

Investor Presentation

Results for the quarter ended 30 June 2024

29 August 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

Key steps to further strengthen business leadership & the Board

- Humphrey Cobbold to transition to the role of Chairman in November 2024
- Clive Chesser appointed as CEO of the PureGym Group effective November 2024
- Rebecca Passmore (COO) to take a seat on the Pinnacle Board alongside Humphrey, Clive & Alex Wood (CFO)

Financial results

- Q2 2024 performance was strong & delivered **Adj EBITDA of £41m** (+£5m vs Q2 2023)
- Reliable, ongoing growth with **RR Adj EBITDA increasing to £164m** (+£36m vs prior year)
- In the UK, continued steady business progress – 9 new sites in the quarter making 20 in the first half with a further 20-25 sites expected for H2
- In Switzerland & Denmark, our strategy is validated by strong YoY growth in EBITDA & margin in these geographies
- SS Net Leverage maintained at 4.1x RR Adj EBITDA for Q2 2024
- Overall, a solid & well controlled first half of the year, building on the momentum at the end of last year





Update on additions to the board

Delighted to welcome Clive Chesser & Rebecca Passmore to the Pinnacle board

Update on additions to the board

Clive Chesser to join as CEO bringing a wealth of experience in multi-site hospitality, international development & franchising & Rebecca Passmore to step up to the Pinnacle Board



Clive Chesser appointed as CEO for the group from November 2024

- Exemplary credentials in multi-site leisure, hospitality, international development & franchising including Greene King, Enterprise Inns, SSP & Häagen-Dazs
- Currently CEO of Punch Taverns for six years, Clive will join after a rigorous search process that commenced in 2023
- A seasoned executive & leader within the private equity arena
- Clive has made a material personal investment in PureGym & will be a significant holder of management equity



Humphrey Cobbold to transition to the role of Chairman in November 2024

- Will continue to be a key part of the business/board & will not be seeking an executive/fulltime role elsewhere
- Will remain closely involved with the business (with a particular focus on capital expenditure decision making)
- Business will retain Humphrey's invaluable experience, deep industry expertise & extensive network of contacts
- Humphrey will remain the largest individual investor in the equity of the PureGym business



Rebecca Passmore (COO) to take a seat on the main Pinnacle board with immediate effect

- An outstanding track record of achievement & progression at PureGym over the past 7 years
- In her role as COO, Rebecca now leads the group's operations in the UK, Denmark & Switzerland
- Over 20 years experience in multi-site retail & operations including Aldi, Asda-Walmart, TK Maxx & Wickes UK



Financial results

A very solid quarter demonstrating EBITDA growth across all geographies

Q2 2024 highlights

Reliable, ongoing growth of RR Adj EBITDA to £164m by the end of Q2 2024

£164m
RR Adj EBITDA[1]

£41m
Adj EBITDA in Q2
(+15% YoY)

37%
ROCE[2]

+10%
Revenue growth
vs Q2 2023

+6%
Member growth
vs Q2 2023
(incl. 7 site closures in DK)

+2%
ARPM growth
vs Q2 2023

+9
New sites
(total of 20 new sites in half)

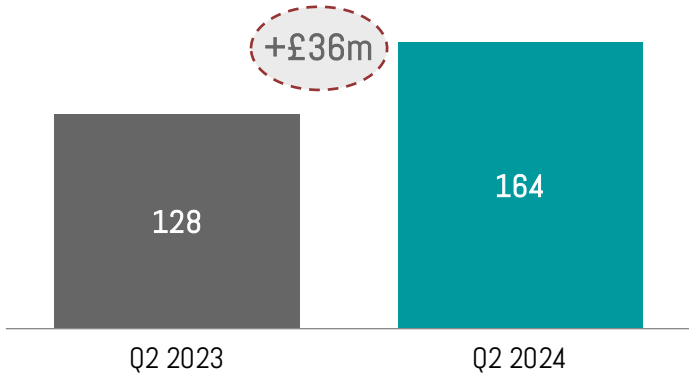
616
Total open
sites[3]

Notes: (1) For the 12 months ended 30 June 2024. (2) Represents UK gyms opened in 2017 & prior. Newer sites are delivering ahead of this at 41%. Calculated using Adjusted EBITDA. (3) Gyms in estate includes 596 corporate-owned & 20 franchise gyms in the Middle East.

