

Pinnacle Bidco PLC

Interim Financial Report for the three months ended 31 March 2024

PUREGYM

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Business Overview

The PureGym Group ("the Group", being Pinnacle Bidco plc and its subsidiaries) is the second largest gym and fitness operator in Europe and has over 600 sites across its corporate owned and franchise operations. The Group provides high quality, low cost, flexible physical fitness facilities with market leading positions across its corporate owned sites in the UK, Denmark and Switzerland – all now operating under the PureGym brand. Alongside these, the Group is rolling out a successful franchise model, working with carefully selected partners who now operate 20 sites in the Middle East and have a strong forward pipeline.

The current macro-economic environment continues to be a challenging time for all, but the business has continued to perform well against this backdrop and has made significant progress against its strategic objectives.

The Group has a robust capital and liquidity position with £118m of cash on the balance sheet which contributes towards £294m of available liquidity at the year end (including the Revolving Credit Facility of £175.5m), as well as a further £32m of cash held by the Group's parent, Pinnacle Topco Limited which is available for use by the Group if required (providing total liquidity of £326m). This, coupled with the strong support of its key shareholders, Leonard Green & Partners LP ("LGP") and Kohlberg Kravis Roberts & Co LP ("KKR"), puts the Group in a good position to fund expansion and investment in its estate whilst taking advantage of market opportunities as they arise.

Strategy and business model

The core vision is to provide members with affordable access to the benefits that activity and exercise can offer. The business does this by focusing investment on what most people want and use in gyms and by using innovative technology that makes the process of being a member and the experience of activity as easy and straightforward as possible. This focus on affordable, flexible, and "value-for-money" membership has fundamentally changed the gym industry over the past few years and opened up increased access to activity, fitness and exercise for hundreds of thousands more people worldwide. We are proud of the environment we have created with our inclusive philosophy and the diversity of our membership across all our gyms.

The Group has a powerful and highly disruptive customer proposition, which is differentiated from traditional gym operators and appeals to a broad range of consumers. The Group's strategy is to occupy market leading positions in the value segment, whilst delivering profitable growth for our stakeholders. Key elements of the proposition include low cost membership fees, no obligation to sign a 'locked in' contract, excellent standards of hygiene and cleanliness and "24x7" access to high quality, well maintained gyms.

United Kingdom

PureGym is the UK's largest private gym operator, both by number of gyms and members. As at 31 March 2024 the Group operated 380 UK gyms (Q1 2023: 346 gyms) with 1,553,000 members (Q1 2023: 1,398,000).

Denmark

Having rebranded from Fitness World in 2023, PureGym is also the leading operator in Denmark, both by number of gyms and members. As at 31 March 2024, with a programme of estate optimisation under way, the Group operated 163 gyms in Denmark (Q1 2023: 168 gyms) with 374,000 members (Q1 2023: 380,000).

Switzerland

As at 31 March 2024, PureGym operated 45 gyms in Switzerland (Q1 2023: 42 gyms) with 87,000 members (Q1 2023: 82,000 members) and is one of the largest operators and the leading high value, low cost operator in the country.

United States of America

The Group opened its first three gyms in the USA during 2022, operating under the Pure Fitness brand. As at 31 March 2024, the Group had 3 gyms and 11,000 members in the USA (Q1 2023: 3 gyms and 10,000).

The Middle East

The Group recently launched a franchise model with the first franchised sites opening in the Kingdom of Saudi Arabia in 2021. Since then, franchise has expanded to a second country with the first 2 sites opening in the United Arab Emirates during the year. As at 31 March 2024, there are 20 franchised gyms in operation (Q1 2023: 13 gyms) with a total of 32,000 members (Q1 2023: 32,000). This model brings the Group's affordable, accessible gym proposition to a number of exciting new markets and provides a platform for expanding the franchise offering to other territories in the future.

Business Overview continued

The proposition is underpinned by the Group's differentiated capital efficient and technology-enabled gym operating model, which enables our gyms to support high levels of membership, operate on low costs, and generate strong unit economics, cash flow conversion, and average return on investment ("ROCE").

Whilst driving the operational and financial performance of our existing gym estate across all our geographies, we will continue to roll out new corporate-owned gyms in the UK and Switzerland in a measured and controlled way, where we can achieve our targeted return on capital, and will continue to progress our estate optimisation programme in Denmark, while exploring franchise opportunities in untapped markets. The PureGym business and brand is now established consistently worldwide, giving a very robust base for further development.

Our ability to deliver on this strategy is underpinned by a strong business model:

- The world's population is more aware than ever of the importance of looking after physical and mental health, avoiding conditions such as obesity and ensuring a good immune system. We therefore believe that there will continue to be attractive and resilient fitness markets with significant growth opportunities in the value segment.
- The merit to consumers of having access to a fully-equipped, conveniently-located, always-open, well-maintained, safe and secure, shared use facility is very considerable and this merit is very hard for most consumers to replicate at home or in any other way.
- Clear benefits from being a diversified, scale operator with sites spread across countries and continents.
- Strong, differentiated customer proposition supported by technology which both improves the effectiveness from a consumer point of view and reduces operating costs.
- Low cost, capital efficient, technology-enabled operating model.
- A strong and experienced leadership team.
- Significant financial capacity to support ongoing expansion and estate rollout.

The fitness market

The Group operates in the value segment of the fitness market, which has grown quickly over the past several years. The expanding footprint of value gyms has increased the availability of fitness facilities to a larger proportion of the population.

The value gym market has demonstrated resilience during periods of economic decline in the past and can also support growth in these conditions as cost-conscious consumers consider alternatives. Whilst it's clear that the current macro-economic environment and cost of living crisis is challenging for consumers and for operators, we firmly believe the long-run outlook for our business remains bright; we have the right business model, operating in the most attractive segment, to be highly successful.



