Pinnacle Bidco plc

Annual report and consolidated financial statements for the year ended 31 December 2025

PUREGYM

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Officers and Professional Advisers

The Board of Directors
C Chesser
A Wood
R Passmore

Registered office
C/O Pure Gym Limited
Town Centre House
Merrion Centre
Leeds
LS2 8LY

Independent Auditor
KPMG LLP
EastWest
Tollhouse Hill
Nottingham
NG1 5FS

Banker
Barclays Bank plc
50 Pall Mall
London
SW1A 1QB

Chair's Statement

Humphrey Cobbold

The PureGym Group ("the Group", being Pinnacle Bidco plc and its subsidiaries) is the largest gym and fitness operator in the UK and the second largest in Europe with over 700 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 corporate operated ("COCO") sites in the UK, Denmark and Switzerland. All of these operate under the PureGym brand.

Following the acquisition of 56 sites in New York and New Jersey in 2024, the Group also has a significant presence in the USA, with a total of 60 sites as at the end of 2025. The acquired sites were largely rebranded to PureGym during 2025 and allowed the Group to establish an excellent, well scaled, high quality foothold in the largest fitness market in the world.

2025 was an excellent year for the PureGym business, with accelerating momentum across all the Group's key geographies. The business maintains a robust financial position with exciting prospects for further growth in 2026 and beyond.

PureGym Business Distinctiveness

I believe it is the strengths in business model and business approach that have underpinned PureGym's success:

- Health & Well-being Oriented: fundamentally, the business recognised a long time ago that there is merit in operating in a sector that is growing in terms of both participation and societal importance.

- Sustained Strategic Focus: regardless of many offers and opportunities to expand its product market focus (nutrition, studio fitness, digital/Peloton style fitness) over the years, the Group has remained resolutely focused on providing high quality but very affordable facilities. There is no doubt in my mind of the benefit from this sustained focus and lack of distraction.

- Flexibility of formats: PureGym has persistently challenged the 'standard' format of 15,000 to 20,000 square feet, exploring and learning how to operate in a range of different sizes to avoid format constraint, without sacrificing returns. The business is now able to operate in sites ranging from 5,000 to 25,000+ square feet and this opens up a great deal of market headroom for growth.

- Flexibility on commercial model: early in my tenure at PureGym, the capability to price each product in each site differently was introduced. This has been hugely beneficial to the business – with size and location reflected in annual rent costs, variable pricing continues to be crucial for maintaining viability and is fundamentally linked to format flexibility as it allows pricing down to build volume at large sites and pricing up to capture convenience value at smaller sites.

- Low labour cost model: the emphasis has always been on minimising labour cost and labour hours per site. This is never more important than in high-labour cost markets such as Switzerland and New York, but the discipline of this razor-sharp focus benefits all geographies and will only become more valuable over time.

- Technology enablement: the business will always be tech enabled and this has been fundamental both for user convenience and cost management. Consumers expect to be able to run every aspect of their lives through a smart phone and PureGym facilitates this for gym membership. As the business scales, it benefits from the use of common systems and technology across more than 2 million members.

- Obsession with Return on Capital Employed (ROCE): the Group relentlessly pursues investments that offer strong returns on capital. Every substantive capital expenditure proposal is subject to thorough evaluation and rates of return are monitored accordingly.

- Strategic ambition: PureGym has always been, and continues to be, a highly ambitious business. Not content with a market leading position in the UK, the Group chose to expand internationally, pursue a broader vision of global industry excellence and ensure continued progress and strength in a competitive market. Whilst this was and continues to be a choice, I believe it is also imperative: the strongest players worldwide in this industry are, and will always be, multi-national players.

- Organisation and management: creating a strong organisation, management team, sense of belonging, and culture have been vital components of PureGym's success. This is not easy to do as a business grows, evolves and matures. A steady drumbeat of focus on all aspects of management and

Chair's Statement *continued*

Humphrey Cobbold

- organisational development has been maintained to ensure the business is equipped to manage well in the present and to capture opportunities in the future.
- Investor relations and communication: PureGym has always strived to maintain an open and transparent dialogue with investors. Clearly the Group's equity investors are at the forefront in this regard, but the management team are committed to providing regular high-quality communication to credit investors as well. I think the business has benefitted from this effort: PureGym has excellent relationships with its bondholders which has allowed the business to access capital on a consistent basis, as required by its strategic needs.

As ever, I would like to thank all of the key stakeholders in our business, for their part in the continued success of the Group. Our investors, Leonard Green & Partners LP ("LGP") and Kohlberg Kravis Roberts & Co LP ("KKR"), continue to show unwavering support as well as being excellent sources of expertise. Our bondholders, who we greatly appreciate, continue to demonstrate a strong belief in our journey. Our colleagues continue to be the heartbeat of our business and their exceptional skills and attitude make coming to work each day a pleasure. Last but not least, I'd like to thank over 2 million PureGym members across the world for inspiring us to provide the services that matter to each and every one of them.

Humphrey Cobbold
Chairman

Chief Executive Officer's Statement

Clive Chesser

In my first full year as Chief Executive Officer of the PureGym Group, it has been thrilling to be a part of the incredible progress that has been made. In November 2024, when I joined the business, the Group was close to completing the acquisition of the 56 sites in New York and New Jersey. Since then, not only have these sites been transitioned to the PureGym operating model and brand, but there has been admirable progress in every area of the business and every geography.

The foundations of the business remain very strong and I am pleased to see the business continuing to perform well and progress in its key operating metrics, as well as in its longer-term strategic goals.

Excellent progress made in 2025

2025 was another year of excellent progress for PureGym, with continued strong performance in the core UK estate, impressive improvements in Denmark and Switzerland, and the establishment of very strong results in the USA.

Total members increased in the year to 2.3 million (2024: 2.2 million[1]), despite the planned strategic closure of a modest number of sites across the Group, primarily in Denmark where the programme of estate optimisation is substantially complete and has driven EBITDA forward through capital investment and consolidation of sites. Member growth has been largely driven by new site openings in the UK and Switzerland, alongside progress in the existing estate.

United Kingdom

PureGym is the UK's largest private gym operator, both by number of gyms and members. The Group had 455 COCO gyms in operation in the UK as at 31 December 2025 (2024: 410 gyms) and continues to target new site opportunities in this core geography. Further COCO gyms will be rolled out in the UK in a measured and controlled way, where targeted return on capital can be achieved.

The Group also continuously invests in the UK's mature estate through a targeted programme of refurbishment and maintenance to ensure our offering remains high quality and competitive in the local market.

Denmark

PureGym is also the leading operator in Denmark with a well-established presence throughout the country. Relative to the Group's other geographies, the Danish fitness market is mature so the focus has been on estate optimisation. Carefully selected gym closures, alongside a programme of investment in the remaining sites, has enabled significant improvements in profitability across the estate. As at 31 December 2025, PureGym had 128 COCO gyms in operation in Denmark (2024: 144 gyms).

Switzerland

PureGym is one of the largest operators in Switzerland and the leading high value, low-cost operator with 48 gyms in operation as at 31 December 2025 (2024: 44 gyms). Switzerland offers a favourable competitive landscape and opportunities for further COCO site openings with attractive returns.

United States of America

In Q4 2024, the Group acquired the trade and assets of 56 gyms in New York and New Jersey, complementing the Group's 3 existing mature gyms in the Washington DC area. Combining these with 1 additional new opening in 2025 brings the total number of gyms in operation in the USA as at 31 December 2025 to 60 (2024[2]: 59 gyms). The acquired gyms are in the process of being rebranded from Blink Fitness to PureGym with completion expected early 2026.

Going forward into 2026, all of the group's USA sites will operate under the PureGym brand and operating model, providing a robust and meaningful platform to facilitate growth in the world's largest fitness market.

The Middle East

As at 31 December 2025, 23 franchised gyms were in operation in the Middle East (2024: 23 gyms). Franchised gyms currently operate under the PureGym brand in the Kingdom of Saudi Arabia and the United Arab Emirates.

