

Investor Presentation

Results for the quarter ended 31 March 2024

16 May 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

- 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





Financial results

A strong quarter sustaining the momentum of growth

Q1 2024 highlights

A strong quarter, with sustained growth in EBITDA, underpinned by membership, revenue & ARPM progression

+31%

Adj EBITDA growth
vs Q1 2023

+11%

Revenue growth
vs Q1 2023

+8%

Member growth
vs Q1 2023
(+11% in the UK)

+1%

ARPM growth
vs Q1 2023

£159m

RR Adj EBITDA¹

37%

ROCE²

+11

New sites

611

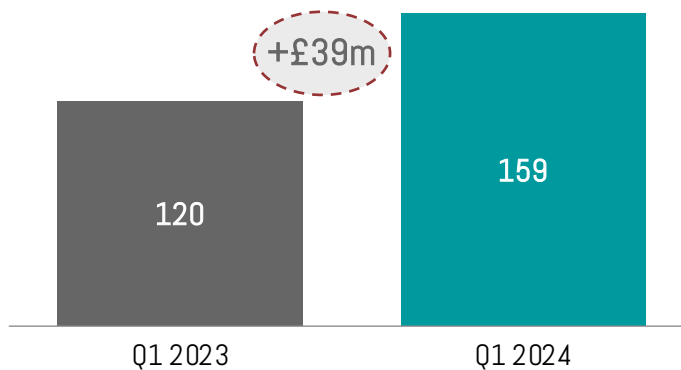
Total open
sites³

Notes: (1) For the 12 months ended 31 March 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 591 corporate-owned & 20 franchise gyms in the Middle East.

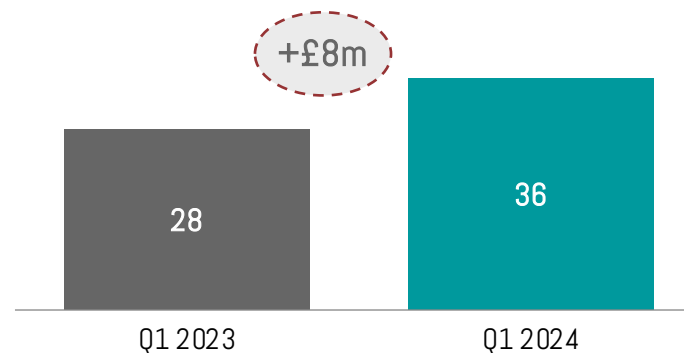
Q1 2024 financial results vs Q1 2023 (1/2)

Continued momentum with performance showing strong progression on all key metrics vs Q1 2023...

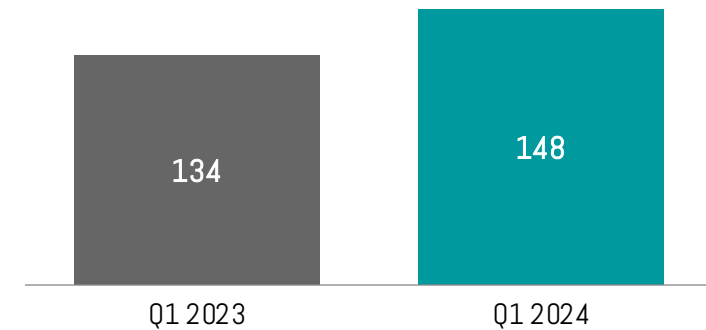
Run-Rate Adj EBITDA (£m)



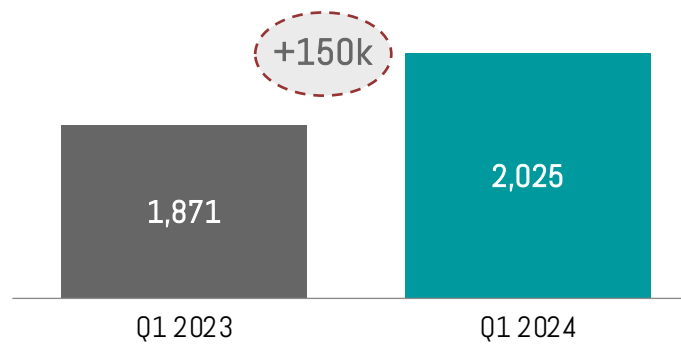
Adj EBITDA (£m)



