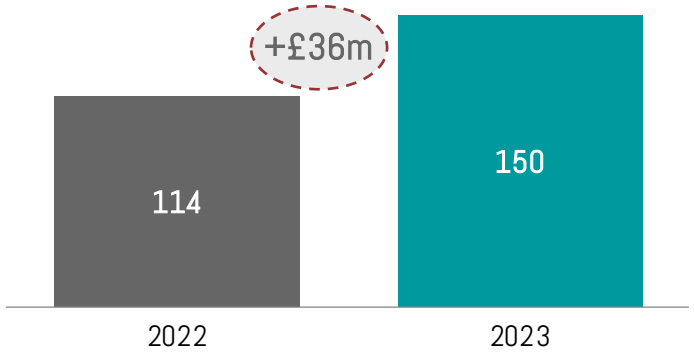
601
Total open sites[3]

Notes: (1) For the 12 months ended 31 December 2023. (2) Represents UK mature gyms, being those opened in 2017 & prior. Newer sites are delivering ahead of this at 40%. Calculated using Adjusted EBITDA. (3) Gyms in estate includes 581 corporate-owned & 20 franchise gyms in the Middle East.

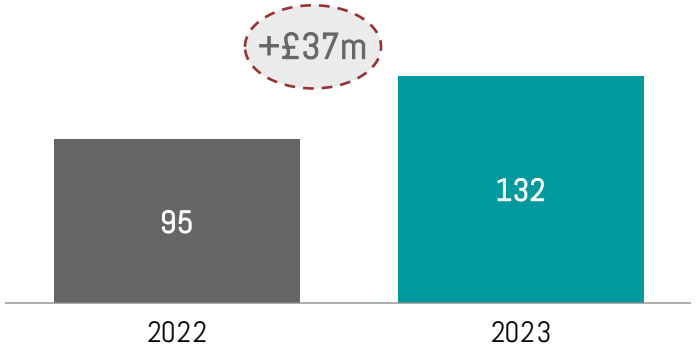
FY 2023 financial results vs FY 2022 (1/2)

2023 performance showed strong progression on all key variables vs 2022...

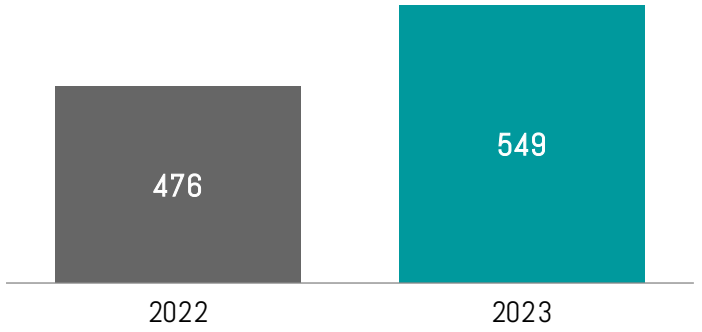
Run-Rate Adj EBITDA (£m)



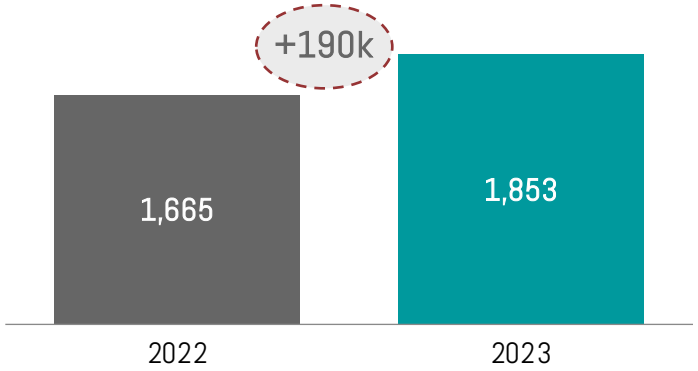
Adj EBITDA (£m)



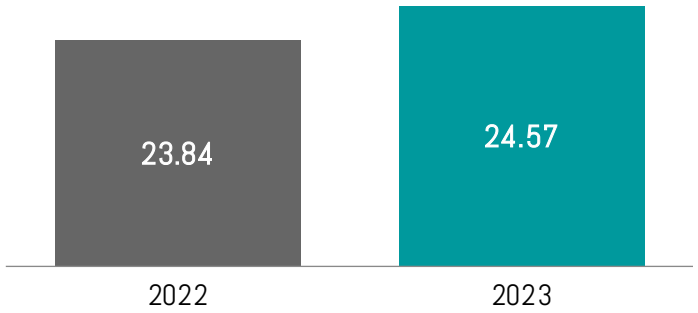
Revenue (£m)



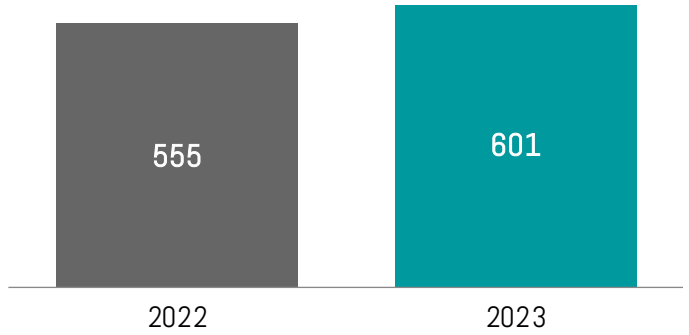
Closing members (k)



ARPM (£)