Notes: (1) 2024 members have been restated to reflect the removal of 57,000 US members that were identified as non-paying through the Blink business integration process. 2024 members previously stated as 2.3 million. (2) USA gyms at 31 December 2024 excludes those gyms which were operated by PureGym at 31 December 2024 but did not form part of the final list of acquired sites following a period of lease negotiations in February 2025.

Chief Executive Officer's Statement *continued*

Clive Chesser

Group

The Group has a robust capital position with access to £249m of total liquidity as at 31 December 2025 (comprising £73m of cash on the balance sheet and £175.5m undrawn Revolving Credit Facility). This, coupled with strong support of its key shareholders, LGP and KKR, puts the Group in an excellent position to fund expansion and investment in its estate whilst taking advantage of market opportunities as they arise.

Cost control remains a core focus for the Group and the business benefits from a structurally "low cost" operating model. Gym costs continue to be tightly controlled in all of the key areas, including rent, labour, cleaning and maintenance. Energy pricing was substantially fixed throughout the year and future supply contracts locked in at acceptable and known levels through 2026 and for the majority of 2027. Alongside this, good progress has been made with energy consumption reduction and this will remain a focus going forwards. All of these factors, together with PureGym's market-leading revenue, pricing and performance management system, ensure the Group's return on capital employed remains robust.

A total of 61 new COCO gyms were opened in the year, primarily across the UK. This cohort is performing very well, underscoring the strength of our best-in-class product and validating the Group's strategy of continuing to deploy capital in a measured and controlled way to open new sites in quality locations. 27 gyms were closed in the year, primarily in Denmark, with many of those closures allowing consolidation of membership with nearby gyms to achieve substantial synergies. The Danish estate optimisation is now substantially complete and is delivering growth in both profitability and margin in that geography.

A successful integration and well progressed optimisation in the USA

The prior year acquisition of 56 gyms in New York and New Jersey provides the Group with an excellent opportunity to dramatically expand its presence in the USA beyond the 3 existing sites in the Washington DC area. The acquired sites were already well-performing and excellently located, but also had significant opportunity for performance optimisation and cost reduction through leveraging of the wider Group's experience, systems and processes.

This optimisation process was well underway at the end of 2025, most gyms had been rebranded to PureGym, and a significant portion of the estate enhanced with new access pods and a more efficient operating model. In the head office, significant savings and improvements have been made through the replacement of IT systems infrastructure, the leverage of Group supply agreements and a right-size of the employee cost base. Moving forward into 2026, focus will be on further improvement through the continued roll-out of the Group's operating model and investment in the quality of the estate.

This solid platform provides a launchpad from which to further expand the Group's US presence. During 2025, 1 new site was acquired for the US estate and the acquisition of a 2nd site was completed early 2026 – both high-quality New York locations – with many more such sites in the pipeline.

Continuing to innovate in the value gym market

The Group opened its 700th gym this year, an exciting milestone which cements PureGym as one of the major players in the global fitness industry. New sites were opened in the UK, Switzerland and USA during the year as the Group continues to expand its offering.

PureGym also continued to innovate its format with new sites increasingly varied in size, demonstrating the Group's ability to adapt the tried and tested model while retaining strong returns on capital. In particular, a host of smaller format sites are being rolled out to allow the Group to bring the benefits of PureGym to smaller communities, previously unserved by quality gyms.

Within the gyms themselves, exciting advancements also continue with the roll out of dedicated women's workout spaces, lighter-lifting zones for beginners, and popular classes including Hyrox, Reformer Pilates and yoga.

Setting the tone for the industry

As the UK's largest gym operator, PureGym's Board of Directors ("the Board") recognises its responsibility to lead the way and set the tone for the industry. With over 160 million member visits...

Chief Executive Officer's Statement *continued*

Clive Chesser

...in 2025, the Board remains committed to providing a safe and welcoming place for everybody so they can enjoy all the benefits that fitness and wellbeing bring. Safety is the cornerstone of a positive experience for both members and colleagues and, with this in mind, the Group has comprehensive emergency response and anti-harassment protocols in place and continues to pioneer initiatives that make a positive change to gym culture.

The Group's Equity and Inclusion Strategy has been fully embedded in the business, promoting fairness and a great place to work.

Gender Pay reporting includes data on employees working full time and part time across the organisation and is different from equal pay. PureGym pay structures across all markets are gender neutral by design and the Board remains confident that men and women are paid equally for equal value work.

For the first time, this year's results include the US business. The group median pay gap stands at -35.7% and the group mean pay gap stands at -12.6%. The pay gap is a result of a number of factors including country specific compensation structures, local labour laws (including country specific minimum wage rates) and the distribution of males and females within market and across the organisation as a whole.

In the UK business, PureGym has a legal requirement to externally report its gender pay results. In 2025 the median pay gap stood at 0.0% (2024: 0.8%) and the mean pay gap stood at 2.0% (2024: 1.2%). The pay gap follows the increase in a number of males appointed to mid senior and senior roles.

Making a meaningful contribution to the broader community

2025 was another hugely important year in PureGym's quest to make a positive impact on the community. The Group is now in the third year of its partnership with the British Heart Foundation ("BHF") in the UK, and has expanded this to partnerships with heart foundations throughout our global network. In June, PureGym successfully raised over £100,000 for those partners by travelling over 100,000km in a variety of ways as part of our Every Beat Counts 100k Challenge. This made a significant contribution towards the Group's goal of raising £3m for BHF over the 4 year partnership, with over £2.5m raised so far.

Alongside fundraising activities, the business strives to raise awareness of heart and circulatory diseases, and provides the tools and knowhow to help prevent them. Initiatives include the PureGym Healthy Hearts Programme – providing participants with free access to an 8-week online health programme, CPR training and the inclusion of defibrillators across the Group's full network of gyms.

Beyond this work with heart foundations, PureGym's long term partnership with cycling legend, Chris Hoy, has continued as lead sponsor of his Tour De 4 initiative, aimed at raising money and awareness towards fighting prostate cancer. Chris first started working with PureGym as an Ambassador in 2015 and continues to be an important part of the PureGym family. Linked to this initiative, the UK's first membership and exercise programme for people suffering with Stage 4 prostate cancer has also been launched. Research shows that exercise can significantly improve quality of life for those suffering with this illness and the Group is proud to offer free 12-month PureGym memberships and a 26-week structured exercise programme to support this.

Beyond official partnerships, the Group is especially proud of the part it plays in the lives of millions of members across the world. Fundamentally, PureGym exists to provide a social good. The core purpose – to provide accessible, flexible and affordable fitness to all – plays a vital role in not only improving people's health and wellbeing, but also as a route to addressing obesity, helping to prevent illness and improving mental health.

From challenge to opportunity – embracing sustainability and ESG

The Group recognises its responsibility to play its part in supporting the goals of society with respect to climate-related issues, societal progress and good corporate governance. There is increased consumer awareness of the link between societal trends and sustainability-related issues and evidence that these trends are driving consumer demand towards companies that choose to pay more attention to issues in the Sustainability - Environmental, Social and Governance ("S-ESG") arena.

Chief Executive Officer's Statement *continued*

Clive Chesser

Through engagement with key stakeholders – colleagues, members, investors and third-party partners – PureGym has identified five key focus areas in which to develop its S-ESG strategy:

- Delivering Social Good: supporting as many people as possible to live healthier lives;
- Empowering People: fostering a thriving, healthy team and community where everyone feels welcome and supported to reach their potential;
- Energy and Emissions: using resources efficiently and reducing our carbon footprint;
- Waste and Circularity: minimising operational waste and embedding "circular-by-design" principles across our operations; and
- Effective Corporate Governance: building an environment of trust, transparency and accountability for sustainable performance.

The Group is working hard to embed these focus areas into its policies and make progress across all areas.

Adherence to the Wates Corporate Governance Principles for Large Private Companies provides transparency in the Group's governance. Alongside this, continuous improvement is sought to improve reporting on the Group's carbon emissions, the Non-Financial and Sustainability Information Statement once again goes beyond minimum reporting requirements to include Scope 1 and 2 emissions for all major markets and an advancement in the breadth of our Scope 3 emissions reporting.