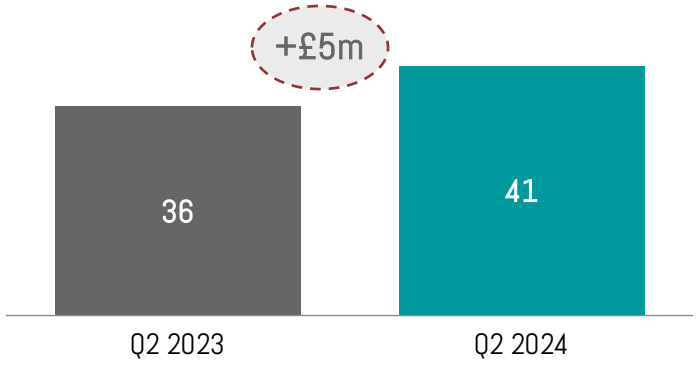
Q2 2024 financial results vs Q2 2023 (1/2)

£41m of Adj EBITDA delivered in Q2 2024, with growth across all geographies

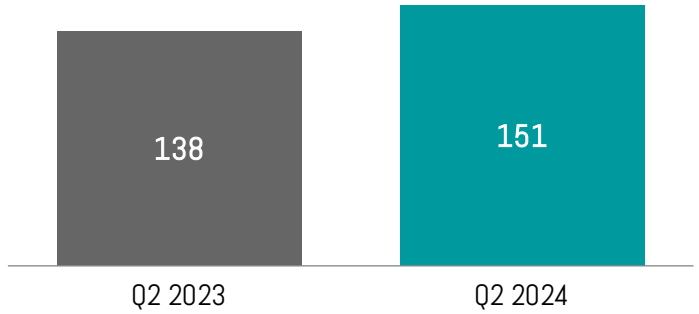
Run-Rate Adj EBITDA (£m)



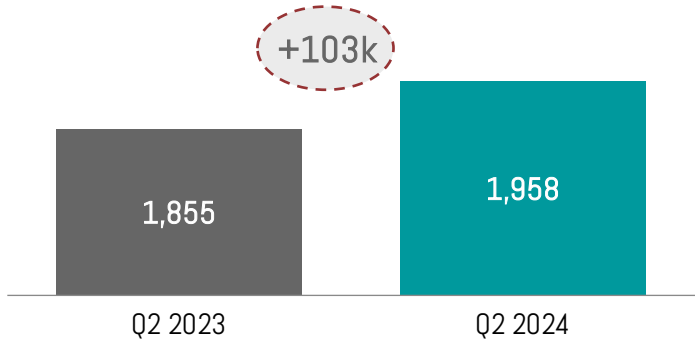
Adj EBITDA (£m)



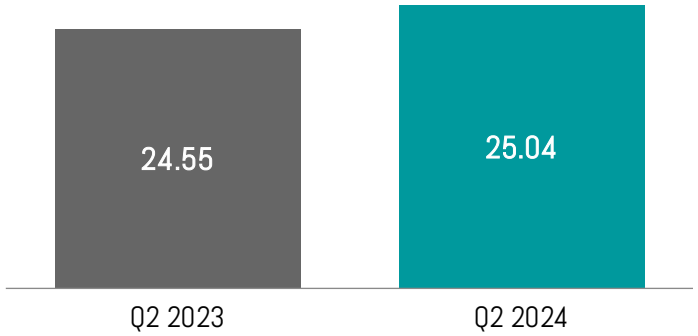
Revenue (£m)



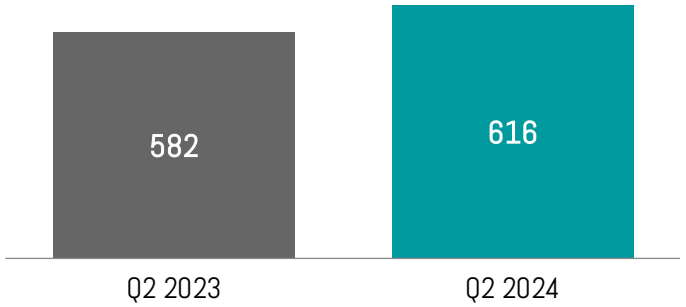
Closing members (k)