Q1 2024 Financial Review

Presentation of financial information

The Group has prepared consolidated financial statements as of and for the 3 months ended 31 March 2024 in accordance with IAS 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board.

Funding

The Group has £475 million of Senior Secured Notes ("the Sterling Notes") and €380 million of Senior Secured Notes ("the Euro Notes") in issue (together, "the Notes").

The Notes are listed on The International Stock Exchange, for which Pinnacle Bidco plc is the Issuer and certain subsidiaries of the Group are guarantors. Interest on the Sterling Notes accrues at a rate of 10.00% and interest on the Euro Notes accrues at a rate of 8.25%, both payable at half-yearly intervals. The Notes are due to be repaid in full on 11 October 2028.

In addition, the Group has a £175.5 million revolving credit facility (the "RCF") with five international institutions, repayable 11 July 2028. The RCF bears interest at a floating rate derived from SONIA when drawn. Included within the total RCF is a £10 million overdraft facility. As at 31 March 2024, the facility was undrawn.

The Notes were issued at par and the RCF became effective on 11 October 2023.

The RCF is subject to a quarterly financial covenant test whereby if the RCF is greater than 40% drawn, senior secured net debt cannot be greater than 8.8x Run-Rate Adjusted EBITDA.

The RCF provides substantial flexibility and headroom for unforeseen events and puts the Group in a differentiated position relative to many other operators.



Q1 2024 Financial Review (continued)

- Q1 2024 performance was strong & delivered **Adj EBITDA of £36m** (+31% vs Q1 2023)
- Sustained momentum of growth with **RR Adj EBITDA increasing to £159m**
- Performance momentum continues to be supported by growth of base membership & revenues, good cost control & the predictable maturation of new site openings in 2022 & 2023
- Members exceeded 2m for the first time during the quarter and have remained above that level since
- 11 new, high-quality sites opened in the quarter & a very strong pipeline for the future
- Strong YoY growth in EBITDA & margin in Switzerland & Denmark validating the strategy in these geographies
- SS Net Leverage reduced to 4.1x RR Adj EBITDA for Q1 2024 – operating well within our target range
- Overall, a strong start to the year building on the momentum at the end of last year



Q1 2024 Financial Review (continued)

Operating results

£m	For the three months ended 31 March 2024	2023
Revenue	148.2	133.5
Operating expenses (exc. separately disclosed items)	(86.0)	(83.3)
Group Reported EBITDA	**62.2**	**50.2**
Depreciation, amortisation and impairment	(38.0)	(36.2)
Profit on disposal of PPE	0.2	0.1
Profit on lease modifications	-	0.1
Exceptional items	-	(0.6)
Operating profit	**24.3**	**13.5**
Net finance cost	(40.7)	(34.3)
Loss before tax	(16.4)	(20.8)
Income tax credit	1.0	1.0
Loss for the period	**(15.4)**	**(19.8)**

Revenue

Revenue of £148 million grew by 11% (£15m) in Q1 2024 vs Q1 2023. This improvement reflected an 8% increase in members and 1% increase in the average revenue per member. These improvements were achieved through measured price increases in existing gyms and a net increase of 32 corporate-owned gyms in the 12 months to March 2024.

Operating Expenses (exc. separately disclosed items)

Operating expenses of £86 million increased by 4% (£3m) in Q1 2024 vs Q1 2023. This increase is due to the increase in the number of corporate sites year on year (591 in Q1 2024 vs 559 in Q1 2023) offset by a well controlled cost base.

The Group has also incurred some inflationary cost increases, but these have been kept to a minimum with operational efficiencies in staffing, economies of scale in procurement, and carefully timed fixing of energy costs.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment for Q1 2024 was £38 million, an increase of £2 million on Q1 2023. The figure includes £16 million of depreciation of leased property assets which represents part of the Group's P&L rent charge under IFRS 16, with the remaining rent costs recognised within net finance costs (Q1 2023: £15 million).

Exceptional Items

Exceptional items of £1 million in Q1 2023 relate to costs incurred in rebranding of the Danish estate to PureGym. No exceptional costs have been incurred in Q1 2024.

Net finance costs

Net finance costs have increased by £6 million in Q1 2024 versus Q1 2023. This is as a result of increased interest rates on the Group's Euro and GBP denominated Senior Secured Notes after the successful refinancing on 11 October 2023. Interest incurred in Q1 2024 was £19 million (Q1 2023: £13 million).

The group has benefited from a £2 million foreign exchange gain (Q1 2023: £1 million). Foreign exchange movements occur in relation to the Group's Euro-denominated senior secured notes and Danish-Krone denominated intercompany loans. These loan balances act as a partial natural hedge against the value of the Group's non-UK subsidiaries. The Group has also received £2 million of interest income in the period (Q1 2023: £2 million).

Net finance costs also comprise £2 million of amortisation of issuance costs incurred in entering into financing arrangements (Q1 2023: £1 million). A further £13 million relates to costs associated with the Group's property rentals, where a proportion of property rental costs are recorded as interest under IFRS 16 (Q1 2023: £11 million).

Finally, £11 million of finance cost relates to interest accruing on the Group's borrowings from its ultimate parent Pinnacle Topco Limited (Q1 2023: £10 million). These borrowings act as a pass through of equity investments raised by Pinnacle Topco and therefore the interest is not expected to be repaid until at least 2029.

Tax charge

The income tax credit of £1 million is as a result of the unwind of deferred tax balances acquired on acquisition of the PureGym group.