Looking forward

The next 12 months provide a very exciting opportunity for the Group to capitalise on the impressive base that has been set in 2025. While challenges remain in the macroeconomic environment, PureGym remains resilient and has repeatedly demonstrated its ability to withstand, and in some cases flourish, in more challenging times.

The UK business continues to go from strength to strength with growth in the mature estate, continued success in rolling out new sites and a promising pipeline in place from which to continue the openings trajectory. The Danish and Swiss businesses have seen very high year-on-year growth levels in profitability in 2025 and these geographies are expected to continue to progress going forward throughout 2026. In the USA, the newly rebranded estate in New York and New Jersey is expected to benefit from the significant investments which have occurred during 2025, and this will be further enhanced by more new openings in one of the world's largest gym markets.

As ever, this impressive performance would not be possible without the efforts of the thousands of colleagues across the business who operate with huge pride in the PureGym product and mission, and I'd like to thank them, and the Board, for their support over my first full year in the Group as we look forward to an exciting year ahead.

Clive Chesser
Chief Executive Officer

Financial Review

Alex Wood

2025 has been a year of accelerating momentum for the Group with Revenue and Adjusted EBITDA[1] seeing significant year on year uplifts.

It has been particularly pleasing to see Adjusted EBITDA growth across each of our geographies, demonstrating that our operating model can be successfully adapted in many markets across the world. This is also testament to the dedicated work of our teams, particularly in the US where we have taken the Blink Fitness business acquired in 2024 and transitioned this into a highly successful part of the Group which is now well placed to serve as a foothold for further development in the US market.

I'm also very appreciative of the continued support from our bondholders who continue to demonstrate belief in the long-term success of the business.

Accelerating momentum in our key financial metrics

The Group's Key Performance Indicators ("KPIs") show accelerating momentum in 2025 compared with the prior year, reflecting our investments in the existing estate and continued success with new site rollouts.

Closing members of 2.3 million

Member numbers remained robust in 2025, with members continuing to appreciate the good value, flexible membership offerings and the Group's best in class product and brand. Members appear more aware than ever of the importance of fitness and wellbeing activity, which ensures that expenditure on this area remains a priority in spite of the macroeconomic performance. Membership numbers have grown in our UK and Swiss estates due to a combination of strong performance in existing gyms and new site openings. In Denmark, membership numbers are very pleasing, dropping by only 22,000 despite closing 16 gyms in the year. This reflects the success of the estate optimisation programme in consolidating a number of geographically close gyms while still maintaining a highly competitive offering. Combined, total membership has grown 4.1% during the year, closing at 2.3 million (2024: 2.2 million[2]).

61 new corporate owned gym openings

The Group opened 61 new COCO gyms in the year (2024: 102, consisting of 46 organic openings and 56 from the Blink Fitness acquisition). These were primarily in the UK, with some openings also in Switzerland and 1 opening in the USA to add to the existing New York estate. After taking into account some strategic closures, primarily in Denmark, the total number of gyms in the estate was 714 at the year-end (2024: 680), comprising 691 corporate owned gyms (2024: 657 gyms) and 23 franchise gyms (2024: 23).

Revenue for the year of £742 million (+23% vs 2024)

Revenue growth has been driven by a combination of the acquisition of Blink Fitness in the last quarter of 2024, new site openings in the current year and maturation of gyms opened in prior years. The Group's sophisticated approach to revenue management, applied in a disciplined and targeted manner, has delivered an increase in Average Revenue Per Member[3] ("ARPM") of +4% when compared with 2024. This growth in ARPM, together with growth in member volume, has provided continued progression, with revenue for the year reaching £742 million (2024: £605m).

£209m
Adjusted EBITDA

2.3m
Closing members

714
Gyms

Notes: (1) As defined on page 11, Note 5. (2) 2024 members have been restated to reflect the removal of 57,000 US members that were identified as non-paying through the Blink business integration process. 2024 members previously stated as 2.3 million. (3) As defined on page 11, Note 3.

Financial Review *continued*

Alex Wood

Adjusted EBITDA for the year of £209 million (+36% vs 2024)

Adjusted EBITDA grew by £55 million to £209 million for the year (2024: £154million). The Group has delivered this through strong performance from recent new site openings, progress in member volume and ARPM in the base business, and effective cost control, as well as a result of the Blink Fitness acquisition. Like-for-like operating cost inflation was kept below 1% in 2025. This was realised through operational efficiencies in staffing, economies of scale in procurement, and the carefully timed fixing of energy costs. All of these factors have contributed to continued and accelerating growth in profitability.

Run-Rate Adjusted EBITDA[6] for the year of £232 million (+26% vs 2024)

Run-Rate Adjusted EBITDA reflects the expected mature EBITDA from existing immature gyms. This grew by £48 million to £232 million at the year-end (2024: £184 million), for the same reasons as described in the Adjusted EBITDA section above. It is a key measure of future profitability and shows significant forward momentum as the business carefully and methodically deploys capital into a pipeline of high-quality new sites, which continue to return strongly.

Summary KPIs and financial results

The Group utilises a variety of non-financial, IFRS and non-IFRS KPIs in assessing our performance. The most useful of these are presented in the below table. Where non-IFRS performance measures are used, these are described below and reconciled to the Group's IFRS financial statements.

Group Reported EBITDA adjusts operating profit for non-trading items including depreciation, amortisation, impairment and exceptional items, but does not take account of contractual cash rental costs.

Adjusted EBITDA and Run-Rate Adjusted EBITDA are KPIs typically used within the industry as they better represent the underlying results of the Group's trade from ongoing gyms. Adjusted EBITDA takes account of contractual cash rental costs and adds back new site pre-opening costs, as well as adjusting for other non-recurring items in line with definitions set out in the Group's financing facility agreements. Run-Rate Adjusted EBITDA also reflects the expected maturation of new and immature gyms (less than 3 years old).

In a normal trading environment, the Adjusted EBITDA and Run-Rate Adjusted EBITDA measures are a key focus of our stakeholders, including our investors, our bondholders and our banking partners. Both KPIs are derived from operating profit and provide consistent measures that have not been impacted by recent changes in accounting standards (including IFRS16). A full reconciliation from operating profit is set out in more detail on page 14.

Summary KPIs	2025	2024
Members[1] (number 000's)	2,282	2,193
Gyms[2] (number)	714	680
Revenue (£m)	742.4	604.6
ARPM[3] (£)	26.29	25.19
Group Reported EBITDA[4] (£m)	336.9	255.9
Group Adjusted EBITDA[4,5] (£m)	208.7	154.3
Group RR Adjusted EBITDA[4,5,6] (£m)	**231.8**	**183.9**

Notes:

(1) 2024 members have been restated to reflect the removal of 57,000 US members that were identified as non-paying through the Blink business integration process. 2024 members previously stated as 2,250,000.

(2) Includes 23 franchised sites at 31 December 2025 (2024: 23).

(3) ARPM defined as revenue divided by 12 months, divided by the average number of members for the year of 2,351,000 (2024: 2,045,000). 2024 members & therefore ARPM have been restated to reflect the removal of 57,000 US members that were identified as non-paying through the Blink business integration process. 2024 average members previously stated as 2,005,000 and 2024 ARPM previously stated as £25.13.

(4) 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 and exceptional items. A reconciliation to operating profit is set out on page 14.

(5) Group Adjusted EBITDA is defined as Group Reported EBITDA less Share Based Payments, Pre-Opening Expenses, Other Adjustments and the Cash Rent Adjustment. Adjusted EBITDA is presented before the impact of property rent deferments. This is a relevant measure as it is an alternative performance measure defined within the Group's facility agreements. A reconciliation and further detail on the approach is set out on page 14.