ARPM (£)



Gyms in estate[1]

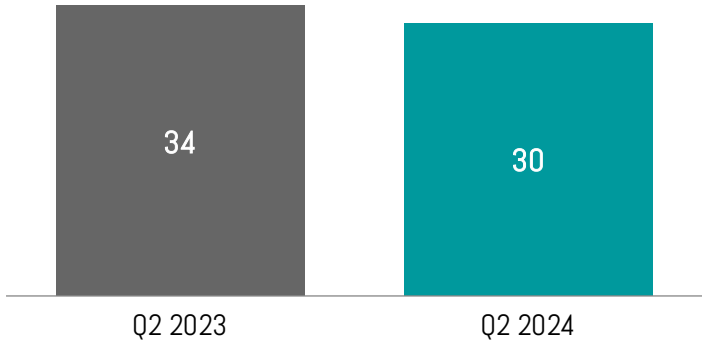


Notes: (1) Q2 2024 Gyms in estate includes 596 corporate-owned & 20 franchise gyms in the Middle East. Q2 2023 Gyms in estate includes 566 corporate-owned & 16 franchise gyms in the Middle East.

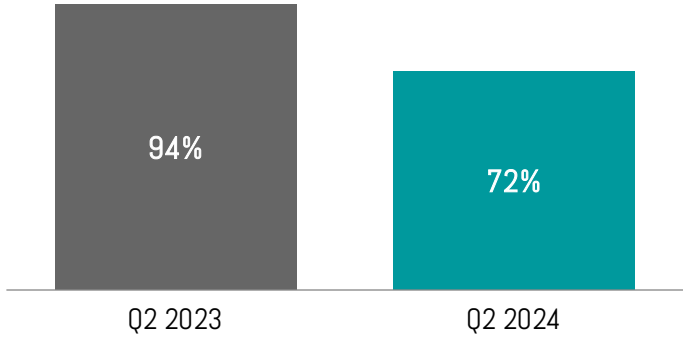
Q2 2024 financial results vs Q2 2023 (2/2)

Leverage remains at 4.1x RR Adj EBITDA as cash is carefully invested into new high quality sites

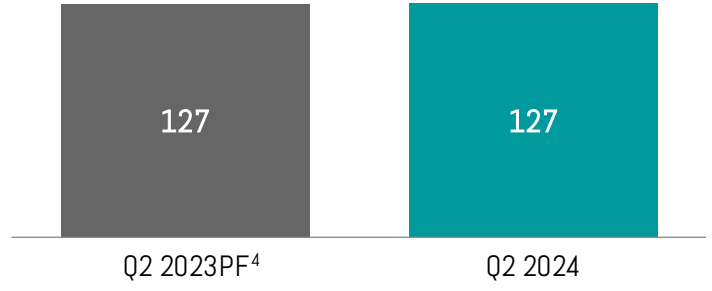
Operating Cash Flow[1] (£m)