Q1 2024 Financial Review (continued)

Cashflow and Liquidity

£m	For the three months ended 31 March 2024	2023
Net cash generated from operating activities	**48.1**	**17.6**
Net cash used in investing activities	(21.6)	(29.1)
Net cash used in financing activities	(15.6)	(16.4)
Net increase / (decrease) in cash and cash equivalents	**10.9**	**(27.9)**
Cash and cash equivalents on the first day of the period	108.2	204.6
Effect of exchange rates on cash held	(1.0)	0.5
Cash and cash equivalents at end of period	**118.1**	**177.2**
Cash held by Pinnacle Topco	32.0	30.5
Available cash at 31 March	**150.1**	**207.7**
Undrawn RCF Facility (including overdraft)	175.5	145.0
Availably liquidity at 31 March	**325.6**	**352.7**

Net cash generated from operating activities

Net cash generated from operating activities totalled £48 million which represents a £31 million favourable movement on Q1 2023. The increase is primarily driven by the £12 million favourable movement in Group Reported EBITDA and £13 million from movements in working capital.

In addition, there is a £6 million favourable movement in bond interest paid due to the timing of the payments compared to Q1 2023.

Net cash used in investing activities

Net cash used in investing activities of £22 million has decreased by £7 million vs Q1 2023 as a result of timing differences of capital investment across the year compared to 2023.

Net cash used in financing activities

In Q1 2024, net cash used in financing activities of £16 million relates entirely to the capital element of lease payments representing the remaining part of the Group's rent payments under IFRS 16.

Cash and liquidity

As at 31 March 2024 the Group had cash and cash equivalents of £150 million, including £32 million held by parent company, Pinnacle Topco Limited. The Group also has access to undrawn facilities of £175.5 million, giving total liquidity headroom of £326 million (31 March 2023: £353 million).

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New corporate owned sites

Capital expenditure cashflow

The following table shows our cash flows from capital expenditure for the periods indicated. Expansionary Capital Expenditure mainly comprised investment in the 11 new corporate-owned sites opened in the quarter plus additional expenditure on sites due to open in Q2 2024.

£m	For the three months ended 31 March 2024	2023
Expansionary Capital Expenditure	10.8	21.4
Maintenance and Refurbishment Capital Expenditure	11.3	7.9
Total Capital Expenditure Cash Flow	**22.1**	**29.3**

Key Performance Indicators

	For the three months ended 31 March	
	2024	2023
Total number of owned gyms	591	559
Franchised gyms	20	13
Total number of gyms	611	572
Total number of members ('000s)	2,025	1,871
Average number of members ('000s)	1,983	1,812
Average number of members per gym	3,389	3,285
Average revenue per member per month (£)	24.91	24.56
Reported Revenue (£m)	148.2	133.5
Reported EBITDA (£m)	62.2	50.2
Group Adjusted EBITDA (£m)	36.0	27.6
Group Adjusted EBITDA margin	24.3%	20.7%
Gym Site Adjusted EBITDA[1] (£ million)	52.1	44.2
Gym Site Adjusted EBITDA margin	35.2%	33.1%
Group Run-Rate Adjusted EBITDA (£ million)	159.1	120.2
Group Operating Cash Flow (£ million)	30.5	12.5
Group Operating Cash Flow Conversion	84.6%	45.3%
Senior Secured Net Debt[2] (£ million)	652.4	645.2
Senior Secured Net Leverage	4.1x	5.4x
Interest Cover	2.3x	2.3x

Notes: (1) Represents a blended average including all new & immature sites across the group (2) Senior Secured Net Debt at 31 March 2024 includes £32 million (£31 million at 31 March 2023) cash held by parent, Pinnacle Topco Limited.

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

£m	For the three months ended 31 March 2024	2023
Loss for the period	**(15.4)**	**(19.8)**
Income tax	(1.0)	(1.0)
Net finance cost	40.7	34.3
Operating profit	24.3	13.5
Deprecation and impairment of PPE	33.2	30.9
Amortisation and impairment of intangible assets	4.8	5.3
Profit on disposal of property, plant & equipment	(0.2)	(0.1)
Profit on lease modifications	0.1	-
Exceptional administrative items	-	0.6
Group Reported EBITDA [1]	**62.2**	**50.2**
Other adjustments[2]	0.6	1.5
Share based payment charge [3]	0.1	0.1
Pre-opening costs [4]	1.1	1.2
Cash rent adjustment [5]	(28.0)	(25.4)
Adjusted EBITDA	**36.0**	**27.6**
Head office costs	16.1	16.6
Gym Site Adjusted EBITDA	**52.1**	**44.2**
LTM Adjusted EBITDA	140.6	99.0
Run-Rate Adjustment[6]	18.5	21.1
Run-Rate Adjusted EBITDA (LTM)	**159.1**	**120.2**

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.

Disclaimers and Further Information for Noteholders

Further information for noteholders

This report was prepared in accordance with the indentures dated 24 January 2018 and 17 November 2020, among Pinnacle Bidco plc, as issuer, the guarantors named therein, Deutsche Trustee Company Limited, as trustee, Deutsche Bank AG, London Branch, as paying agent and security agent and Deutsche Bank Luxembourg SA as transfer agent and registrar.

This report may include forward-looking statements. All statements other than statements of historical facts included in this report, including those regarding the Group's financial position, business and acquisition strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Many factors could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this report. The Group expressly disclaims any obligations or undertaking, except as required by applicable law and applicable regulations to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Use of non-IFRS financial information

Certain parts of this report contain non-IFRS measures and ratios. We believe that these measures are useful indicators of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. Because all companies do not calculate these measures on a consistent basis, our presentation of these measures may not be comparable to measures under the same or similar names used by other companies. Accordingly, undue reliance should not be placed on these measures in this report. In particular, Adjusted EBITDA and Run Rate Adjusted EBITDA are not measures of our financial performance or liquidity under IFRS and should not be considered as an alternative to (a) net income/(loss) for the period as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under IFRS. We define our non-IFRS measures as set forth in the glossary on page 11.