Gyms in estate[1]

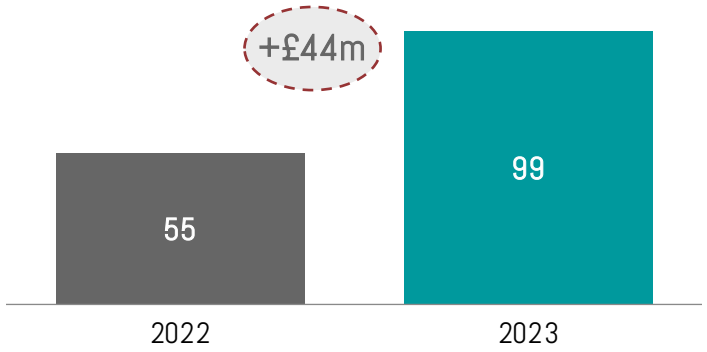


Notes: (1) 2023 Gyms in estate includes 581 corporate-owned & 20 franchise gyms in the Middle East. 2022 Gyms in estate includes 546 corporate-owned & 9 franchise gyms in the Middle East.

FY 2023 financial results vs FY 2022 (2/2)

...including an increase in Operating Cash Flow to £99m for the year

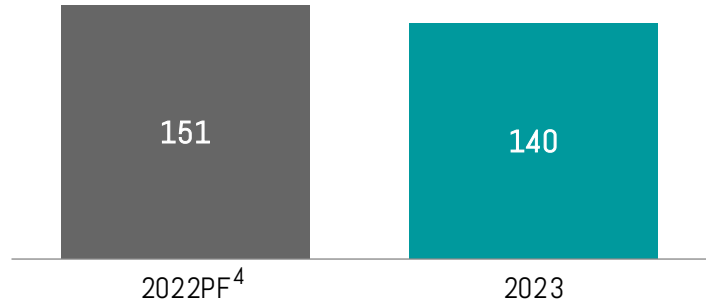
Operating Cash Flow[1] (£m)



Operating Cash Flow Conversion



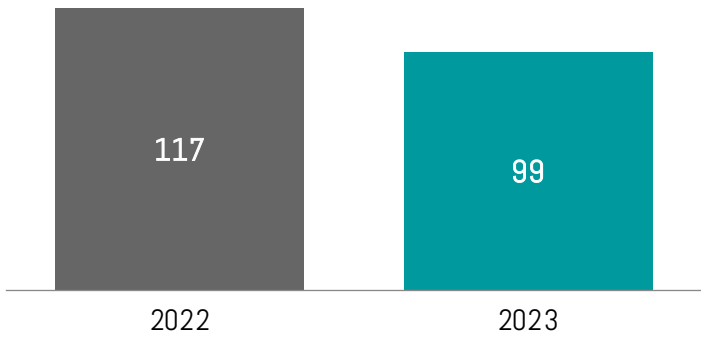
Cash[3] (£m)



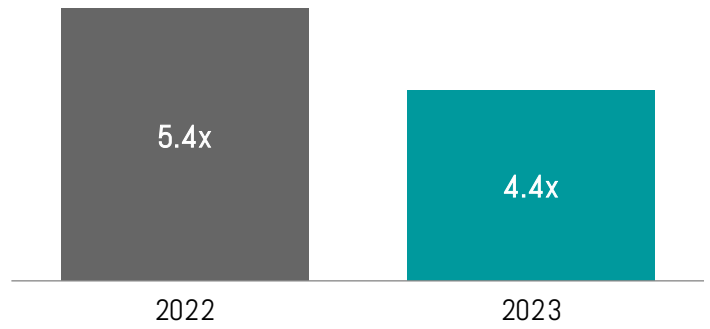
New sites opened[2]



Capex (£m)



SS Net Leverage[5]



Notes: (1) Operating Cash Flow, stated after maintenance & refurbishment capex but before interest on borrowings or growth capex. (2) 2022 new sites includes 45 corporate-owned sites & 6 franchise gyms in the Middle East. 2023 new sites includes 43 corporate-owned & 11 franchise gym in the Middle East. (3) 2022 includes £30 million & 2023 includes £32 million cash held by parent, Pinnacle Topco Limited. (4) 2022 cash is presented pro forma for the October 2023 refinancing which utilised £84m cash (see slide 17). Actual 2022 cash was £235m. (5) SS Net Leverage defined as Senior Secured Net Debt ("SSND") divided by Run-Rate Adjusted EBITDA. SSND defined as total senior indebtedness (excl. finance leases) less cash & cash equivalents. For the purposes of the leverage calculation, SSND uses average rates of exchange for the last 12 month period.

Capital expenditure

Management continues to deploy capital into high quality new site openings

- Average capex per new site was £1.2m (2022: £1.2m)[1]
- 43 new corporate owned site openings in 2023
- Sophisticated maintenance & refurbishment programme - investing to ensure a high quality estate