(6) Group Run-Rate Adjusted EBITDA is defined as Group Adjusted EBITDA plus the Run-Rate adjustment which reflects the expected performance improvement from the maturity of those gyms which are less than three years old at the end of the reporting period. A reconciliation and further detail on the approach is set out on page 14.

Financial Review *continued*

Alex Wood

Operating Results

The consolidated statement of comprehensive income on page 45 shows our results for the year ended 31 December 2025 in full. The Group made an operating profit of £136 million and a loss for the year of £87 million (2024: operating profit of £81 million and loss for the year of £79 million), as summarised in the table below:

Operating results £m	2025	2024
Revenue	742.4	604.6
Operating expenses (exc. separately disclosed items)	(405.5)	(348.7)
Group Reported EBITDA	**336.9**	**255.9**
Depreciation, amortisation and impairment	(182.3)	(171.1)
Loss on disposal of PPE	(2.6)	(2.3)
Profit on lease modifications	1.4	5.8
Exceptional items	(17.3)	(7.0)
Operating profit	**136.1**	**81.3**
Net finance cost	(224.5)	(169.8)
Loss before tax	(88.4)	(88.5)
Income tax credit	1.7	10.0
Loss for the year	**(86.7)**	**(78.5)**

Revenue

Revenue was up £138 million (23%) year on year owing to the opening of new gyms, the maturation of existing immature gyms, an improvement in average revenue per member, and the impact of the 56 acquired sites in the US being included for the full year (as opposed to 1 month in 2024). The growth derives from an 18% increase in average members, largely driven by the Blink Fitness acquisition, and a 4% increase in the average revenue per member, which results from measured price increases in existing gyms and the penetration of premium membership offerings. Revenue for 2025 of £742 million (2024: £605 million) comprised membership income of £675 million (2024: £544 million), vending and consumables income of £25 million (2024: £24 million) and income from other revenue streams including the sale of day passes and income from personal trainers of £42 million (2024: £36 million).

Operating expenses (exc. separately disclosed items)

Operating expenses were up £57 million or 16% year on year, primarily reflecting the impact of the Blink Fitness acquisition, as well as new organic site openings and a small amount of inflation (less than 1%) on the underlying cost base.

Underlying cost inflation has been managed well during 2025 with impacts such as national insurance uplifts in the UK being offset by the rollout of an improved operating model in Switzerland and procurement savings which leverage the Group's increased stature.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment of £182 million was up £11 million on the prior year, primarily due to the impact of new gym openings and ongoing investment into the existing estate.

The net charge for depreciation, amortisation and impairment in 2025 included £85 million depreciation on the Group's leased properties (2024: £65 million), and £6 million amortisation of customer lists and brands recognised following the Group's acquisitions (2024: £17 million).

Exceptional items

Net exceptional expenses of £17 million were recognised in 2025, which primarily relate to the costs of integrating and transforming the Blink Fitness business into the wider Group, including the refurbishment of the estate and improvement of the operating model and IT systems.

Financial Review *continued*

Alex Wood

Net finance costs

Net finance costs of £225 million for the year (2024: £170 million) are up £55 million versus 2024 for 3 main reasons. Firstly, interest on senior secured notes of £88 million is up £10 million year on year due to the full year impact of the £150 million debt issuance in September 2024 which funded the acquisition of and investment into the Blink Fitness gyms in the USA.

Secondly, interest payable on lease liabilities of £64 million is up £13 million year on year. This represents a proportion of the Group's property rental costs, as accounted for under IFRS 16, with the remaining cost recognised as depreciation. The increase year on year is as a result of the increase in site numbers through both organic openings and the full year impact of the acquired Blink Fitness estate.

Thirdly, net foreign exchange losses are £18 million for 2025, which is up £26 million year on year. This is a non-cash loss, primarily driven by adverse movements in the Euro exchange rate due to the Group's €505m of Euro-denominated senior secured notes, as well as adverse movements in the USD exchange rate on intra-group USD-denominated loans. The impact is offset to some extent by favourable foreign exchange movements in intra-group Danish-Krone denominated loans, the exposure of which is hedged in part by unrecognised favourable foreign exchange movements in the GBP-value of the Group's investments in its Danish and US operations.

In addition to the finance costs noted above, the Group also incurred an £8 million cost in relation to the amortisation of issue costs and early redemption fees associated with the senior secured notes (2024: £8 million), as well as £2 million in commitment fees for the unutilised revolving credit facility (2024: £2 million). A further £47 million (2024: £44 million) of finance cost relates to interest accruing on the Group's borrowings from its ultimate parent Pinnacle Topco Limited. These borrowings act as a pass through of equity investments raised by Pinnacle Topco Limited and therefore the interest is not expected to be repaid until at least 2029 and simply represents an intercompany transfer within the PureGym group of companies under common ownership.

Tax credit

The income tax credit of £2 million (2024: £10 million) is primarily a result of the losses made in the year, which have been recognised as a deferred tax asset, and the payments received for the surrender of tax losses to other Group companies.

Loss for the year

The loss for the year is £87 million, as compared to £79 million for 2024. Recognising a loss after tax is expected given the Group's ownership and financing structure and is not a reflection of the Group's underlying trade which is better represented by the KPIs of Adjusted EBITDA and Run-Rate Adjusted EBITDA as described previously. The Group is funded through a combination of debt and equity, common for private equity ownership models and therefore interest recognised on both external and intercompany debt contributes significantly to the loss-making position. Foreign exchange gains and losses in relation to that debt are also recognised within the loss for the year, as described in the Net finance costs section above, but are non-cash impacting prior to settlement of the debt.

Financial Review *continued*

Alex Wood

Reconciliation of Operating Profit to Run-Rate Adjusted EBITDA

£m	2025	2024
Operating Profit	**136.1**	**81.3**
Depreciation and impairment of PPE	165.2	148.6
Amortisation and impairment of intangible assets	17.1	22.5
Loss on disposal of PPE and intangible assets	2.6	2.3
Profit on lease modifications	(1.4)	(5.8)
Exceptional items	17.3	7.0
Group Reported EBITDA [1]	**336.9**	**255.9**
Other adjustments [2]	1.5	7.0
Pre-opening costs [3]	5.3	4.1
Cash rent adjustment [4]	(138.3)	(112.5)
Share based payment charge [5]	3.3	(0.2)
Adjusted EBITDA [6]	**208.7**	**154.3**
Run-Rate adjustment [7]	23.1	29.6
Run-Rate Adjusted EBITDA	**231.8**	**183.9**

Notes:

(1) Group Reported EBITDA is earnings before net finance cost, taxation, depreciation, amortisation, profit/loss on sale of property, plant & equipment and intangible assets, impairment, profit/loss on lease modifications and exceptional items.

(2) Other adjustments include the net impact of various one-off items not included in "Exceptional items". These are recognised in accordance with the Group's banking facility agreements. In 2025, £0.9m of costs have been incurred in relation to a management "lock-in" bonus scheme (2024: £0.1 million). A further £0.6 million relates to various one-off projects where costs are incurred outside the normal course of business, either due to dual running of systems during transitional periods or due to one-off projects outside of the control of the business. These amounts are added back in reaching Adjusted EBITDA.

In 2024, £3.8 million of costs were recognised within Group EBITDA and the 2024 statement of comprehensive income which were categorised as non-recurring and added back to Adjusted EBITDA in 2024 as they related to corrections of immaterial errors in reporting from previous periods. £1.3 million of these costs related to 2023 with the remainder relating to earlier years. Had these costs been recognised in the appropriate period they would have been deducted in arriving at Adjusted EBITDA. The Group also incurred costs of £2.4 million in relation to strategic initiatives aimed at reducing the Group's cost base and integrating the Group's operations. The Group also incurred £0.4 million of costs relating to the exploration of new franchise locations, and £0.3 million of incremental costs in relation to other one off costs.

(3) Pre-opening costs represent the total of all gym site operating costs incurred prior to the opening of a new gym and primarily consist of staff costs, and marketing.

(4) Represents the deduction of the cash rent payable during the year which otherwise was not reflected in EBITDA (as reported on a post IFRS 16 basis). The Directors believe that adjusting EBITDA to reflect cash rent is a better reflection of the performance of the business.