Risks

The Directors are responsible for the Group's risk management and monitor risks on an on-going basis to ensure these are being appropriately mitigated in line with its risk appetite. The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance over the 2024 financial year remain substantially the same as those stated on pages 17 to 22 of our Annual Report and Accounts for the period ended 31 December 2023, which is available on our website corporate.puregym.com.

Glossary

"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.

Interest Cover
The ratio of Run-Rated Adjusted EBITDA to Pro Forma Net Interest Expense.

"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.

"Medium Box Format (MBF)"
Medium Box Format (MBF) gyms 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 and 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.

Pro Forma Net Interest Expense
The net interest expense for the Group for the LTM period, giving pro forma effect to the interest on the recently refinanced Senior Secured Notes as if they have been in issue for the full LTM period.

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.

Glossary

"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.

Pinnacle Bidco PLC
Condensed Consolidated Interim Financial Statements
for the 3 months ended 31 March 2024

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Condensed Consolidated Statement of Comprehensive Income
for the 3 months ended 31 March 2024

	Note	**3 months ended 31 March 2024 (Unaudited) £m**	3 months ended 31 March 2023 (Unaudited) £m
Revenue	2,3	**148.2**	133.5
Cost of sales		**(4.6)**	(4.6)
Other income		**0.1**	-
Other administrative expenses		**(119.4)**	(114.8)
Exceptional administrative expense	5	**-**	(0.6)
Administrative expenses		**(119.4)**	(115.4)
Operating profit	4	**24.3**	13.5
Finance income	6	**3.8**	2.3
Finance costs	6	**(44.5)**	(36.6)
Loss before income tax		**(16.4)**	(20.8)
Income tax credit	7	**1.0**	1.0
Loss for the period		**(15.4)**	(19.8)
Other comprehensive expense			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences, net of tax		**(4.2)**	(0.4)
Total other comprehensive expense for the period, net of tax		**(4.2)**	(0.4)
Total comprehensive expense for the period		**(19.6)**	(20.2)

Condensed Consolidated Statement of Financial Position
as at 31 March 2024

	Note	**31 March 2024 (Unaudited) £m**	31 December 2023 (Audited) £m
Non-current assets			
Intangible assets	8	**761.1**	770.5
Property, plant and equipment	9	**748.8**	746.8
Deferred tax assets		**66.4**	65.8
Other receivables		**7.1**	7.2
		1,583.4	1,590.3
Current assets			
Inventories		**5.9**	5.1
Trade and other receivables		**35.9**	37.0
Income taxes receivable		**0.3**	0.3
Cash and cash equivalents		**118.1**	108.2
		160.2	150.6
TOTAL ASSETS		**1,743.6**	1,740.9
Current liabilities			
Trade and other payables		**(159.5)**	(146.3)
Lease liabilities		**(71.4)**	(72.3)
Provisions		**(6.4)**	(5.9)
		(237.3)	(224.5)
Non-current liabilities			
Deferred tax liabilities		**(15.2)**	(15.5)
Other liabilities		**(2.1)**	(2.1)
Lease liabilities		**(493.7)**	(490.6)
Borrowings	10	**(1,384.1)**	(1,376.1)
Provisions		**(14.6)**	(16.0)
		(1,909.7)	(1,900.3)
TOTAL LIABILITIES		**(2,147.0)**	(2,124.8)
NET LIABILITIES		**(403.4)**	(383.9)
Equity			
Share capital		**2.8**	2.8
Share premium		**271.2**	271.2
Translation reserve		**7.2**	11.4
Accumulated losses		**(684.6)**	(669.3)
TOTAL EQUITY		**(403.4)**	(383.9)

Condensed Consolidated Cash Flow Statement

for the 3 months ended 31 March 2024

	Note	**3 months ended 31 March 2024 (Unaudited) £m**	3 months ended 31 March 2023 (Unaudited) £m
Cash flows from operating activities			
Cash generated from operations	13	**67.9**	43.1
Exceptional expenses paid		**-**	(0.6)
Bank interest and similar charges paid		**(0.8)**	(0.5)
Bank interest received		**1.9**	1.7
Senior secured notes interest paid		**(8.1)**	(13.7)
Interest element of lease liability payments		**(12.8)**	(12.2)
Corporation tax paid		**-**	(0.2)
Net cash generated from operating activities		**48.1**	17.6
Cash flows from investing activities			
Purchase of property, plant & equipment		**(20.3)**	(26.7)
Purchase of intangible assets		**(1.8)**	(2.5)
Proceeds from disposals of property, plant and equipment		**0.5**	0.1
Net cash used in investing activities		**(21.6)**	(29.1)
Cash flows from financing activities			
Capital element of lease liability payments		**(15.6)**	(16.4)
Net cash used in financing activities		**(15.6)**	(16.4)
Net increase / (decrease) in cash and cash equivalents		**10.9**	(27.9)
Cash and cash equivalents at beginning of the period		**108.2**	204.6
Effect of exchange changes on cash held		**(1.0)**	0.5
Cash and cash equivalents at end of period		**118.1**	177.2