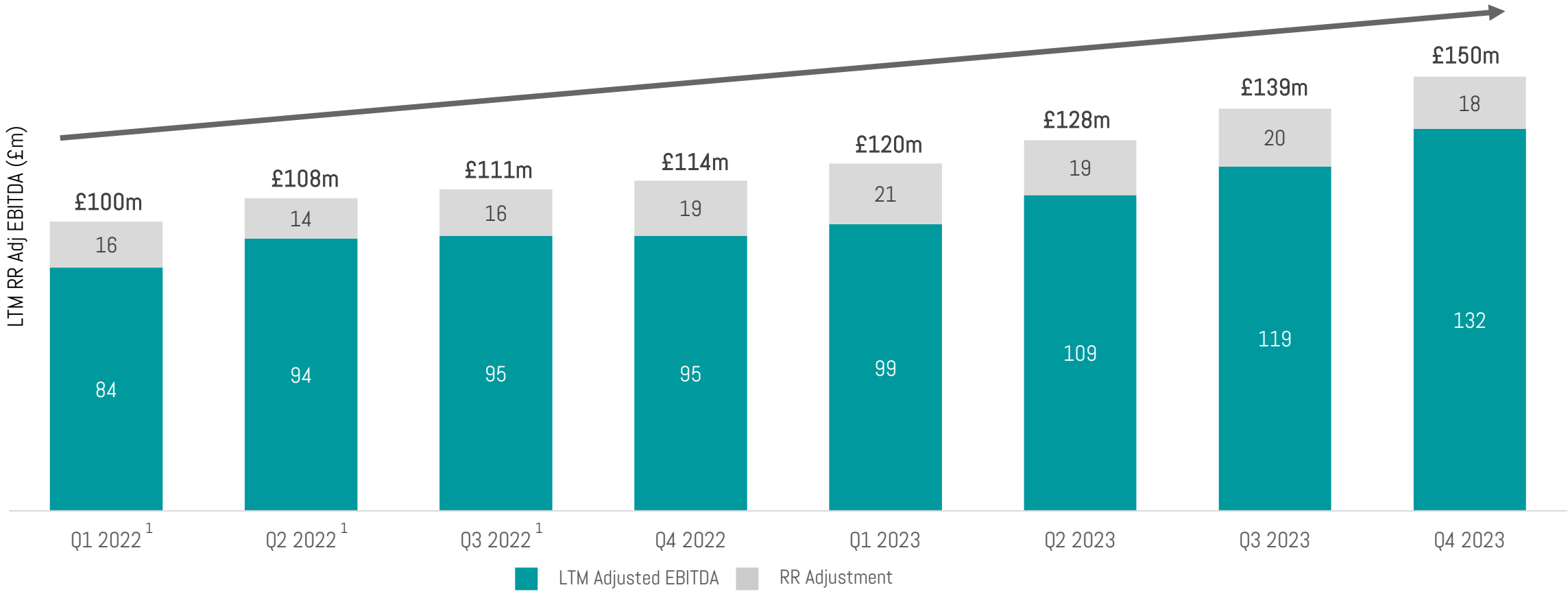
£m	2023	2022
New site capital expenditure[1]	47	67
IT development capital expenditure	10	6
Expansionary capital expenditure	**57**	**73**
Maintenance & refurb capital expenditure	42	44
Total capital expenditure	**99**	**117**
Expansionary capex working capital movement	6	(10)
Maintenance & refurb capex working capital movement	(6)	(17)
Total capital expenditure cash flow	99	90



Notes: (1) Reported new site capex in the period may not directly correspond to the number of new sites opened in the period due to construction works spanning multiple periods.

The Run-Rate Adjustment reliably converts into Adj EBITDA over a 12-24 month period, as illustrated by recent performance

Corporate owned sites: +8 new sites | +9 new sites | +8 new sites | +20 new sites | +15 new sites | +7 new sites | +13 new sites | +8 new sites

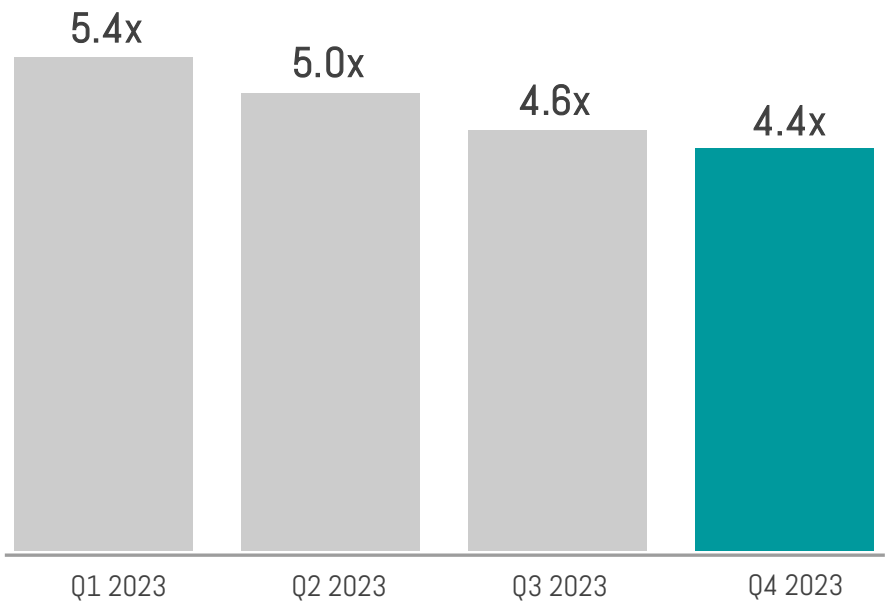


Notes: (1) As adjusted for the restatement of the results of Switzerland. See note 30 of the 2022 Pinnacle Bidco plc Annual Report & Accounts.