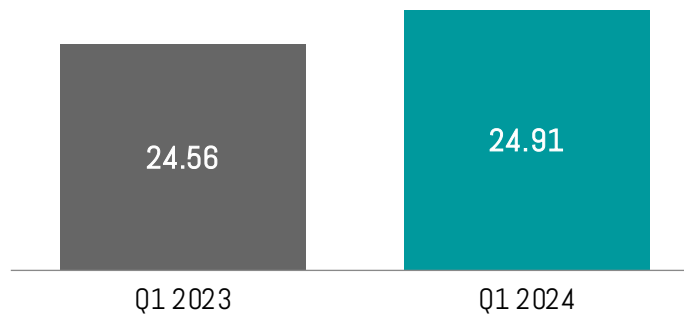
Revenue (£m)



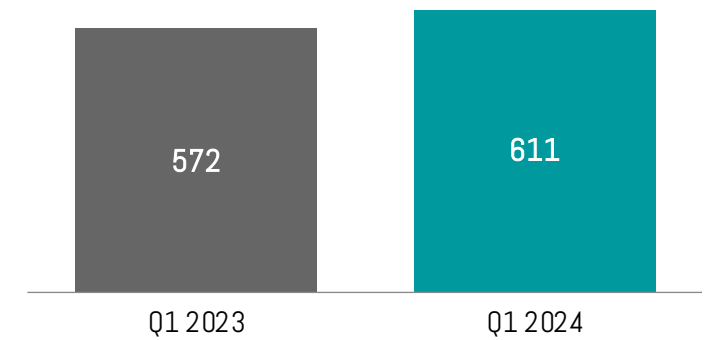
Closing members (k)



ARPM (£)



Gyms in estate¹

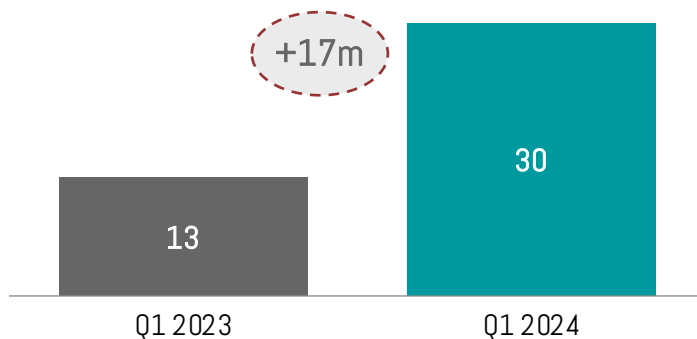


Notes: (1) Q1 2024 Gyms in estate includes 591 corporate-owned & 20 franchise gyms in the Middle East. Q1 2023 Gyms in estate includes 559 corporate-owned & 13 franchise gyms in the Middle East.

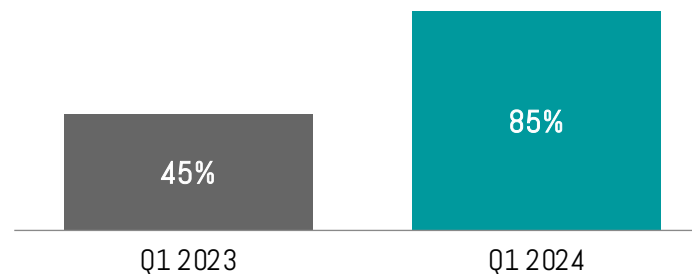
Q1 2024 financial results vs Q1 2023 (2/2)

...including an increase in Operating Cash Flow to £30m for the quarter

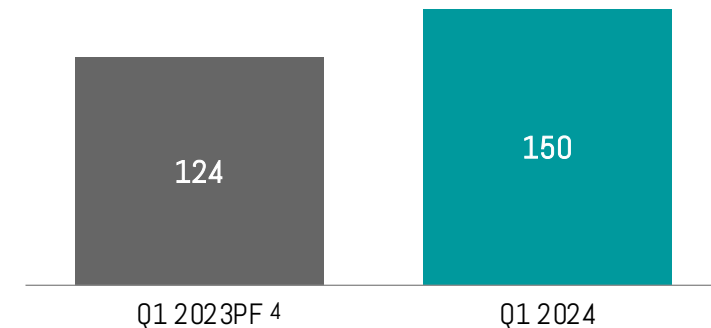
Operating Cash Flow¹ (£m)