Condensed Consolidated Statement of Changes in Equity

for the 3 months ended 31 March 2024

	Share capital £m	Share premium £m	Translation reserve £m	Accumulated losses £m	Total Equity £m
Balance as at 1 January 2023 (Audited)	2.8	271.2	7.4	(596.2)	(314.8)
Loss for the period	-	-	-	(19.8)	(19.8)
Other comprehensive expense for the period	-	-	(0.4)	-	(0.4)
Total comprehensive expense for the period	**-**	**-**	**(0.4)**	**(19.8)**	**(20.2)**
Credit to equity for equity settled share-based payments	-	-	-	0.1	0.1
Balance as at 31 March 2023	**2.8**	**271.2**	**7.0**	**(615.9)**	**(334.9)**
Balance as at 1 January 2024 (Audited)	2.8	271.2	11.4	(669.3)	(383.9)
Loss for the period	-	-	-	**(15.4)**	**(15.4)**
Other comprehensive expense for the period	-	-	**(4.2)**	-	**(4.2)**
Total comprehensive expense for the period	**-**	**-**	**(4.2)**	**(15.4)**	**(19.6)**
Credit to equity for equity settled share-based payments	-	-	-	**0.1**	**0.1**
Balance as at 31 March 2024	**2.8**	**271.2**	**7.2**	**(684.6)**	**(403.4)**

All balances presented above are unaudited unless stated otherwise.

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

The principal activity of the Group during the period was the provision of facilities for physical fitness and is expected to remain so for the foreseeable future. Pinnacle Bidco plc ("the Company") is limited by shares and is registered, incorporated and domiciled in England, United Kingdom. The address of the Company's registered office is C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, United Kingdom. The condensed financial statements are unaudited and were approved by the Board of Directors on 15 May 2024.

This financial information for the 3 months ended 31 March 2024, including comparative financial information for the 3 months ended 31 March 2023, has been prepared on the basis of the accounting policies set out in the last annual report and accounts and in accordance with UK adopted IAS 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board. This report does not include all the notes of the type normally included in an annual financial report and accordingly should be read in conjunction with the annual report for the year ended 31 December 2023.

In preparing the condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 31 December 2023.

Going concern assumption

In preparing these financial statements, the Directors have carefully evaluated the Going Concern basis of preparation. The Group meets its day to day working capital requirements, capital expenditure and funding of new sites through its cash reserves and credit facilities, being a revolving credit facility ("RCF") of £175.5 million which includes an overdraft of £10 million. The Group's cash reserves at 31 March 2024 totalled £118 million, and it has an additional £32 million of cash available in its parent company, Pinnacle Topco Limited. Combining these with the available RCF gives total available liquidity for the Group at 31 March 2024 of £326 million.

The Group's RCF is subject to a covenant of a maximum leverage ratio of 8.8x, which is tested when the RCF is greater than 40% drawn. The Group is not expected to breach its covenants.

The Group's forecasts and projections taking account of reasonably possible changes in trading performance, showed that the Group should be able to operate within its existing facilities. Based on this review, the Directors have concluded that the Group has adequate resources to continue to remain a going concern for the foreseeable future and have therefore adopted the going concern basis in preparing its financial statements.

Information extracted from 2023 Annual Report

The financial figures for the year ended 31 December 2023, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 31 December 2023 were prepared under IFRS and have been delivered to the Registrar of Companies. They are available to download from corporate.puregym.com. The audit report was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

2 Operating segments

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker, identified as the Group's Group Management Board. The Group Management Board primarily consider the business from a geographical perspective, by country of operation. The Group's operations consist solely of the provision of high quality health and fitness facilities and associated services and consequently, it is not necessary to segregate operating segments by service or product. The Group Management Board use the measures of Revenue and Adjusted EBITDA as key performance indicators in assessing the performance of the operating segments. A definition of Adjusted EBITDA is included below. The Group's material reportable segments as at 31 March 2024, are the United Kingdom, Denmark and Switzerland. The results from other segments in which the Group operates (US and Franchising) are included in "All other segments", as they are deemed to be individually immaterial.

Segmental information presented to the Executive Management Team for the 3 months ended 31 March 2024 is presented in the below tables, alongside comparative information:

	3 months ended 31 March 2024 (Unaudited)				
	United Kingdom £m	**Denmark £m**	**Switzerland £m**	**All other segments £m**	**Total £m**
Revenue	**100.8**	**35.5**	**10.7**	**1.2**	**148.2**
Adjusted EBITDA	**29.1**	**6.1**	**1.0**	**(0.2)**	**36.0**

	3 months ended 31 March 2023 (Unaudited)				
	United Kingdom £m	Denmark £m	Switzerland £m	All other segments £m	Total £m
Revenue	86.7	36.7	9.2	0.9	133.5
Adjusted EBITDA	22.9	4.8	0.3	(0.4)	27.6

All operating segments derive revenue from all of the services and products included within note 3. All revenue included in the table above derives from external customers.

Adjusted EBITDA is a non-IFRS measure derived by adjusting operating profit for depreciation, amortisation, profit/loss on disposal of property, plant and equipment, profit/loss on lease modifications, impairment of property, plant and equipment, exceptional costs, share based payment charges, pre-opening costs, other adjustments and the cash rent adjustment.

The cash rent adjustment includes an add back of any property rent related expenses charged in the statement of comprehensive income and a deduction of contractual property rent payments due in the period (whether or not paid in cash in the period).

The Adjusted EBITDA KPI is typically used within the industry as it is more effective than operating profit in representing the performance of the business and, as such, is a key focus of our stakeholders, including our investors, our bondholders and our banking partners. A reconciliation from operating profit to Adjusted EBITDA is included in note 4.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

3 Revenue

Revenue is analysed below segregated by service or product.

	3 months ended 31 March 2024 (Unaudited) £m	3 months ended 31 March 2023 (Unaudited) £m
Member income	**133.5**	119.0
Vending and consumables income	**6.3**	6.7
Other revenue	**8.4**	7.8
	148.2	133.5

The Group experiences a small degree of seasonality. The majority of members join in January, February and March, and joiner rates also increase in September and October. Seasonality is generally positively driven by consumers' desire to improve their fitness at the start of the year and the start of new university and school terms and is negatively driven by Christmas and summer holidays. Marketing expenditure is generally focused around peak joining periods, particularly the January/February period.