Clear & demonstrable deleveraging - down to 4.4x RR Adj EBITDA

Senior Secured Net Leverage

RR Adj EBITDA	£120m	£128m	£139m	£150m
SS Net Debt[1]	£645m	£644m	£643m	£666m



Net Debt

As at 31 December 2023	£m
Cash	140[2]
Senior Secured GBP Notes	(475)
Senior Secured EUR Notes	(330)
Senior Secured Net Debt	**(666)**
Non-property leases/other	(4)
Net Debt	(669)
Q4 2023 RR Adj EBITDA	150
Actual SS Net Leverage	*4.4x*

Notes: (1) Includes £32m held by parent company, Pinnacle Topco Limited at 31 December 2023 & £31m at 31 March, 30 June & 30 September 2023. (2) £140m cash includes non-Sterling balances translated at average exchange rates for the LTM period, in line with banking document definitions. This is equivalent to £140m cash reported on slide 7 where non-Sterling balances are translated at closing exchange rates. Both figures include £32m held by parent company, Pinnacle Topco Limited.



Outlook

A clear strategy delivering against a compelling long run opportunity at home & overseas

Outlook

60-70 new sites in 2024, including 15-20 franchise sites in the Middle East
Clear intent for c.200 new site openings over 3-4 years, whilst still maintaining high ROCE

2024 guidance

- 40-50 new corporate sites, predominantly in the UK, & a further 15-20 franchise openings
- Robust unit economics with mature estate averaging 37% ROCE & improving over time with new sites at least matching those levels
- Ongoing focus on revenue, yield & price management to sustain returns
- Cost base continues to be well controlled with LFL revenue growth & cost control more than offsetting LFL operating cost inflation
- Utility contracts fixed for 2024 & into 2025, removing volatility risk
- 2024 full year cash conversion is expected to be in line with, if not exceed, the 75% for 2023

Longer term outlook

- Continue to drive revenue growth across the core estate
- Continue to expand through the opening of c.200 sites over the next 3-4 years
- Ongoing investment & optimisation of the Danish estate
- Ongoing expansion through international franchising relationships





Conclusions

Conclusions

1. Full year Adj EBITDA of £132m (up 39% vs 2022) & **RR Adj EBITDA of £150m** (up +£36m vs Q4 2022)
2. **Strong momentum** due to growth in base revenues, good cost control & new site growth
3. **43 new corporate sites** delivered in 2023
4. Both old & newer UK sites delivering **at least 37% ROCE** & continuing to improve
5. Clear & demonstrable **deleveraging down to 4.4x** RR Adj EBITDA (down by 1.0x since Q4 2022)
6. A **successful refinancing** in October sets the business up well for the future
7. A clear strategy delivering against a **compelling long run growth opportunity** at home & overseas



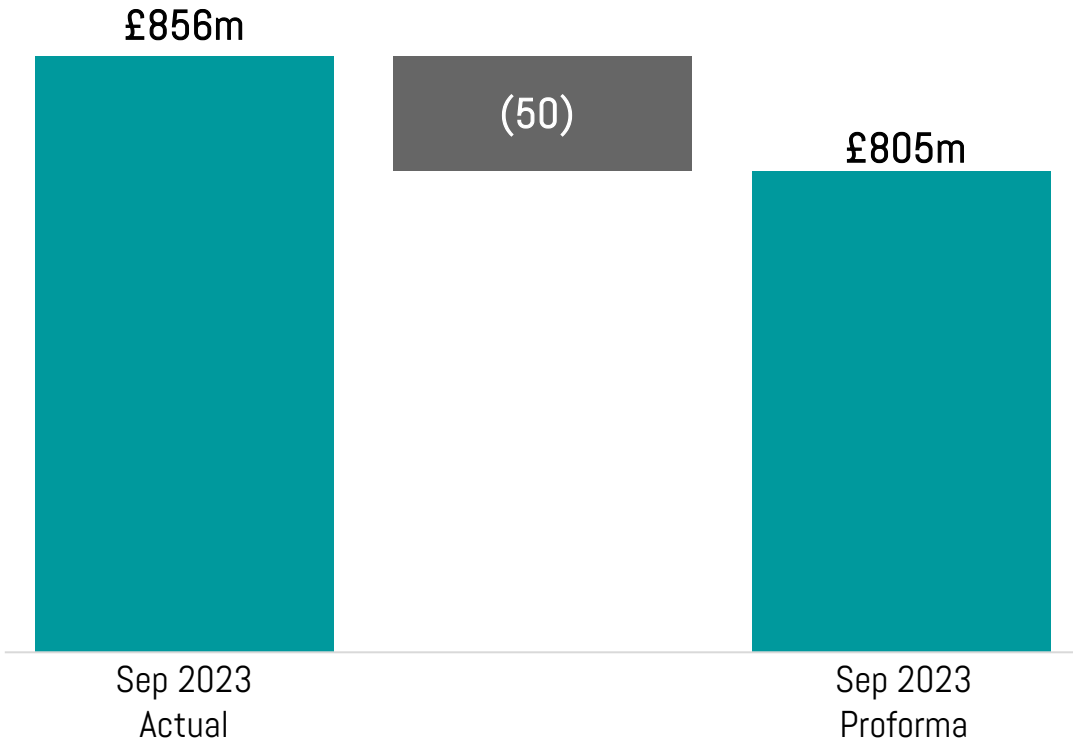
Appendices

The successful refinancing of our bonds leaves us well placed to deliver our growth plans