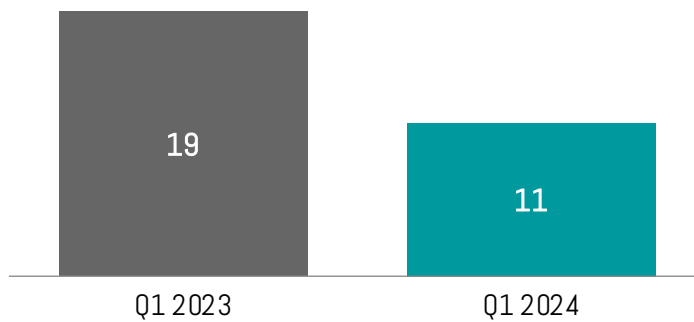
Operating Cash Flow Conversion



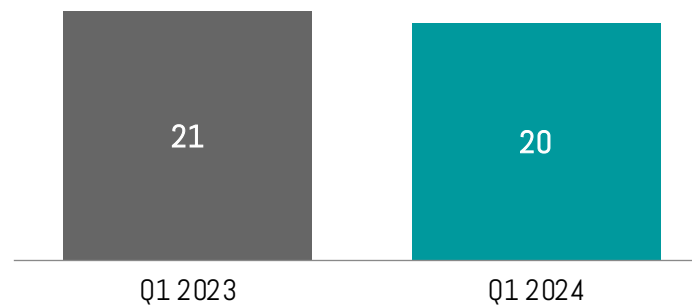
Cash³ (£m)



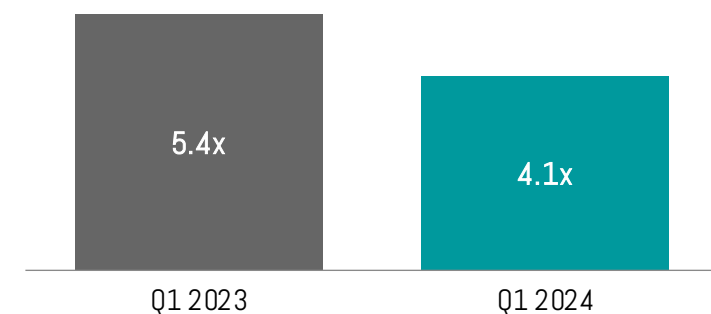
New sites opened²



Capex (£m)



SS Net Leverage⁵



Notes: (1) Operating Cash Flow, stated after maintenance & refurbishment capex but before interest on borrowings or growth capex. (2) Q1 2023 new sites includes 15 corporate-owned sites & 4 franchise gyms in the Middle East. Q1 2024 new sites are all corporate-owned. (3) Q1 2023 includes £31 million & Q1 2024 includes £32 million cash held by parent, Pinnacle Topco Limited. (4) Q1 2023 cash is presented pro forma for the October 2023 refinancing which utilised £84m cash. Actual Q1 2023 cash was £208m. (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 (Q1 2023: £1.2m)¹
- 11 new corporate owned site openings in Q1 2024
- Sophisticated maintenance & refurbishment programme - investing to ensure a high quality estate