4 Operating profit

A reconciliation from operating profit to EBITDA and Adjusted EBITDA is as follows:

	3 months ended 31 March 2024 (Unaudited) £m	3 months ended 31 March 2023 (Unaudited) £m
Operating profit	**24.3**	13.5
Depreciation (note 9)	**33.2**	30.9
Amortisation (note 8)	**4.8**	5.3
Profit on disposal of property, plant and equipment	**(0.2)**	(0.1)
Loss on lease modifications	**0.1**	-
Exceptional expense (note 5)	**-**	0.6
Group EBITDA	**62.2**	50.2
Other adjustments	**0.6**	1.5
Share based payment charge	**0.1**	0.1
Pre-opening costs	**1.1**	1.2
Cash rent adjustment	**(28.0)**	(25.4)
Adjusted EBITDA	**36.0**	27.6

Notes to the Condensed Consolidated Interim Financial Statements (continued)

5 Exceptional administrative expense

Items that are material either because of their size or their nature, and that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. These items are analysed further below:

	3 months ended 31 March 2024 (Unaudited) £m	3 months ended 31 March 2023 (Unaudited) £m
Costs relating to the rebrand of the Danish business to PureGym	**-**	0.6
Exceptional administrative expense	**-**	0.6

6 Finance income and costs

	3 months ended 31 March 2024 (Unaudited) £m	3 months ended 31 March 2023 (Unaudited) £m
Bank interest received	**1.9**	1.7
Foreign exchange gain	**1.9**	0.6
Total finance income	**3.8**	2.3
Interest on bank loans and overdrafts	**0.1**	0.2
Interest payable on lease liabilities	**12.7**	11.3
Commitment fees	**0.5**	0.4
Unwind of discount on provisions	**0.1**	-
Amortisation of capitalised finance costs	**1.9**	1.0
Unwind of discount on issue of the Senior Secured Notes	**-**	1.1
Interest on the Senior Secured Notes	**18.6**	12.8
Interest payable to group undertakings	**10.6**	9.8
Foreign exchange loss	**-**	-
Total finance costs	**44.5**	36.6

Notes to the Condensed Consolidated Interim Financial Statements (continued)

7 Income tax

	3 months ended 31 March 2024 (Unaudited) £m	3 months ended 31 March 2023 (Unaudited) £m
Deferred tax:		
- Origination and reversal of temporary differences	**(1.0)**	(1.0)
Total deferred tax credit	**(1.0)**	(1.0)
Total tax credit on loss after tax	**(1.0)**	(1.0)

8 Intangible assets

	Goodwill £m	Brands £m	Customer Relationships £m	Development Projects in Progress £m	Software £m	Total £m
Cost						
1 January 2024	715.3	92.0	77.4	7.7	32.7	925.1
Additions	-	-	-	1.8	0.1	1.9
Transfers	-	-	-	(0.1)	0.1	-
Foreign exchange differences	(6.7)	(0.7)	(1.6)	-	(0.3)	(9.3)
31 March 2024	708.6	91.3	75.8	9.4	32.6	917.7
Accumulated amortisation						
1 January 2024	13.6	51.2	63.6	-	26.2	154.6
Charge for the period	-	0.7	3.4	-	0.7	4.8
Foreign exchange differences	(0.5)	(0.7)	(1.3)	-	(0.3)	(2.8)
31 March 2024	13.1	51.2	65.7	-	26.4	156.6
Net book value						
1 January 2024	701.7	40.8	13.8	7.7	6.5	770.5
31 March 2024	**695.5**	**40.1**	**10.1**	**9.4**	**6.0**	**761.1**

Notes to the Condensed Consolidated Interim Financial Statements (continued)

8 Intangible assets (continued)

	Goodwill £m	Brands £m	Customer Relationships £m	Development Projects in Progress £m	Software £m	Total £m
Cost						
1 January 2023	717.0	92.5	78.1	6.3	24.0	917.9
Additions	-	-	-	7.4	2.8	10.2
Transfers	-	-	-	(6.0)	6.0	-
Foreign exchange differences	(1.7)	(0.5)	(0.7)	-	(0.1)	(3.0)
31 December 2023	715.3	92.0	77.4	7.7	32.7	925.1
Accumulated amortisation						
1 January 2023	13.5	48.8	50.1	-	22.2	134.6
Charge for the year	-	2.9	13.8	-	4.2	20.9
Foreign exchange differences	0.1	(0.5)	(0.3)	-	(0.2)	(0.9)
31 December 2023	13.6	51.2	63.6	-	26.2	154.6
Net book value						
1 January 2023	703.5	43.7	28.0	6.3	1.8	783.3
31 December 2023	**701.7**	**40.8**	**13.8**	**7.7**	**6.5**	**770.5**

Brands represents the PureGym brand acquired as part of a business combination and valued at fair value at the date of acquisition. Development Projects in Progress and Software consist of capitalised development costs, being an internally generated intangible asset.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