(5) The share based payment charge relates to shares in the ultimate parent company, Pinnacle Topco Limited, issued to directors and certain employees. See note 9 of the financial statements.

(6) Adjusted EBITDA is a non-IFRS measure derived from Group Reported EBITDA and adjusted by the items described in footnotes 2 to 5. This is a relevant measure as it is an alternative performance measure defined within the Group's facility agreements.

(7) 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 year. Management forecasts EBITDA on a gym-specific basis and updates forecasts quarterly based on current and anticipated performance, taking into account seasonality and location-specific factors. In addition, in 2024 Run-Rate Adjusted EBITDA also reflects the impact of the acquired Blink Fitness business, had it been acquired on 1 January 2024.

Financial Review *continued*

Alex Wood

Cashflow

£m	2025	2024
Net cash generated from operating activities	171.6	133.8
Net cash used in investing activities	(185.7)	(205.2)
Net cash (used in) / generated from financing activities	(41.6)	92.8
Net (decrease) / increase in cash and cash equivalents	(55.7)	21.4
Cash and cash equivalents on first day of the year	128.6	108.2
Effect of exchange rates on cash held	0.2	(1.0)
Cash and cash equivalents at end of the year	**73.1**	**128.6**
Undrawn RCF Facility (including overdraft)	*175.5*	*175.5*
Available liquidity at 31 December[1]	***248.6***	***304.1***

Notes:

(1) 2024 excludes £33 million at 31 December 2024 held by the parent, Pinnacle Topco Limited.

Net cash generated from operating activities

Net cash generated from operating activities totalled £172 million, which represents a £38 million favourable movement versus 2024 and is primarily attributable to the £85 million improvement in Group Reported EBITDA year on year, offset by a £9 million increase in exceptional costs paid and an £18 million increase in net interest and financing related expenses paid. This increase in interest expenses on a cash basis is higher than recorded in the statement of comprehensive income due to the timing of interest payments. Change in working capital cash flows represent a £6 million year on year adverse movement. Finally, there is an increase of £14 million in cash outflow for the interest element of lease liability payments, due to the increase in number of gyms year on year.

Net cash used in investing activities

The net cash used in investing activities for the year of £186 million relates primarily to investments in capital expenditure with a cash outflow of £187 million (including £3 million for the acquisition of trade and assets of 1 gym in the USA), offset by £1 million of proceeds from disposals of fixed assets. The prior year figure includes a £97 million cash outflow for the acquisition of the Blink Fitness business.

The below table, breaks down the capital expenditure cash flow by type. This differs to the reported capital expenditure for the year due to the timing of payments.

£m	2025	2024
Expansionary Capital Expenditure	130.8	79.2
Maintenance and Refurbishment Capital Expenditure	56.1	32.2
Total Capital Expenditure Cash Flow	**186.9**	**111.4**

Financial Review *continued*

Alex Wood

During 2025 the Group opened 53 new organic PureGyms in the UK (2024: 44), 7 in Switzerland (2024: 2) and 1 in the USA (2024: nil) with the associated investments recognised within expansionary capital expenditure. Also included within expansionary capital expenditure is £2 million in relation to the final stages of a major investment project in Denmark (2024: £16 million) and £16 million in relation to the rebrand and investment in the acquired US estate (2024: £nil). Careful and considered investment also continues into technology systems and infrastructure for the long term interests of the business.

Maintenance and refurbishment expenditure represents the investment made into maintaining and improving the existing estate to ensure the Group's gyms remain high quality and up to date.

Net cash used in / generated from financing activities

Net cash used in investing activities for the year primarily derives from £76 million of lease capital payments (2024: £63 million). These represent a proportion of the property rental costs as accounted for under IFRS 16, with the remaining rental cost accounted for within net cash used in operating activities. The payments have increased year on year due to the increased number of gyms.

This outflow is offset by a £34 million cash inflow form the issue of share capital, which arose due to the equity down-streaming of cash previously held by the Group's parent company, Pinnacle Topco Limited.

In 2024, net cash generated from financing activities also included an inflow of £156 million in respect of the issuance of £150 million of Senior Secured Notes and associated premium received on issue.

Cash and Liquidity

As at 31 December 2025 the Group had total cash and cash equivalents of £73 million, and total liquidity of £249 million when the RCF of £175.5 million is included.

Funding

The Group has £520 million of Senior Secured Notes ("the Sterling Notes") and €505 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 December 2025, the facility was undrawn.

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.

Further details are provided in note 19.

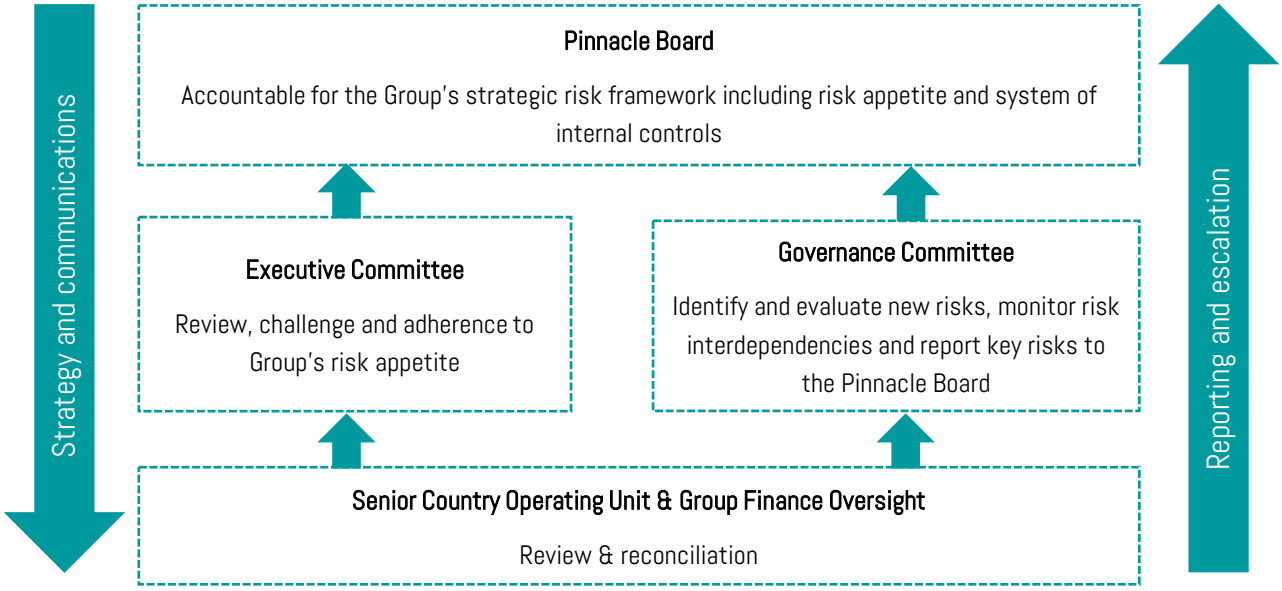
Alex Wood
Chief Financial Officer

Principal Risks and Uncertainties

To accomplish our strategic goals, an effective and robust risk management process is integral. The Group's success is underpinned by its ability to identify, manage and mitigate risk.

We understand risk is not something that we can completely avoid and instead must be understood and actively managed in pursuit of our strategic priorities. The ultimate responsibility for risk management of the Group rests with the Board, who delegate responsibility for identifying, monitoring and managing risk to the Governance Committee and through to the Group's operational management teams.

Risk management framework



Risk Appetite

We define risk appetite as the level of risk the Group can tolerate in pursuit of its strategic goals. The Pinnacle Board, in consultation with the Governance Committee, evaluates the Group's risk appetite on a quarterly basis. Key indicators such as how much damage the risk can cause, how likely the risk is to materialise, and how much the risk can be lowered through management intervention, all help to inform the Group's overall tolerance for risk. This ensures that there is clear alignment between the acceptable risk and the Group's strategic goals. The Executive and Governance Committees share the Group's appetite for risk with all operational management teams to ensure it is considered when making decisions.