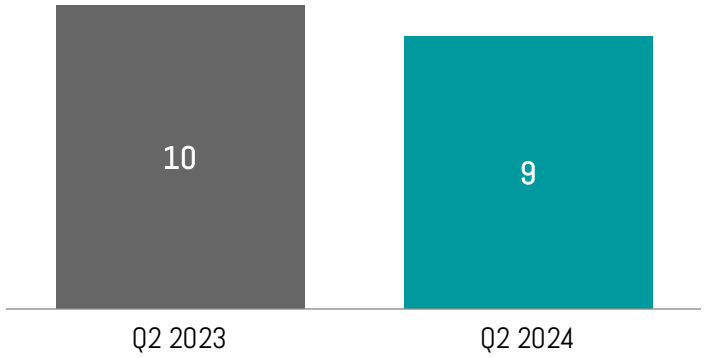
Operating Cash Flow Conversion



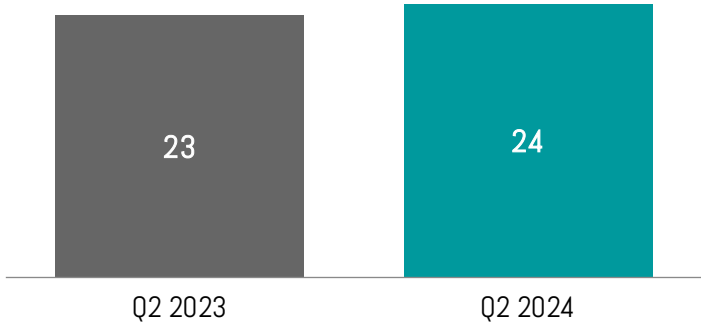
Cash[3] (£m)



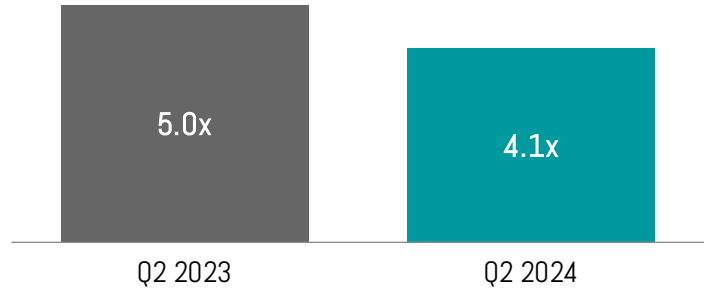
New sites opened[2]



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) Q2 2023 new sites includes 7 corporate-owned sites & 3 franchise gyms in the Middle East. Q2 2024 new sites are all corporate-owned. (3) Q2 2023 includes £31 million & Q2 2024 includes £32 million cash held by parent, Pinnacle Topco Limited. (4) Q2 2023 cash is presented pro forma for the October 2023 refinancing which utilised £84m cash. Actual Q2 2023 cash was £211m. (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 & very well controlled in an inflationary environment (Q2 2023: £1.2m)[1]
- 9 new corporate owned site openings in Q2 2024
- 23 kit drops completed in Denmark in Q2 2024 as part of Danish estate reinvestment plan
- Sophisticated maintenance & refurbishment programme - investing to ensure a high quality estate while still optimising return on capital

£m	Q2 2024	Q2 2023
New site capital expenditure[1]	7	13
Danish estate investment	6	-
IT development capital expenditure	2	3
Expansionary capital expenditure	**15**	**16**
Maintenance & refurb capital expenditure	9	7
Total capital expenditure	**24**	**23**
Expansionary capex working capital movement	9	(1)
Maintenance & refurb capex working capital movement	(4)	-
Total capital expenditure cash flow	**29**	**22**



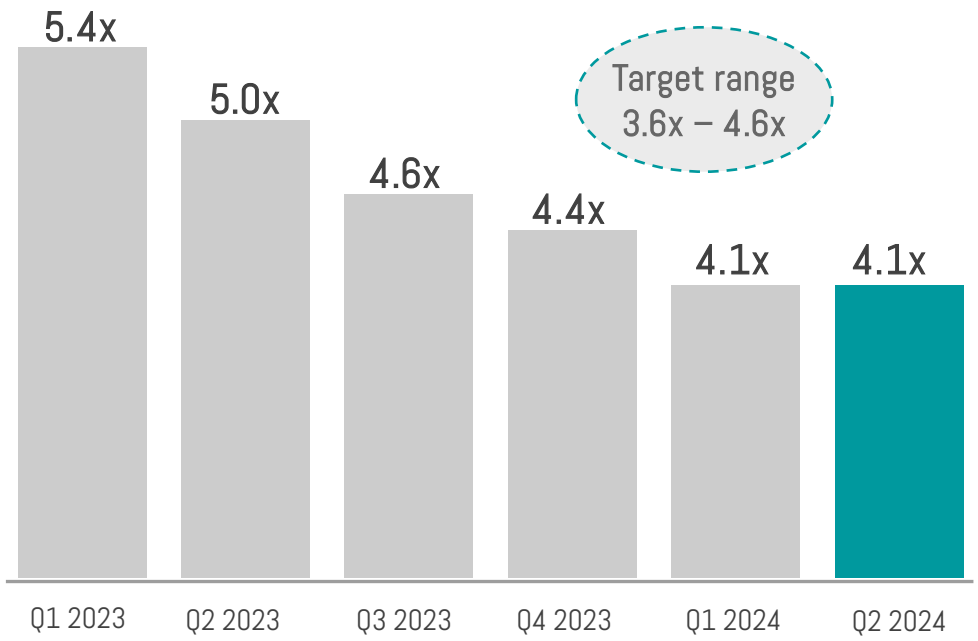
Notes: (1) Reported new site capex in the period may not directly correspond to the number of new sites opened in the period due to construction works spanning multiple periods.