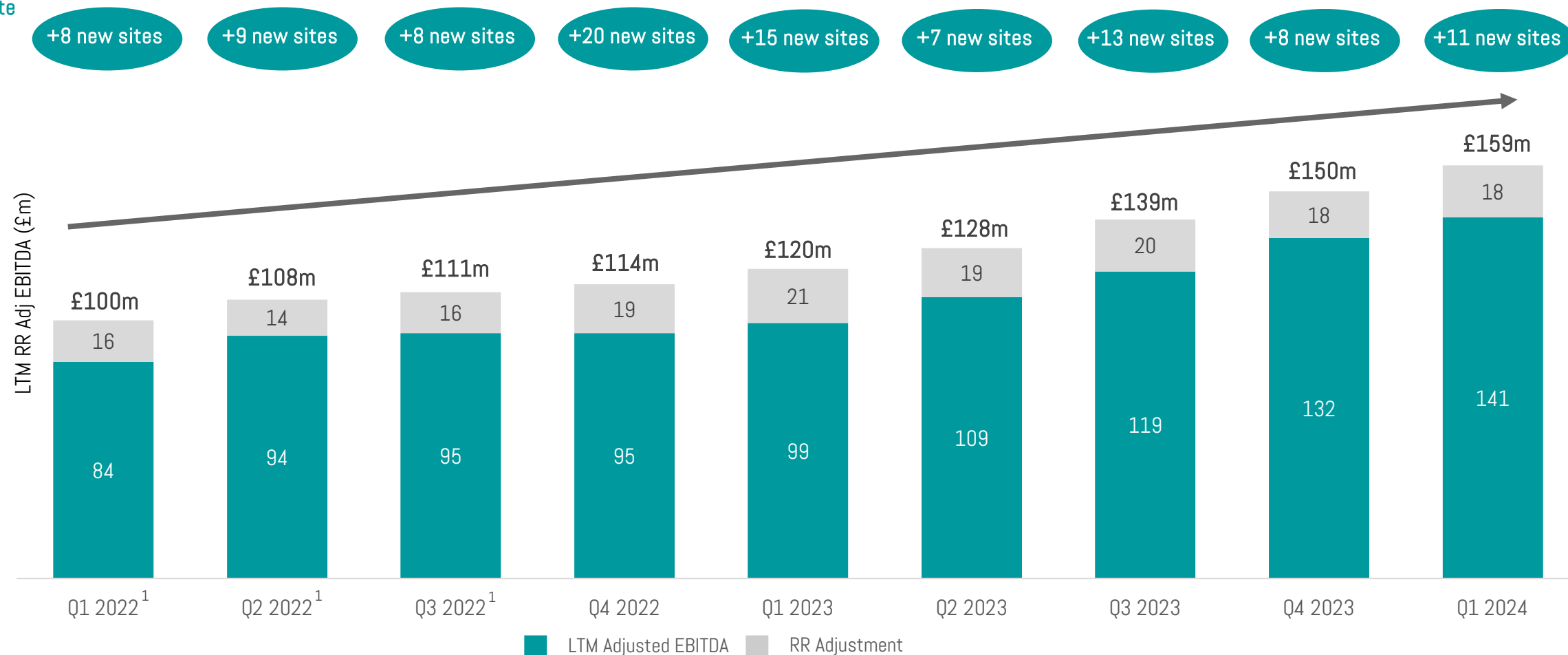
£m	Q1 2024	Q1 2023
New site capital expenditure ¹	13	12
IT development capital expenditure	2	2
Expansionary capital expenditure	15	14
Maintenance & refurb capital expenditure	5	7
Total capital expenditure	20	21
Expansionary capex working capital movement	(5)	7
Maintenance & refurb capex working capital movement	7	1
Total capital expenditure cash flow	22	29

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, as illustrated by recent performance

Corporate owned sites:



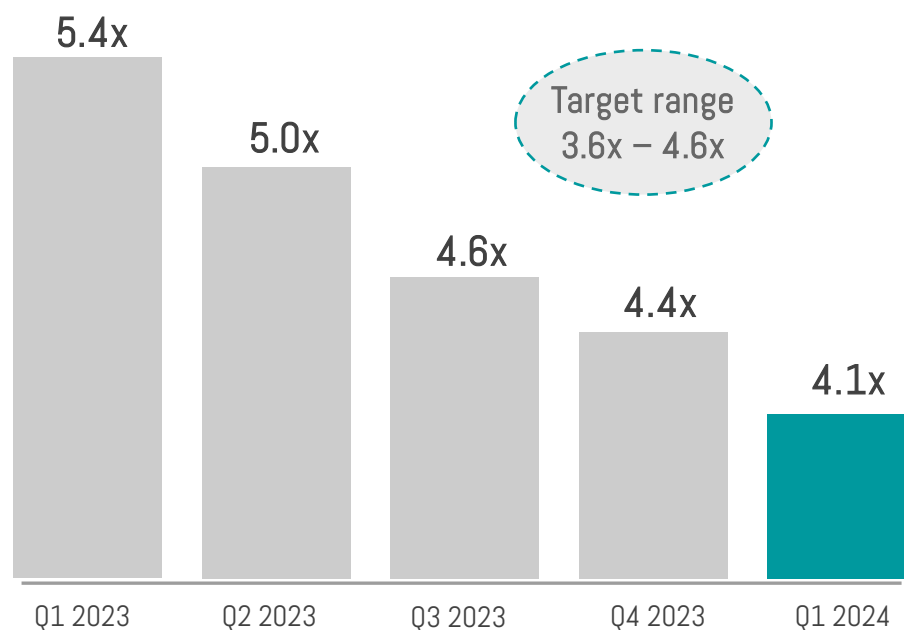
Notes: (1) As adjusted for the restatement of the results of Switzerland. See note 30 of the 2022 Pinnacle Bidco plc Annual Report & Accounts.