Successful refinancing

- Refinancing of the existing SSNs successfully completed on 11 October
- Existing GBP & EUR notes redeemed & £50m of debt repaid
- New issuance of £805m equivalent 5-year SSNs (GBP 475m at 10% & EUR 380m at 8.25%)
- RCF upsized to £175m with 5 strong & supportive banking partners (Barclays, RBC, ING, Deutsche Bank & JP Morgan)
- Timing of refinancing welcomed, especially in light of the subsequent geo-political events
- This refinancing leaves us well placed to deliver on our strategy of strong & consistent growth

Reduction in bond debt



Bond refinancing details

Sources & Uses

Sources	£m
New GBP / EUR Senior Secured Notes[1]	805
Cash from Balance Sheet	84
Total	**889**

Uses	£m
Repayment of GBP Senior Secured Notes	430
Repayment of EUR Senior Secured Notes[1]	426
Transaction fees & expenses[2]	21
Accrued but unpaid interest	12
Total	**889**

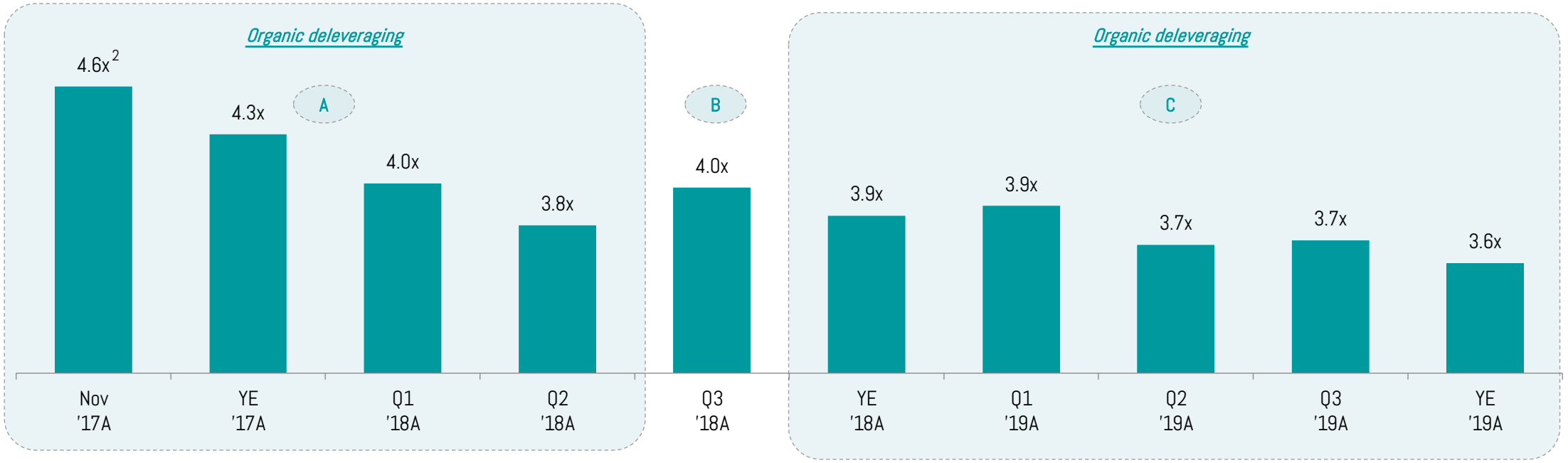
Proforma Capitalisation

	Sep 2023 Actual £m	Adjustments £m	Sep 2023 Proforma £m
Cash[3]	213	(84)	130
GBP / EUR Senior Secured Notes[1]	(856)	50	(805)
Senior Secured Net Debt[1]	(643)	(33)	(676)
Run Rate Adjusted EBITDA	139		139
Senior Secured Net Leverage	**4.6x**		**4.9x**

Notes: (1) Euro balances converted at an LTM FX rate as of 30 September 2023 of €1.150/£. (2) Includes new SSRCF fees, redemption premium payable on the EUR Notes & other legal/transaction related costs. (3) Includes £31m held by the parent company Pinnacle Topco Limited.

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

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



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

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

C *Q2 2019: £40m bond tap*

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

Operating costs continue to be well controlled in 2024

While we expect to see operating cost inflation in 2024 vs 2023, PureGym has a low labour cost model & has worked hard to successfully minimise the increases

LFL average site opex per gym

2023: **£0.6m** pa

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

Inflationary outlook for 2024

Property costs (+4%)
- UK: Leases largely index-linked (mostly cap & collar at 1-3%)
- DK: inflationary increases offset by ongoing negotiations
- CH: 2% inflationary increases

Staff (+5%)
- UK: Managers: 4-8% in January 2024
- UK: PT/FC: NMW increases 10% in April 2024, offset by efficiency savings
- DK: 3.5% inflationary increases in March 2024, offset by efficiency savings
- CH: -5% with operational efficiencies more than offsetting inflation

Cleaning (+1%)
- Inflationary increases broadly offset by operational efficiencies

Marketing (+1%)
- Inflationary increases broadly offset by operational efficiencies

Utilities (+24%)
- Commodity costs largely fixed for 2024 & 2025, eliminating volatility risk

Other (+4%)

Cost base well controlled with LFL revenue growth more than offsetting LFL operating cost inflation

Average site capex costs per gym

2023: **£1.2m**

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

Inflationary outlook for 2024

Main construction
- Construction costs include structural work & fit out
- Inflationary costs mitigated by effective management of contracts & successful negotiations with landlords on capital contributions

Mechanical & engineering fit-out
- In line with main construction cost increase reflecting minimal inflation

Gym equipment
- c.3-4% increase

Acquisition costs
- c.2-3% increase

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

Note: Represents the average across all geographies & formats

Sustainability & ESG are key priorities for us

Our Mission & Purpose

To provide accessible, flexible & affordable fitness & activity to all.