Q2 Leverage at 4.1x RR Adj EBITDA

Leverage maintained well within our target range

Senior Secured Net Leverage

RR Adj EBITDA	£128m	£139m	£150m	£159m	£164m
SS Net Debt[1]	£644m	£643m	£666m	£652m	£674m



Net Debt & Interest Cover

As at 30 June 2024	£m
Cash[2]	127
Senior Secured GBP Notes	(475)
Senior Secured EUR Notes	(326)
Senior Secured Net Debt	**(674)**
Non-property leases/other	(2)
Net Debt	(676)
Q2 2024 RR Adj EBITDA	164
Actual SS Net Leverage	*4.1x*
Pro Forma Net Interest Expense[3]	*71*
Interest Cover	*2.3x*

Notes: (1) Includes £32m held by parent company, Pinnacle Topco Limited at 30 June 2024 & £31m at 31 March, 30 June & 30 September 2023. (2) £127m cash includes non-Sterling balances translated at average exchange rates for the LTM period, in line with banking document definitions. This is equivalent to £127m 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. (3) 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.



Closing perspectives

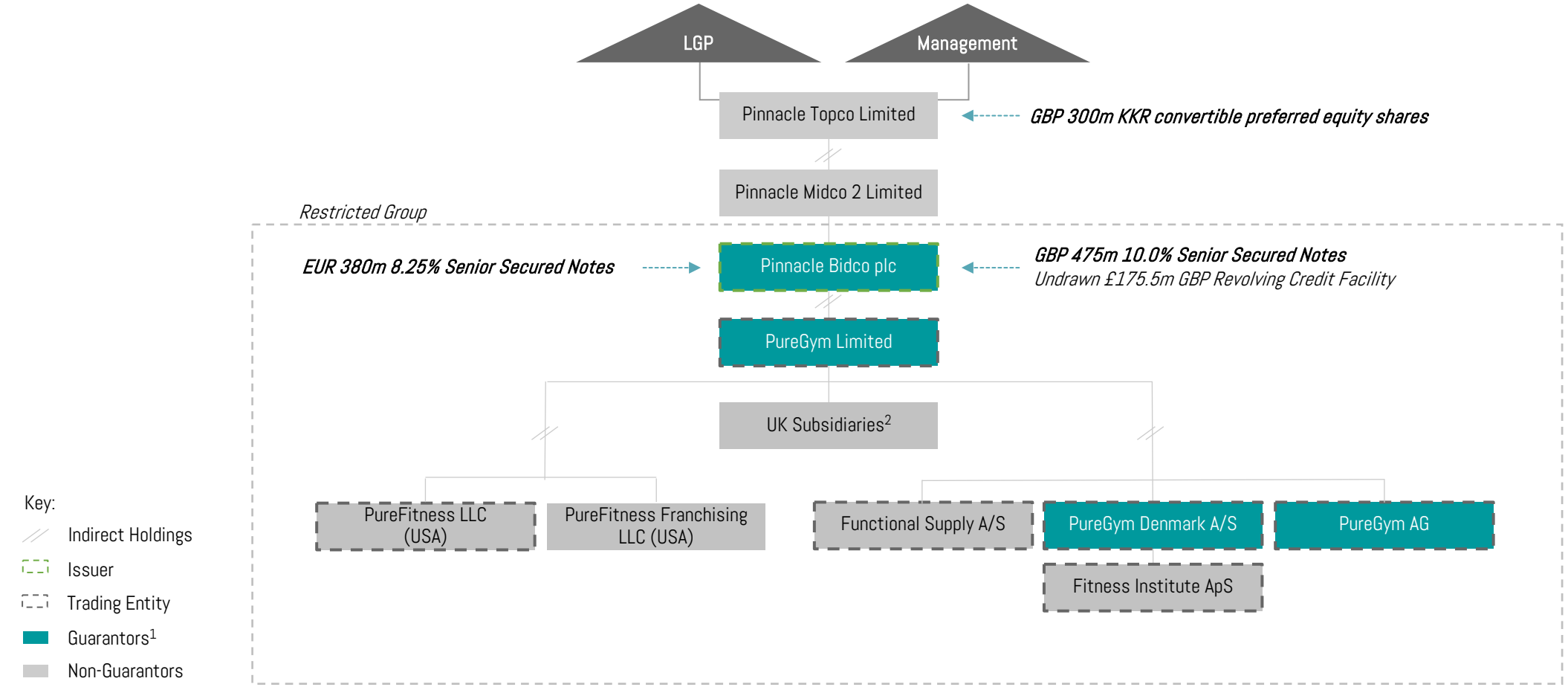
Closing perspectives

1. **Robust financial performance** with Q2 Adj EBITDA of £41m (up +£5m vs Q2 2023)
2. **Reliable, ongoing growth** with RR Adj EBITDA of £164m (up +£36m vs prior year)
3. **Performance delivered** despite market context of consumers clearly continuing to face spending challenges
4. Strong new site pipeline - **9 new corporate sites** delivered in Q2, 20 for H1 & on track for 40-45 for full year
5. **Growth in EBITDA & margin** in Switzerland & Denmark validating the strategy in these geographies
6. Overall, a **solid first half of the year**, building on the momentum at the end of last year



Appendices

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 30 June 2024	For the three months ended 30 June 2023	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Total number of owned gyms	596	566	596	566