Clear deleveraging – now down to 4.1x RR Adj EBITDA

Leverage is ahead of expectations & well within our target range

Senior Secured Net Leverage

RR Adj EBITDA	£120m	£128m	£139m	£150m	£159m
SS Net Debt ¹	£645m	£644m	£643m	£666m	£652m



Net Debt & Interest Cover

As at 31 March 2024	£m
Cash	151 ²
Senior Secured GBP Notes	(475)
Senior Secured EUR Notes	(328)
Senior Secured Net Debt	(652)
Non-property leases/other	(3)
Net Debt	(655)
Q1 2024 RR Adj EBITDA	159
<i>Actual SS Net Leverage</i>	<i>4.1x</i>
<i>Pro Forma Net Interest Expense³</i>	<i>70</i>
<i>Interest Cover</i>	<i>2.3x</i>

Notes: (1) Includes £32m held by parent company, Pinnacle Topco Limited at 31 March 2024 & £31m at 31 March, 30 June & 30 September 2023. (2) £151m cash includes non-Sterling balances translated at average exchange rates for the LTM period, in line with banking document definitions. This is equivalent to £150m 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.



Reminder of highlights & conclusions

Reminder of highlights & conclusions

- 1 Q1 Adj EBITDA of £36m (up +31% vs Q1 2023) & RR Adj EBITDA of £159m (up +£39m vs Q1 2023)
- 2 Sustained momentum due to growth in base revenues, good cost control & new site growth
- 3 11 new corporate sites delivered in Q1 2024
- 4 Both old & newer UK sites delivering at least 37% ROCE & continuing to improve
- 5 Clear & demonstrable deleveraging down to 4.1x RR Adj EBITDA
- 6 Growth in EBITDA & margin in Switzerland & Denmark validating the strategy in these geographies
- 7 A clear strategy delivering against a compelling long run growth opportunity at home & overseas

Appendices



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

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.



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

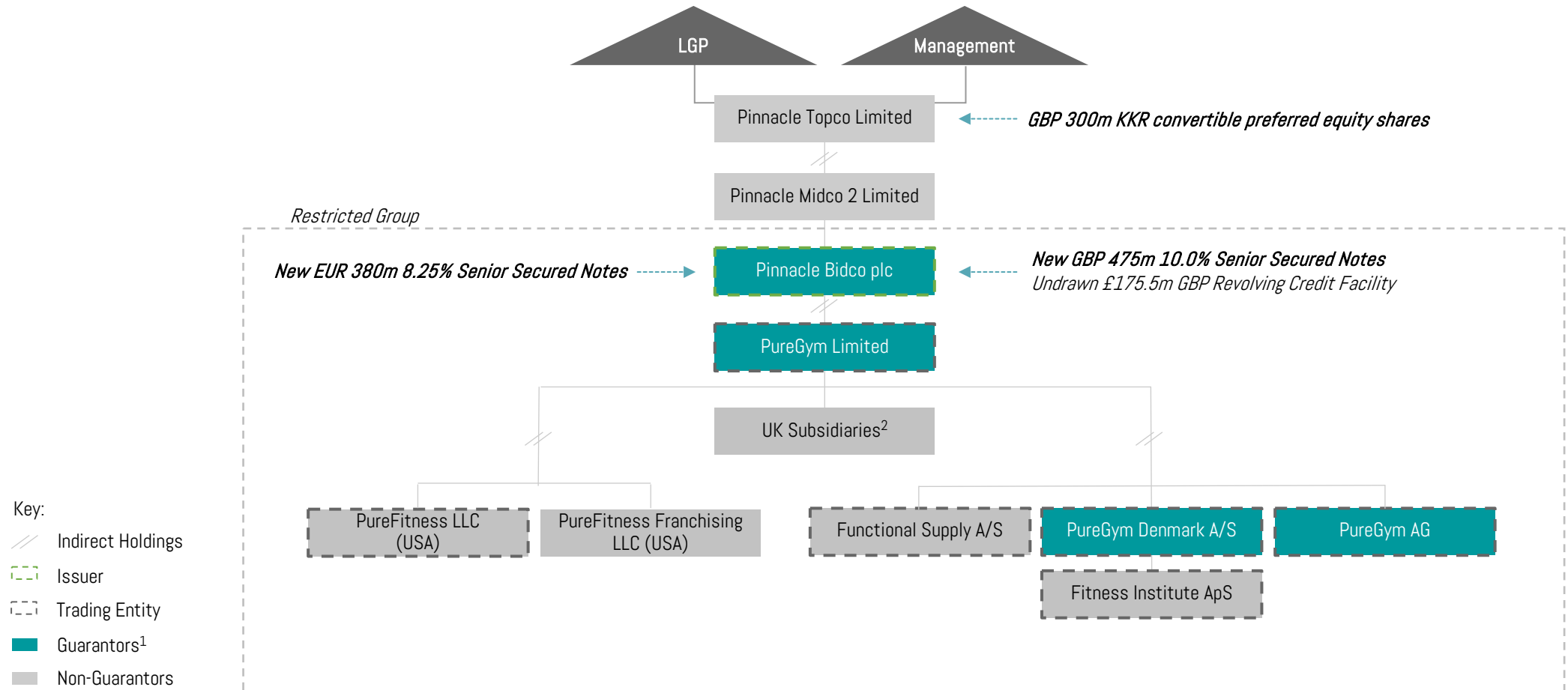
- Fundamentally, **PureGym exists to provide a social good**, providing accessible, flexible & affordable fitness to all
- Goal to **create a safe & positive space** for everyone, so they can enjoy the benefits of fitness & wellbeing
- **Our focus on gender balance** is setting the tone for the gym industry, 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