Improving people's health & wellbeing, reducing the risk of non-communicable diseases, such as obesity & heart disease & mental health problems.

Compliance with SFDR Regulations

We believe we are compliant or on a path to compliance with the principles arising from the Sustainable Finance Disclosure Regulations ("SFDR").

Key Focus Areas of Our S-ESG Strategy

Through a materiality assessment with our four main stakeholders: **Employees, Investors, Supply Chain Partners & Members**, we have identified the following focus areas:

1. **Delivering Social Good**
   Supporting as many people as possible to live healthier lives
2. **Empowering People**
   Fostering a thriving, healthy, supportive community & team
3. **Energy & Emissions**
   Reducing our carbon footprint & efficient use of resources
4. **Waste & Circulatory**
   Minimising waste & embedding circular-by-design principles
5. **Effective Corporate Governance**
   Building an environment of trust, transparency & accountability

We are committed to ensuring **our sustainability agenda is aligned with the UN Sustainable Development Goals** to create meaningful links to broader global sustainably-driven outcomes.

Sources: Company information.

Our ESG performance highlights

Environmental

- Structured implementation program to **fast-track energy reduction & decarbonisation** underway across the estate, with emphasis on **designing gyms with energy saving & "green" features**
- **Energy efficiency program**, anticipated to **reduce Scope 2 emissions intensity per location by 20-30% in medium term**
- **Incorporation of Taskforce on Climate-Related Financial Disclosures** into annual reporting process for 2023, including expanded emissions reporting for global operations & reporting on additional categories e.g. supply chain
- **Working towards making a carbon neutral & net zero commitment**

Social

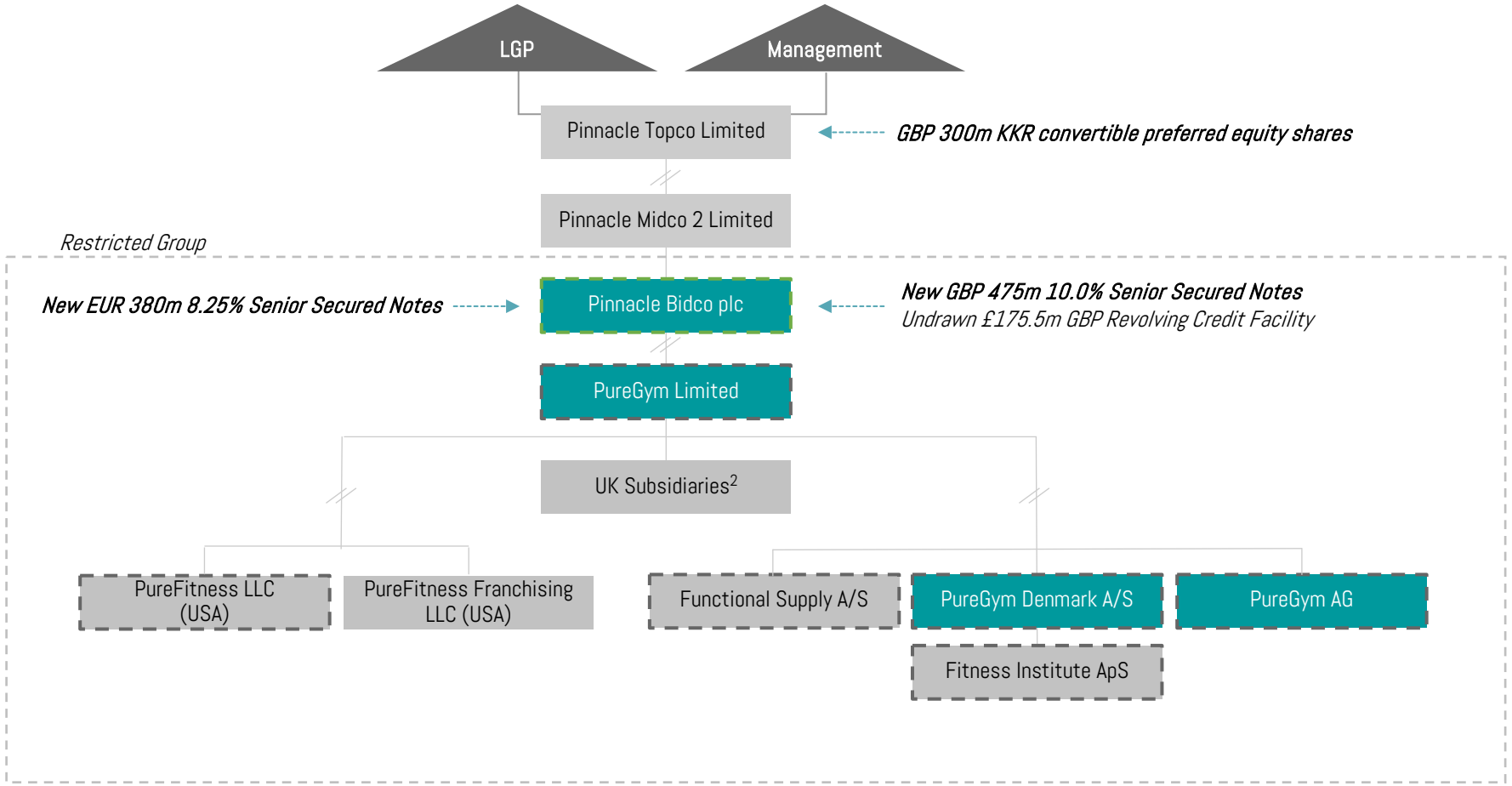
- Fundamentally, **PureGym exists to provide a social good**, providing accessible, flexible & affordable fitness to all
- Goal to **create a safe & positive space** for everyone, so they can enjoy the benefits of fitness & wellbeing
- **Our focus on gender balance** is setting the tone for the gym industry, resulting in a 0% median pay gap & 2.6% mean pay gap for the UK in 2023
- The **official gym partner of The British Heart Foundation**, supporting them in raising awareness for heart & circularity diseases as well as raising £3m over a 3 year period (over £1m raised to date)
- **Set up PureGym Trust** to provide support to financially vulnerable employees
- **Best-in-class emergency response & anti-harassment protocols** as safety is the cornerstone of a positive experience for members & employees