Emerging risks

Emerging risks may be new risks not previously identified, or changes to existing risks that are currently difficult to quantify. In order to identify emerging risks at the earliest opportunity, risk themes and trends from industry and professional bodies and peer networks are collated and reviewed at least quarterly by the Governance Committee and managed through the risk management framework as appropriate.

Geopolitical conflicts continue to surface across new regions with the potential to create previously unforeseen risks and exacerbate existing risks which could have a significant impact on the Group's operations, including movement of key resources, willingness to travel and downturn of global economies. To mitigate ongoing pressure on supply chains, we regularly review and develop our continuity plans, focusing on surety of supply with critical suppliers, whilst ensuring consideration of and compliance with our ethical and sustainability objectives.

Principal Risks and Uncertainties *continued*

Increased regulatory change and compliance has the potential to impact many areas across the business, from governance and controls to external disclosure requirements. For example, changes to regulations in the area of sustainability and the corresponding time bound pressure to meet related targets could have a substantial future impact on the development and operation of sites. The exact pace and magnitude of change in any of these areas is difficult to estimate; however, the business continues to keep abreast of relevant developments with strategies in place to work towards existing targets and new requirements.

The principal risks and uncertainties set out below are those which we believe could have the most material impact on our business and strategic objectives. Mitigating steps aimed at managing and reducing those impacts have been put in place by the Group as summarised below. Additional risks and uncertainties currently unknown to us, or which we currently believe are immaterial, may also have an adverse effect on the Group.

Risk	Description & potential impact	Movement vs prior year	Mitigation
ECONOMIC CONDITIONS AND GOVERNMENT POLICIES	Our business may be adversely affected by macro-economic conditions such as changing government taxation or tariff policy, increasing interest rates or inflation, uncertainty from the wars in Ukraine and the Middle East or other factors affecting levels of disposable income and consumer confidence, which may result in members re-evaluating their spending habits and cancelling memberships, thereby reducing revenue and profits.	⇔	• A robust financial position, with access to £249 million of liquidity as at 31 December 2025 (consisting of £73 million cash on balance sheet, and £175.5 million Revolving Credit Facility). • The Group has fixed interest rates on the majority of its debt which provides protection from short-term changes in market interest rates. • As a low priced gym operator, born in a recession, the business is actually well placed to withstand an economic downturn as members typically trade down from mid-market and premium operators in times of such uncertainty. • The Group has undertaken a programme of activity to reduce energy consumption, and has fixed energy prices for the majority of the estate to the end of 2026 and into 2027. This action was taken prior to the escalation in prices as a result of the 2026 conflict in Iran. • The Group has close supplier and landlord relationships and actively monitors the macro-economic environment for inflationary and supply chain risk, while maintaining flexibility in supply chain in case of tariffs or other restrictions requiring alternatives. • The Group closely monitors changes in legislation, including tax law, in all its geographies and works with external advisors to identify and mitigate these changes at the earliest opportunity.

Principal Risks and Uncertainties *continued*

The principal risks and uncertainties set out below are those which we believe could have the most material impact on our business and strategic objectives. Mitigating steps aimed at managing and reducing those impacts have been put in place by the Group as summarised below. Additional risks and uncertainties currently unknown to us, or which we currently believe are immaterial, may also have an adverse effect on the Group.

Risk	Description & potential impact	Movement vs prior year	Mitigation
CYBER AND DATA SECURITY	Businesses remain subject to continuously evolving methods of cyber-attack and increasingly so as a result of ongoing global conflict. Data breaches or operational disruption caused by malware such as ransomware, can result in a loss of brand trust, regulatory fines and an adverse impact on the value of the business.	⇔	• The Group works with a specialist third party to deliver comprehensive Information Security Management including up-to-date anti-virus software, system monitoring and regular penetration testing to identify vulnerabilities. • A continuous security improvement programme is in place with regular independent external review of control effectiveness and Information Security maturity awareness training for our people and regular trial runs of breaches to maximise preparedness for any eventuality. • We have solid compliance foundations across all markets for data protection and effective collaboration between Information Security and Data Protection teams to minimise data risks and ensure compliance with GDPR.
TRANSFORMATION & BUSINESS CHANGE	The risk that the Group is unable to successfully deliver major transformational programmes, particularly under time bound pressures, and realise the anticipated benefits due to a high volume of change. This particularly refers to consolidation of Group-wide operational systems, alignment of brand standards, ways of working, and other estate, commercial and people-related changes. It also encompasses risks associated with operating in territories with which management have lower levels of familiarity. Failure to deliver value through these programmes could result in financial loss, reputational damage, and disruption to operations and productivity of the business.	⇔	• Clearly articulated value creation plans are prepared for each work stream, with alignment to the Group's strategic plan. • Executive-level sponsorship and governance forums, including Board-level oversight, is in place to track and evaluate progress. • Enhanced internal project delivery expertise to ensure robust assurance management. Utilisation of specialist third parties and subject matter experts to provide further independent assurance. • Clear focus on the markets in which we operate to ensure the product, proposition, and strategic partnerships (including franchisees) are appropriate. • Regular risk assessments and mitigation strategies implemented on all workstreams to prevent / reduce the impact of potential threats and uncertainties.

Principal Risks and Uncertainties *continued*

The principal risks and uncertainties set out below are those which we believe could have the most material impact on our business and strategic objectives. Mitigating steps aimed at managing and reducing those impacts have been put in place by the Group as summarised below. Additional risks and uncertainties currently unknown to us, or which we currently believe are immaterial, may also have an adverse effect on the Group.

Risk	Description & potential impact	Movement vs prior year	Mitigation
MEMBER EXPERIENCE AND COMPETITION	The success of our business depends on our ability to maintain a positive brand reputation, in order to attract and retain members, while maintaining sustainable and profitable memberships. We generate almost all of our revenue from membership fees and if we are unable to attract and retain members, it could result in a reduction in members, revenue and profitability. Similarly, increased competition from other operators taking aggressive pricing action or opening new sites near our existing locations could put pressure on our pricing strategy and result in a reduction in members, revenue and profitability.	⇔	• Ongoing monitoring of gym and equipment utilisation to maximise member experience. • Focus on member satisfaction and feedback. • Careful control over external messaging and marketing linked to the PureGym brand to maintain a positive and consistent brand image. • Rigorous focus on selecting the best sites for our gyms, taking into account local demographics, competitor activity and site availability. • Continued investment and innovation of our model to provide a premium offering. • Sophisticated and dynamic pricing strategy. • Ongoing and regular market analysis.
SUPPLY CHAIN RESILIENCE	The Group's gym equipment and certain other fixtures and fittings are manufactured overseas. The global supply chain may be impacted by events such as international conflicts (for example, the wars in Ukraine and the Middle East or conflict between China and Taiwan), or global pandemics. Disruption to the supply chain could cause shortages in supplies or increase in prices due to demand outweighing supply of certain items, or due to changes in exchange rates.	⇔	• The Group's core operations in existing gyms have a low level of reliance on imported goods and services, therefore the business could continue to operate in a time of supply chain crisis. • The Group continues to evolve its Supply Chain risk management and due diligence process to ensure resilience is a key performance metric. • The Group continues to monitor its supply chain to ensure there is sufficient diversity in both suppliers and their geographical locations, to avoid any over-reliance on the stability of one supplier or region.

Principal Risks and Uncertainties *continued*

The principal risks and uncertainties set out below are those which we believe could have the most material impact on our business and strategic objectives. Mitigating steps aimed at managing and reducing those impacts have been put in place by the Group as summarised below. Additional risks and uncertainties currently unknown to us, or which we currently believe are immaterial, may also have an adverse effect on the Group.