9 Property, plant and equipment

	Right of use assets £m	Leasehold costs £m	Leasehold improvements £m	Assets under construction £m	Fixtures& fittings £m	IT equipment £m	Total £m
Cost							
1 January 2024	703.5	19.8	339.4	6.4	164.4	11.3	1,244.8
Additions	21.9	0.3	1.4	7.8	7.8	0.6	39.8
Disposals	(0.7)	(0.2)	(0.7)	(0.2)	(0.1)	-	(1.9)
Transfers	-	0.4	2.1	(4.6)	2.3	(0.2)	-
Foreign exchange differences	(6.2)	-	(0.6)	-	(1.8)	(0.3)	(8.9)
31 March 2024	**718.5**	**20.3**	**341.6**	**9.4**	**172.6**	**11.4**	**1,273.8**
Accumulated depreciation							
1 January 2024	286.6	5.2	121.0	-	77.9	7.3	498.0
Charge for the period	16.5	0.6	7.0	-	8.5	0.6	33.2
Disposals	(0.6)	(0.2)	(0.7)	-	-	(0.2)	(1.7)
Foreign exchange differences	(3.0)	-	(0.4)	-	(0.8)	(0.3)	(4.5)
31 March 2024	**299.5**	**5.6**	**126.9**	**-**	**85.6**	**7.4**	**525.0**
Net book value							
1 January 2024	416.9	14.6	218.4	6.4	86.5	4.0	746.8
31 March 2024	**419.0**	**14.7**	**214.7**	**9.4**	**87.0**	**4.0**	**748.8**

Notes to the Condensed Consolidated Interim Financial Statements (continued)

9 Property, plant and equipment (continued)

	Right of use assets	Leasehold costs	Leasehold improv-ements	Assets under construction	Fixtures & fittings	IT equipment	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
1 January 2023	616.2	17.6	304.0	8.3	137.3	8.7	1,092.1
Additions	105.7	0.5	31.8	21.4	31.8	3.0	194.2
Transfers	(6.1)	2.0	16.4	(23.0)	10.6	0.1	-
Disposals	(9.2)	(0.1)	(12.1)	(0.3)	(16.0)	(0.6)	(38.3)
Foreign exchange differences	(3.1)	(0.2)	(0.7)	-	0.7	0.1	(3.2)
31 December 2023	**703.5**	**19.8**	**339.4**	**6.4**	**164.4**	**11.3**	**1,244.8**
Accumulated depreciation							
1 January 2023	233.1	4.1	101.4	-	66.8	5.7	411.1
Transfers	(2.8)	-	-	-	2.8	-	-
Charge for the year	63.4	1.1	25.5	-	21.6	2.1	113.7
Impairment	0.5	0.1	3.4	-	1.1	-	5.1
Disposals	(6.3)	(0.1)	(9.2)	-	(14.8)	(0.6)	(31.0)
Foreign exchange differences	(1.3)	-	(0.1)	-	0.4	0.1	(0.9)
31 December 2023	**286.6**	**5.2**	**121.0**	**-**	**77.9**	**7.3**	**498.0**
Net book value							
1 January 2023	383.1	13.5	202.6	8.3	70.5	3.0	681.0
31 December 2023	**416.9**	**14.6**	**218.4**	**6.4**	**86.5**	**4.0**	**746.8**

Notes to the Condensed Consolidated Interim Financial Statements (continued)

10 Borrowings

Non-current

	31 March 2024 (Unaudited) £m	31 December 2023 (Audited) £m
£475m 10.000% Senior Secured Notes	**475.0**	475.0
€380m 8.250% Senior Secured Notes	**325.1**	329.6
Unamortised transaction costs	**(11.2)**	(13.1)
Senior secured notes held at amortised cost	**788.9**	791.5
Amounts owed to Group undertakings	**595.2**	584.6
	1,384.1	1,376.1

Amounts owed to Group undertakings relate to the parent company, Pinnacle Midco 2 Limited. Of the amounts owed to Group undertakings, £477.9m (2023: £468.6m) accrue interest at 8% and £117.3m (2023: £116.0m) accrue interest at 4.375%.

Financing

The Company currently has £475 million of Senior Secured Notes ("the Sterling Notes") and €380 million of Senior Secured Notes ("the Euro Notes") in issue (together, "the Notes").

The Notes are listed on The International Stock Exchange, for which the Company is the Issuer and certain subsidiaries of the Company are guarantors. Interest on the Sterling Notes accrues at a rate of 10.00% and interest on the Euro Notes accrues at a rate of 8.25%, both payable at half-yearly intervals. The Notes are due to be repaid in full on 11 October 2028.

In addition, the Company has a £175.5 million revolving credit facility (the "RCF") with five international institutions, repayable 11 July 2028. The RCF bears interest at a floating rate derived from SONIA when drawn. Included within the total RCF is a £10 million overdraft facility. As at 31 March 2024 and 31 December 2023, the facility was undrawn.

The Notes and the RCF were issued on 11 October 2023 (the "Refinancing"), replacing the pre-existing £430 million and €490 million of Senior Secured Notes ("the Previous Notes") and £145 million revolving credit facility (the "Previous RCF"). The Previous RCF was undrawn throughout 2023. As part of the Refinancing, the Group paid down £50 million equivalent of the Previous Notes using cash on balance sheet.

The RCF is subject to a financial covenant, tested quarterly, of a minimum senior secured net leverage of 8.8x, when drawdown of the RCF is greater than 40%. The Previous RCF was subject to a £30 million quarterly minimum liquidity test. The Group has been in compliance with all relevant covenants and tests during the current period and previous financial year.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

11 Financial instruments

	31 March 2024 (Unaudited) £m	31 December 2023 (Audited) £m
Financial assets measured at amortised cost		
Cash and cash equivalents	**118.1**	108.2
Trade receivables	**9.8**	8.3
Other debtors (current and non-current)	**17.9**	15.8
Amounts owed by Group undertakings	**1.2**	1.2
	147.0	133.5
Financial liabilities measured at amortised cost		
Trade creditors	**29.2**	26.6
Other liabilities (current and non-current)	**4.7**	3.7
Accrued expenses	**57.5**	59.2
Interest and commitment fee accruals	**27.6**	17.3
Amounts owed to Group undertakings	**595.2**	584.6
Senior secured notes	**800.1**	804.6
	1,514.3	1,496.0

Fair value hierarchy

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:

- Level 1: inputs are quoted prices in active markets;
- Level 2: a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets; and
- Level 3: a valuation using unobservable inputs i.e. a valuation technique. There are no Level 3 valuations.