Governance

- **S-ESG strategy overseen by the Risk & Sustainability Action Team** chaired by the CEO with at least four meetings p.a. & reporting through to the Board of Directors
- Robust **Enterprise Risk Management Framework** across all major geographies, with a strong compliance & internal control environment
- Concerted efforts to ensure a **diverse & representative group of decision-makers**, with 45% of Executive Management Board & 43% of senior management boards at country level being female
- **Multiple routes for staff to communicate & raise issues with management team**, including whistle-blowing policy & employee engagement forums to encourage equitable participation

Sources: Company information.

Corporate structure



Notes: (1) The Guarantors accounted for 99% of Group Run-Rate Adjusted EBITDA for the year ended 31 December 2023, & substantially all of the Group's total assets as of 31 December 2023. (2) Includes LA Leisure Limited & Ovalhouse Limited.

Key performance indicators

£m	For the three months ended 31 December 2023	For the three months ended 31 December 2022	For the twelve months ended 31 December 2023	For the twelve months ended 31 December 2022
Total number of owned gyms	581	546	581	546
Franchised gyms	20	9	20	9
Total number of gyms	601	555	601	555
Total number of members	1,853	1,665	1,853	1,665
Average number of members ('000s)	1,902	1,696	1,862	1,665
Average number of members per gym	3,300	3,159	3,297	3,189
Average revenue per member per month (£)	24.48	24.52	24.57	23.84
Reported Revenue (£m)	139.7	124.7	549.0	476.4
Reported EBITDA (£m)	61.8	44.2	231.5	183.5
Group Adjusted EBITDA (£m)	35.3	22.5	132.2	95.1
Group Adjusted EBITDA margin	25.3%	18.0%	24.1%	20.0%
Gym Site Adjusted EBITDA[1] (£ million)	48.4	41.8	193.4	163.6
Gym Site Adjusted EBITDA margin	34.7%	33.5%	35.2%	34.3%
Group Run-Rate Adjusted EBITDA (£ million)	150.0	114.2	150.0	114.2
Group Operating Cash Flow (£ million)	24.2	4.9	98.7	54.8
Group Operating Cash Flow Conversion	68.5%	21.9%	74.7%	57.6%
Senior Secured Net Debt[2] (£ million)	665.8	613.8	665.8	613.8
Ratio of Pro Forma Net Debt to Group Run-Rate Adjusted EBITDA	4.4 x	5.4 x	4.4 x	5.4 x
Ratio of Run Rate Adjusted EBITDA to Pro Forma Net Interest Expense	2.1 x	2.2 x	2.1 x	2.2 x

Notes: (1) Represents a blended average including all new & immature sites across the group (2) Senior Secured Net Debt at 31 December 2023 includes £32 million (£30 million at 31 December 2022) cash held by parent, Pinnacle Topco Limited.

Segmental performance

£m	Three months ended 31 December 2023	2022	Change %	Twelve months ended 31 December 2023	2022	Change %
United Kingdom	94	79	19%	366	308	19%
Denmark	34	37	(7)%[1]	140	138	1%
Switzerland	10	8	20%	38	29	29%
Other	1	1	>100%	5	1	>100%
Total Revenue	**140**	**125**	**12%**	**549**	**476**	**15%**
United Kingdom	29	19	57%	110	79	39%
Denmark	5	5	(3)%	21	20	1%
Switzerland	1	-	>100%	3	(1)	>100%
Other	-	(1)	>100%	(1)	(3)	>100%
Total Adjusted EBITDA	**35**	**22**	**57%**	**132**	**95**	**39%**
United Kingdom	31%	24%		30%	26%	
Denmark	14%	14%		15%	15%	
Switzerland	14%	(6)%		7%	(4)%	
Other	n/m	n/m		n/m	n/m	
Adjusted EBITDA margin	**25%**	**18%**		**24%**	**20%**	

Notes: (1) YoY reduction in reported revenue for Denmark is attributable to the closure of 5 sites as part of the estate optimisation & investment plans