Franchised gyms	20	16	20	16
Total number of gyms	616	582	616	582
Total number of members ('000s)	1,958	1,855	1,958	1,855
Average number of members ('000s)	2,015	1,875	1,996	1,840
Average number of members per gym	3,399	3,339	3,389	3,307
Average revenue per member per month (£)	25.04	24.55	25.02	24.61
Reported revenue (£m)	151.4	138.1	299.6	271.6
Reported EBITDA (£m)	67.1	60.4	129.2	110.7
Group Adjusted EBITDA (£m)	41.1	35.8	77.1	63.4
Group Adjusted EBITDA margin	27.2%	25.9%	25.7%	23.3%
Gym Site Adjusted EBITDA[1] (£m)	56.7	51.5	108.8	95.7
Gym Site Adjusted EBITDA margin	37.4%	37.3%	36.3%	35.2%
Group Run-Rate Adjusted EBITDA (£m)	163.7	128.4	163.7	128.4
Group Operating Cash Flow (£m)	29.6	33.5	60.0	46.0
Group Operating Cash Flow Conversion	71.9%	93.6%	77.8%	72.6%
Senior Secured Net Debt[2] (£m)	673.9	643.8	673.9	643.8
Senior Secured Net Leverage	4.1x	5.0x	4.1x	5.0x
Interest Cover	2.3x	2.5x	2.3x	2.5x

Notes: (1) Represents a blended average including all new & immature sites across the group (2) Senior Secured Net Debt at 30 June 2024 includes £32 million (£31 million at 30 June 2023) cash held by parent, Pinnacle Topco Limited.

Segmental performance

£m	For the three months ended 30 June 2024	2023	Change %	For the six months ended 30 June 2024	2023	Change %
United Kingdom	105	92	14%	205	179	15%
Denmark	35	35	0%[1]	71	72	(2)%[1]
Switzerland	10	10	9%	21	19	13%
Other	1	1	(10)%	2	2	0%
Total Revenue	**151**	**138**	**10%**	**300**	**272**	**10%**
United Kingdom	33	29	14%	63	52	20%
Denmark	7	6	24%	13	10	26%
Switzerland	1	1	68%	2	1	138%
Other	(1)	-	n/m	(1)	-	n/a
Total Adjusted EBITDA	**41**	**36**	**15%**	**77**	**63**	**22%**
United Kingdom	32%	32%		30%	29%	
Denmark	20%	16%		19%	15%	
Switzerland	13%	8%		11%	5%	
Other	n/m	6%		n/m	(10)%	
Adjusted EBITDA margin	**27%**	**26%**		**26%**	**23%**	