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

	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 (£m)	52.1	44.2
Gym Site Adjusted EBITDA margin	35.2%	33.1%
Group Run-Rate Adjusted EBITDA (£m)	159.1	120.2
Group Operating Cash Flow (£m)	30.5	12.5
Group Operating Cash Flow Conversion	84.6%	45.3%
Senior Secured Net Debt ² (£m)	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.

Segmental performance

For the three months ended 31 March

£m	2024	2023	Change %
United Kingdom	101	87	16%
Denmark	36	37	(3)% ¹
Switzerland	11	9	17%
Other	1	1	14%
Total Revenue	148	134	11%
United Kingdom	29	23	27%
Denmark	6	5	28%
Switzerland	1	-	>100%
Other	-	-	n/m
Total Adjusted EBITDA	36	28	31%
United Kingdom	29%	27%	
Denmark	17%	13%	
Switzerland	9%	3%	
Other	n/m	n/m	
Adjusted EBITDA margin	24%	21%	

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 Q1 2024

- Group Adjusted EBITDA of £36m in Q1 2024 up +31% on Q1 2023, converting to £30m of Operating Cash Flow for the quarter
- Timing of payments has led to a favourable working capital benefit in the period, which is expected to unwind in Q2 2024. Guidance for FY24 cash conversion continues to be c75%.
- Maintenance expenditure has risen to £11m 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 £11m reflects investment in the 11 corporate-owned sites opened in the quarter & is offset by a working capital inflow due to the timing of payments
- Tax, interest & debt issue costs for the period of £7m mainly relates to £8m interest on the SSNs and a net £1m of interest on commitment fees and income from cash deposits
- "Other" cash outflow for the quarter of £1m primarily relates to pre-opening costs & other adjustments excluded from Group Adjusted EBITDA

For the three months
ended 31 March

£m	2024	2023
Group Adjusted EBITDA	36.0	27.6
Movement in working capital	5.8	(7.2)
Maintenance & refurb capital expenditure	(11.3)	(7.9)
Group Operating Cash Flow	30.5	12.5
<i>Operating Cash Flow conversion</i>	84.6%	45.3%
Expansionary capital expenditure	(10.8)	(21.3)
Exceptional items	-	(0.6)
Tax, interest, & debt issue costs	(7.0)	(12.7)
Other	(1.2)	(4.6)
Net cash flow before acquisition & financing	11.5	(26.7)
Finance lease capital repayments	(0.7)	(1.2)
Net cash flow	10.8	(27.9)

Reconciliation from Loss to Adjusted EBITDA & 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
Depreciation & impairment of PPE	33.2	30.9
Amortisation & 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 expenses	-	0.6
Group Reported EBITDA¹	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)
Group 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	21.2
Group 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.

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.
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.