Risk	Description & potential impact	Movement vs prior year	Mitigation
HEALTH & SAFETY	The Group provides over 2 million members with 24/7 access to fitness facilities that are unstaffed during certain periods. Gym users come from a variety of backgrounds, physical conditions, and gym experiences. With over 160 million visits per year, there is a risk that a serious incident causing harm to a gym member, member of staff or third party could expose the business to financial or reputational damage.	⇔	• Dedicated and experienced Health & Safety team with a clear mandate to maintain the robustness of the Group's Health, Safety and Environment system for the benefit of its members, employees, and partners. • Health & safety policies across the Group, outline the mandatory requirements within the business. • The Group has developed a sophisticated and centralized CCTV monitoring division to monitor and detect health and safety risks. • Internal periodic health and safety assessments supplemented by third party health and safety risk assessments and audits. • Employment and continuous training and development of all operational teams.
SUSTAINABILITY AND ESG (including climate change)	Sustainability – and more broadly environmental, social and governance related issues – include, but are not limited to, climate change, resource scarcity, human rights, diversity and inclusion, data privacy, and corporate ethics. The Group recognises the risk that if it does not take a proactive stance regarding sustainability, members may choose to look elsewhere for gyms that represent their values. Furthermore, if the business is unable to comply with evolving regulatory and legal requirements, it could be exposed to penalties and impact its reputation and financial returns.	⇔	• The Governance Committee, chaired by the CEO, oversees sustainability-related change across the Group. • Use of third party expertise, where relevant, in implementing changes in sustainability-related government policy to ensure compliance. • The Group has implemented a number of ESG policies, standards and guidelines to ensure compliance with relevant laws, regulations and best practices. • The Non-Financial and Sustainability Information Statement creates a reporting framework helping the Group identify and assess key climate-related risks and opportunities.

Going Concern

The Directors have carefully evaluated the Going Concern basis of the Group. In doing so, they have taken account of the wider macroeconomic climate including all relevant risks as described in the Principal Risks and Uncertainties section of this Annual Report.

The Group made a loss before tax of £88 million in the year ended 31 December 2025 and had net current liabilities of £176 million and net liabilities of £519 million as at that date. The Group meets its day to day working capital requirements, capital expenditure and funding of new sites through its surplus cash reserves and credit facilities (comprising an RCF of £175.5 million, which includes an overdraft of £10 million).

As at the date of signing the financial statements, the Group's forecasts and projections (to 30 June 2027) taking account of reasonably possible changes in trading performance, showed that the Group has ample headroom to operate within its existing facilities.

This assessment included consideration of a severe but plausible downside scenario consisting of:

- A reduction in forecast revenues increasing from a 1% reduction in April 2026 to a 5% reduction by July 2026 and for the rest of the forecast period;
- An increase in forecasts costs, rising from a 1% increase in all costs in April 2026 to a 5% increase by July 2026 and for the rest of the forecast period; and
- A mitigating reduction in forecast capital expenditure, increasing from a 5% reduction in June 2026 to a reduction of 50% in maintenance and refurbishment capital expenditure and 70% in growth capital expenditure by May 2027 and for the rest of the forecast period.

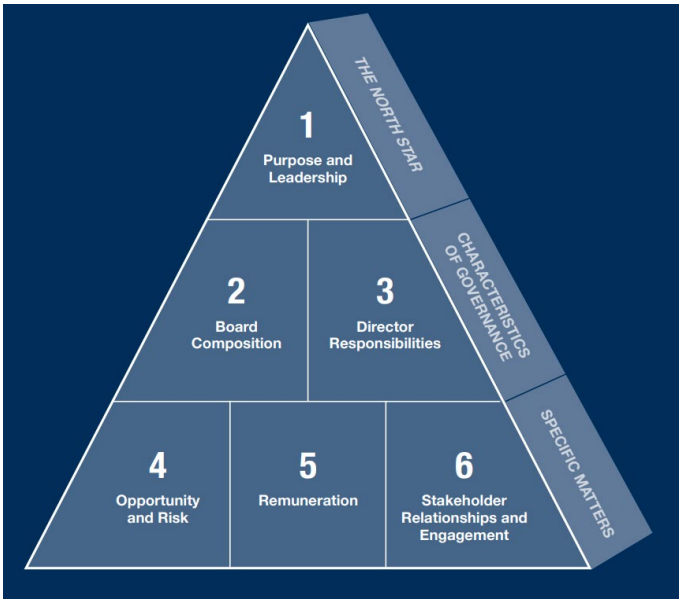
The Group had cash reserves at 31 December 2025 of £73 million. Combining this with the available RCF gives a total liquidity position of £249 million at 31 December 2025. Under the severe but plausible downside scenarios modelled, the Group would maintain a minimum liquidity of £179 million for the entire forecast period to June 2027.

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. Under the severe but plausible downside scenarios modelled, the Group is not expected to breach its covenants.

Based on these forecasts, 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.

Corporate Governance

The Group applies the Wates Corporate Governance Principles for Large Private Companies ('Wates Principles'). The Wates Principles provide a framework for the Group to demonstrate how the Board has made decisions for the long term success of the Group and its stakeholders, and the Board is committed to ongoing review and challenge of these decisions to allow for continuous improvement both in the past year and in future periods. Each of the Wates Principles are laid out in the diagram below with explanations as to how the Board has applied each principle during the year included in the proceeding text.



Principle 1: Purpose and Leadership

The board of directors of Pinnacle Bidco plc are led by the board of directors of the Group's parent company, Pinnacle Topco Limited ('the Board'). The Board is responsible for the long-term strategy, direction and performance of the Group, providing rigorous challenge to those with day to day responsibility and accountability.

It is the aim of the Board that all decisions made and all actions taken reflect the Group's values and culture. The Board has established a core vision and clear strategy, as set out on pages 4 to 9. This, alongside the Group's performance against this strategy, is regularly communicated in the appropriate form throughout the organisation and to relevant external stakeholders with quarterly presentations.

The specific ways in which the Board ensures these aims are met are set out in the other Wates Principles below.

Principle 2: Board Composition

The balance of skills, knowledge, and experience of the directors on the Board is continuously evaluated. The size and composition of the Board, taking into account diversity considerations such as the number of males and females on the Board, is considered to be appropriate for the scale and strategy of the Group.

The Board includes the Chairman, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of Pinnacle Bidco plc, two representatives of our majority shareholder, LGP, a representative of our minority shareholder, KKR, and an Independent Non-Executive. The Independent Non-Executive Director brings outside experience and provides constructive challenge and influence.

By virtue of its private equity ownership structure, the composition of the Board is partly determined by the Shareholders' Agreement and it is considered to be in the best interests of the Group for the senior executives and each Shareholder to be represented at meetings. The directors individually and collectively bring a wide variety of relevant industry and wider business experience. Full biographies of the directors can be found on the Group's website at corporate.puregym.com/governance/board-of-directors.

Principle 3: Director Responsibilities

The Board has established an array of corporate governance policies and practices which provide the Group with clear lines of accountability and responsibility to support effective decision-making. The Board met formally 4 times during 2025, as well as informally on a monthly basis. While Board oversight is always maintained, the duties of the Board are partially executed through the decisions and actions of individuals and relevant committees which are delegated certain responsibilities in accordance with their knowledge and experience.

The Board delegates day to day management of the Group to the Executive Committee which meets formally on a monthly basis and maintains a high level of ad-hoc communication outside of the formal process. As well as the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer who sit on the Board, the Executive Committee includes the Chief People Officer, the Chief Information Officer, and the Chief Customer & Commercial Officer as of 31 December 2025. In February 2026, the Committee was strengthened further with the addition of the Chief Transformation Officer.

Corporate Governance *continued*

In addition, certain governance responsibilities are delegated to other committees including the Audit Committee, the Remuneration Committee and the Governance Committee, with the Board retaining overall responsibility for final decisions.

The Audit Committee meets at least twice a year to discharge its responsibilities around accuracy of financial reporting, adequacy of accounting practices, internal controls and the external audit process.

The Remuneration Committee meets at least annually, but as often as required, with the aim of setting remuneration levels for Board members and senior management as detailed in principle 5, below.