Notes: (1) Flat revenue reported for Denmark YoY due to the closure of 7 sites as part of the estate optimisation & investment plans

Group cash flow Q2 2024

- Group Adjusted EBITDA of £41m in Q2 2024 up +15% on Q2 2023, converting to £30m of Operating Cash Flow for the quarter
- As guided in the previous quarter, the positive working capital position in Q1 has unwound during Q2 leading to a net cash outflow on working capital of £6m
- Maintenance expenditure has risen to £6m in the period, reflecting continued investment in the existing estate as well as the timing of payments accrued in the previous period
- Expansionary capital expenditure for the period of £24m reflects investment in the 9 corporate-owned sites opened in the quarter & investment in 23 kit drops in the Danish estate. It also includes a working capital outflow of £9m due to the timing of payments
- Tax, interest & debt issue costs for the period of £26m mainly relates to interest on the SSNs
- "Other" cash outflow for the quarter of £2m primarily relates to pre-opening costs & other adjustments excluded from Group Adjusted EBITDA

£m	For the three months ended 30 June 2024	2023	For the six months ended 30 June 2024	2023
Group Adjusted EBITDA	**41.1**	**35.8**	**77.1**	**63.4**
Movement in working capital	(6.0)	4.4	(0.2)	(2.9)
Maintenance & refurb capital expenditure	(5.6)	(6.7)	(16.9)	(14.4)
Group Operating Cash Flow	**29.6**	**33.5**	**60.0**	**46.0**
Operating Cash Flow conversion	*72%*	*94%*	*78%*	*73%*
Expansionary capital expenditure	(23.8)	(15.4)	(34.6)	(36.9)
Exceptional items	(0.7)	(0.4)	(0.7)	(1.0)
Tax, interest, & debt issue costs	(25.9)	(9.4)	(32.9)	(22.1)
Other	(2.1)	(3.5)	(3.3)	(8.0)
Net cash flow before acquisition & financing	**(23.0)**	**4.8**	**(11.5)**	**(22.0)**
Finance lease capital repayments	(0.6)	(0.8)	(1.2)	(2.0)
Net cash flow	**(23.6)**	**4.0**	**(12.8)**	**(24.0)**

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

£m	For the three months ended 30 June 2024	2023	For the six months ended 30 June 2024	2023
Loss for the period	**(14.0)**	**(5.7)**	**(29.4)**	**(25.9)**
Income tax	(0.7)	1.4	(1.7)	0.4
Net finance cost	42.4	30.5	83.0	65.2
Operating profit	27.6	26.2	51.9	39.7
Deprecation and impairment of PPE	35.4	28.5	68.5	59.4
Amortisation and impairment of intangible assets	4.4	4.7	9.2	10.1
Profit / (loss) on disposal of property, plant & equipment	-	1.1	(0.2)	1.0
Profit on lease modifications	(0.9)	(0.5)	(0.9)	(0.5)
Exceptional administrative items	0.7	0.4	0.7	1.0
Group Reported EBITDA[1]	**67.1**	**60.4**	**129.2**	**110.7**
Other adjustments[2]	1.4	0.8	2.1	2.3
Share based payment charge[3]	0.1	-	0.1	0.1
Pre-opening costs[4]	0.6	1.2	1.8	2.4
Cash rent adjustment[5]	(28.1)	(26.7)	(56.1)	(52.1)
Adjusted EBITDA	**41.1**	**35.8**	**77.1**	**63.4**
Head office costs	15.6	15.7	31.7	32.4
Gym Site Adjusted EBITDA	**56.7**	**51.5**	**108.8**	**95.7**
LTM Adjusted EBITDA	145.9	109.0	145.9	109.0
Run-Rate Adjustment[6]	17.8	19.4	17.8	19.4
Run-Rate Adjusted EBITDA (LTM)	**163.7**	**128.4**	**163.7**	**128.4**

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).
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.

Glossary

Term	Definition
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 & 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.
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.