Set out below is a comparison of carrying amounts and fair values of all the financial instruments as carried in the financial statements, other than finance leases, lease liabilities and those for which the fair value approximates closely with their carrying value. The fair value of senior secured notes is taken from the quoted market price. This is a Level 1 valuation. The fair value of all other borrowings is calculated by discounting the future cash flows at prevailing market interest rates, categorised as a Level 2 valuation. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 March 2024.

There were no transfers between levels throughout the period under review.

	Carrying Value		**Fair Value**	
	31 March 2024 (Unaudited) £m	31 December 2023 (Audited) £m	**31 March 2024 (Unaudited) £m**	31 December 2023 (Audited) £m
Financial liabilities				
€380m 8.250% Senior Secured Notes	**325.1**	329.6	**339.0**	342.5
£475m 10.000% Senior Secured Notes	**475.0**	475.0	**493.4**	491.6

Notes to the Condensed Consolidated Interim Financial Statements (continued)

12 Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments: liquidity risk, credit risk, and market risk arising from interest rate risk.

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and procedures for measuring and managing risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The key market risks affecting the Group are interest rate risk and foreign exchange rate risk. Financial instruments affected by market risk include certain borrowings and deposits. Financial instruments affected by exchange rate risk include the Euro Notes. At 31 March 2024, the €380.0m Euro Notes had a carrying amount of £325.1m based on an exchange rate of 0.855.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. During the period, the Group's exposure to the risk of changes in market interest rates related primarily to the Group's bank borrowings with floating interest rates.

As at 31 March 2024 and 31 December 2023, the Group had 100% of its borrowings in fixed rate instruments by way of senior secured loan notes, amounts owed to group undertakings and lease liabilities. The Group has access to a £175.5m revolving credit facility with floating interest rates but was not drawn down on this facility at the end of the period.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and operational liabilities and by maintaining adequate cash reserves.

The table below summaries the maturity profile of the Group's financial liabilities and includes contractual future interest payments:

	31 March 2024 (Unaudited)				
	Within 1 year £m	**Between 1-5 years £m**	**More than 5 years £m**	**Total contractual cash flows £m**	**Carrying amount £m**
Trade and other payables	116.9	2.1	-	**119.0**	**119.0**
Lease liabilities	109.2	367.9	360.5	**837.6**	**565.1**
Borrowings	47.3	1,086.5	863.1	**1,996.9**	**1,395.3**
Total financial liabilities	**273.4**	**1,456.5**	**1,223.6**	**2,953.5**	**2,079.4**

Notes to the Condensed Consolidated Interim Financial Statements (continued)

12 Financial risk management objectives and policies (continued)

	31 December 2023 (Audited)				
	Within 1 year £m	Between 1-5 years £m	More than 5 years £m	Total contractual cash flows £m	Carrying amount £m
Trade and other payables	104.7	2.1	-	**106.8**	**106.8**
Lease liabilities	113.7	369.6	359.6	**842.9**	**562.9**
Borrowings	58.1	1,106.1	801.9	**1,966.1**	**1,389.2**
Total financial liabilities	**276.5**	**1,477.8**	**1,161.5**	**2,915.8**	**2,058.9**

Credit risk

The Group's principal financial assets are bank balances and cash, and trade receivables. The Group's credit risk is minimised due to exposure being spread over a large number of customers who generally pay by direct debit in advance. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

13 Reconciliation of loss before tax to cash generated from operations

	3 months ended 31 March 2024 (Unaudited) £m	3 months ended 31 March 2023 (Unaudited) £m
Loss before income tax	**(16.4)**	(20.8)
Adjustments for:		
Net finance cost	**40.7**	34.3
Depreciation	**33.2**	30.9
Amortisation	**4.8**	5.3
Share based payments	**0.1**	0.1
Profit on disposal of property, plant and equipment	**(0.2)**	(0.1)
Loss on lease modifications	**0.1**	-
Exceptional expense	**-**	0.6
Changes in working capital		
Inventories	**(0.9)**	(0.8)
Trade and other receivables	**0.2**	(3.7)
Trade and other payables	**5.4**	(2.3)
Provisions	**0.9**	(0.4)
Cash generated from operations	**67.9**	43.1

Notes to the Condensed Consolidated Interim Financial Statements (continued)

14 Changes in liabilities arising from financing activities

	Lease liabilities £m	Borrowings £m	Total £m
Liabilities arising from financing activities at 1 January 2024	**562.9**	**1,389.2**	**1,952.1**
Financing cash flows	(13.8)	-	**(13.8)**
New leases and lease modifications	21.9	-	**21.9**
Foreign exchange adjustments	(4.0)	(4.5)	**(8.5)**
Interest expense	12.7	10.6	**23.3**
Interest payments (presented as operating cash flows)	(14.6)	-	**(14.6)**
Liabilities arising from financing activities at 31 March 2024	**565.1**	**1,395.3**	**1,960.4**

	Lease liabilities £m	Borrowings £m	Total £m
Liabilities arising from financing activities at 1 January 2023	**529.6**	**1,397.3**	**1,926.9**
Financing cash flows	(16.4)	-	**(16.4)**
New leases and lease modifications	17.0	-	**17.0**
Foreign exchange adjustments	(1.6)	(2.8)	**(4.4)**
Interest expense	11.3	10.9	**22.2**
Interest payments (presented as operating cash flows)	(12.2)	-	**(12.2)**
Liabilities arising from financing activities at 31 March 2023	**527.7**	**1,405.4**	**1,933.1**



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