Group cash flow Q4 2023

- Group Adjusted EBITDA of £132m in 2023 up +39% on 2022, converting to £99m of Operating Cash Flow for the year
- Group Operating Cash Flow has increased year on year due to improving profits, plus a more favourable working capital position
- Maintenance expenditure has risen to £36m for the year as we continue to invest in our existing estate
- Expansionary capital expenditure for the year of £63m reflects investment in the 43 corporate-owned sites opened in the year & commencement of works relating to sites opened after the year end
- Tax, interest & debt issue costs for the year of £67m mainly relates to £53m interest on the SSNs, £15m of issue costs associated with the refinancing & £6m of early repayment charges in respect of the old SSNs. Offset against these costs is £7m of interest earned on the Group's cash deposits
- "Other" cash outflow for the year of £10m primarily relates to pre-opening costs & other adjustments excluded from Group Adjusted EBITDA
- The equity injection in 2022 reflects the downstream of £270m of the £300m KKR investment, received in January 2022. The remaining £30m sits within parent company, Pinnacle Topco Limited
- Upon refinancing the group's SSNs during the fourth quarter, the existing GBP & EUR notes were redeemed, £50m of debt repaid & new GBP & EUR notes were issued to the value of £805m. See page 16 for full details.

	Three months ended 31 December		Twelve months ended 31 December	
£m	2023	2022	2023	2022
Group Adjusted EBITDA	**35.3**	**22.5**	**132.2**	**95.1**
Movement in working capital	0.2	(5.6)	3.0	(13.2)
Maintenance & refurb capital expenditure	(11.4)	(12.0)	(36.3)	(27.1)
Group Operating Cash Flow	**24.2**	**4.9**	**98.7**	**54.8**
Operating Cash Flow conversion	*68.5%*	*21.9%*	*74.7%*	*57.6%*
Expansionary capital expenditure	(14.0)	(20.8)	(62.9)	(62.8)
Exceptional items	0.4	2.8	(1.2)	0.8
Tax, interest, & debt issue costs	(32.6)	(10.6)	(67.1)	(49.7)
Other	(0.6)	1.0	(9.8)	(24.9)
Net cash flow before acquisition & financing	**(22.6)**	**(22.6)**	**(42.4)**	**(81.9)**
Equity injection	-	-	-	270.0
Repayment of notes	(50.3)	-	(50.3)	-
Finance lease capital repayments	(1.1)	(2.0)	(3.9)	(6.8)
Other financing cash flows	(0.1)	0.2	(0.1)	(10.0)
Net cash flow	**(74.0)**	**(24.5)**	**(96.6)**	**171.3**

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

£m	For the three months ended 31 December 2023	For the three months ended 31 December 2022	For the twelve months ended 31 December 2023	For the twelve months ended 31 December 2022
Loss for the period	**(31.0)**	**(52.0)**	**(73.5)**	**(112.6)**
Income tax	(0.5)	(24.9)	(4.1)	(34.0)
Net finance cost	54.9	40.7	164.4	151.3
Operating profit	23.4	(36.3)	86.8	4.7
Depreciation & impairment of PPE	30.3	52.8	118.8	134.6
Amortisation & impairment of intangible assets	4.5	29.9	20.9	45.8
(Profit) / loss on disposal of property, plant & equipment	1.3	0.5	2.2	1.3
Profit on lease modifications	0.2	(1.4)	(0.8)	(1.8)
Exceptional administrative expenses	2.1	(1.3)	3.6	(1.0)
Group Reported EBITDA[1]	**61.8**	**44.2**	**231.5**	**183.5**
Other adjustments[2]	0.9	0.9	3.6	6.3
Share based payment charge[3]	0.0	(0.3)	0.2	0.1
Pre-Opening Costs[4]	1.1	1.6	4.5	4.9
Cash Rent Adjustment[5]	(28.5)	(24.0)	(107.6)	(99.7)
Group Adjusted EBITDA	**35.3**	**22.5**	**132.2**	**95.1**
Head office costs	13.1	19.3	61.3	68.6
Gym Site Adjusted EBITDA	**48.4**	**41.8**	**193.4**	**163.6**
LTM Adjusted EBITDA	132.2	95.1	132.2	95.1
Run-Rate Adjustment[6]	17.8	19.1	17.8	19.1
Group Run-Rate Adjusted EBITDA (LTM)	**150.0**	**114.2**	**150.0**	**114.2**

Notes: (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 & regularly updates forecasts based on current & anticipated performance, taking into account seasonality & location-specific factors.

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, & other 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 at during that period. The average number of members during that period is calculated as the average of the number of members at corporate gyms 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 a post-IFRS 16 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.
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 corporate-owned gyms incurred in that period, & the capital costs of investments in technology in that period.
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.
Maintenance & Refurbishment Capital Expenditures	The total capital expenditure incurred in a period less Expansionary Capital Expenditure incurred in that period.
Mature Gyms	Corporate-owned gyms that have been open for two full financial years or more as at the reporting date

Glossary

Term	Definition
Medium Box Format (MBF)	Medium Box Format (MBF) are gyms that are typically 9,000-12,000 square feet in size.
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. For the purposes of the leverage calculation, SSND uses average rates of exchange for the last 12 month period.
New Gyms	Corporate-owned gyms that have been open for less than two full financial years as at the reporting date.
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 & Refurbishment 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.
Senior Secured Net Leverage	The ratio of Senior Secured Net Debt to Run-Rate Adjusted EBITDA.
ROCE	Return on capital employed, calculated as the Initial Capital Investment attributable to that portfolio of gyms divided by Adjusted EBITDA for the relevant portfolio of gyms for that period.
Run-Rate Adjustment	The adjustment made to both corporate-owned & franchise 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), less cash & cash equivalents. For the purposes of the leverage calculation, SSND uses average rates of exchange for the last 12 month period.
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.