The Governance Committee meets at least quarterly to review the Group's risk register and undertake an assessment of the principal risks and uncertainties. This Committee is also responsible for setting the S-ESG strategy for the Group going forwards. In order to monitor this, the Committee has prepared a climate risk register which is regularly reviewed.

In executing its decision making, the Board makes use of an array of financial and non-financial information prepared on a timely basis and presented in an accurate and clear manner in its monthly management accounts and the Board packs. A number of the core financial and non-financial metrics are disclosed through our quarterly public reporting cycle to bondholders and other stakeholders (see 'Key Performance Indicators' section of the quarterly results presentations available on our website at corporate.puregym.com/investors/results-reports-and-presentations/).

The Board has established a robust framework of internal controls, including review and reconciliation, to ensure a high level of integrity over reporting is maintained. The Group's finance function is appropriately qualified to ensure the accuracy and reliability of the financial information and the annual accounts are externally audited. The Board has also established an array of manuals to provide the Group's employees with clear guidelines and processes in areas such as conflicts of interest and whistleblowing.

Principle 4: Opportunity and Risk

The Board aims to promote the long-term sustainable success of the Group by identifying opportunities to create and preserve value and establishing oversight for the recognition and mitigation of risks.

The Group's underlying operations are simple and assessed as inherently low risk relative to other sectors, with a diversified geographical spread of autonomous gyms offering straightforward services. Despite this, there is still a strong underlying ethos of ongoing risk mitigation across the business. Risk assessments have been delegated by the Board to the Governance Committee, which works closely with the operational teams and functional heads to refine and enhance the Group's risk management framework, as well as reporting back to the Board which provides oversight of the Group's risk framework.

Key opportunities for the business may be identified at any level in the Group's structure and are fed back to the executive directors via the Executive Committee. The executive directors then determine opportunities which warrant further discussion at a Board level and feedback during Board meetings or on an ad-hoc basis if appropriate.

A detailed overview of the Group's primary risks and uncertainties identified by the Board are included on pages 17 to 21.

Principle 5: Remuneration

The Board has an established Remuneration Committee which maintains responsibility for the Group's remuneration strategy. This strategy is devised with the aim of setting remuneration levels for Board members and senior management at a rate which offers an appropriate level of incentivisation. Remuneration includes a significant share-based compensation scheme. This scheme serves to align the motives of this high quality team with the long term objectives of the Group and its shareholders and other key stakeholders, being to grow and expand into current and new markets, increase the number of sites in a measured and effective way and enhance shareholder value.

Corporate Governance

Remuneration is set with reference to the market and at a level that will enhance the Group's resources by attracting and retaining quality leaders who can deliver the Group's strategic ambitions in a manner consistent with its values, purpose and the interests of its shareholders.

The Board has established policies covering pay and conditions for the wider workforce which are designed to prevent discrimination in respect of sex, religion, race, nationality or sexual orientation. The business reports annually on its Gender Pay Gap, as included in the Chief Executive Officer's Statement on page 8. The Group is working to expand its reporting to cover all geographic regions in future. As well as reporting on the financial metrics, the report also identifies focus areas, including increasing the number of women in senior roles.

Principle 6: Stakeholder Relationships and Engagement

The Group has a wide array of stakeholders and it is the Board's aim to promote accountability and transparency with all stakeholder groups to effectively communicate the Group's performance, position and strategy.

The single largest stakeholder group is the Group's gym members with 2.3 million members as at 31 December 2025. Members' views are taken very seriously by the Group and the member experience is at the heart of many of the key decisions made by the Board. Effective communication with members is established through the Group's websites, its app's, email communication and social media platforms which keep members up to date with the latest developments relevant to their experience. The views of members are also collected regularly through the use of Net Promoter Score metrics, which help senior management identify successes and areas for improvement.

The next largest stakeholder group is the Group's workforce. Employees are kept up to date with developments across the Group with regular and ad-hoc communications via our dedicated digital employee engagement platform, Connect. Important messages are also fed down from the Board to the workforce through the management hierarchy. The views of the workforce are obtained and considered through regular employee surveys (the results of which are fed back to the Board for consideration) and an established one-to-one appraisal process. The Group also has a whistleblowing policy in place to allow our people to speak up without fear of personal consequences.

The Group's other key stakeholders include its shareholders, lenders, landlords and suppliers. Effective communication with these Groups is maintained primarily through regular Board meetings and the Group's quarterly and annual public reporting, including its annual and interim financial statements, which are available on the Group's corporate website. A Group procurement function is also in place to ensure both strong communication and fair treatment of the Group's suppliers.

Non-Financial & Sustainability Information Statement

In accordance with section 414CB of the Companies Act 2006 (the 'Act'), the Board provides, within this Statement, the climate-related financial disclosures for the Group.

As a good corporate citizen, the Board recognises the Group's obligation to play a meaningful part in tackling climate risk and takes its role and responsibilities seriously with respect to improving society and reducing the Group's carbon footprint.

The Group's overall assessment of risk is that direct and material exposure to climate-related risks over the short and medium term is relatively low. The rationale for this belief is as follows:

- The Group is not involved in the direct production of either energy or carbon intensive products;
- The Group does not have a significant ongoing supply chain process (with associated transport, packaging and wastage-related issues);
- The Group's physical properties are geographically dispersed with no reliance on one particular location which limits the Group's exposure to localised risks such as flooding;
- Energy costs for the Group, both direct and indirect (e.g. inbound transport of equipment), are not a large proportion of its costs or revenue;
- The Group earns the majority of its revenue by providing a service rather than products – as such it does not consume significant incremental resources per transaction; and
- The Group works on an increasingly localised basis as it rolls out more geographically dispersed facilities so over time it is reducing travel times to sites. In markets such as Copenhagen in Denmark, many, if not most, members walk or ride a bike to their neighbourhood facility;

The Board is committed to producing consistent, clear, comparable and reliable disclosures relating to climate-related information, societal contribution and governance. Our goal is to ensure that this report remains meaningful and valuable to our stakeholders, enabling an engaging dialogue around climate change within the leisure sector, including what can be done to mitigate the risks and maximise the opportunities we face.

Non-Financial & Sustainability Information Statement *continued*

Set out below are the requirements of the Act in this regard and the sections within this Statement containing the relevant information, other than in the overview description above:

Requirements of s414CB (2A) Companies Act 2006	Section name	Page
a) a description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities	Governance	24
b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities	Risk Management	21
c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process	Risk Management	21
d) a description of: i. the principal climate-related risks and opportunities arising in connection with the company's operations, and ii. the time periods by reference to which those risks and opportunities are assessed	Climate-related Risks, Opportunities & Resilience	28
e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy	Climate-related Risks, Opportunities & Resilience	28
f) an analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios	Climate-related Risks, Opportunities & Resilience	28
g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	Metrics & Targets	30
h) a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based	Metrics & Targets	30

Governance

Our Board and Executive Committee remain fully committed to identifying and addressing the immediate and longer-term climate-related impacts on our business. Our Board has overall accountability for managing the business risks and opportunities posed by climate change.

The Group has established the Governance Committee, a committee of senior management, chaired by the CEO. The Governance Committee takes prime responsibility for overseeing the Group's enterprise risk management framework and sustainability strategy, including prioritising activities to ensure the management of climate-related risks and opportunities. The Governance Committee meets at least four times a year and reports directly to the Board on its progress, observations and recommendations.

Non-Financial & Sustainability Information Statement *continued*

Risk management

The Board has ultimate responsibility for risk management and the risks that the Group is willing to accept to achieve its objectives, including risks related to climate change. The risk management framework and the processes in place to manage risks are overseen by the Governance Committee. In assessing the Group's risk appetite, the Board reviews the four-year business plan and the associated strategic risks. Risk appetite for specific risks, mainly of a financial nature and related to capital risks, are determined within specific Board-approved policies, including the delegation of authority. Climate–related risks are discussed in these forums.

The Group's principal risks are mapped to the relevant mitigating actions in order to generate a matrix that summarises the Group's overall risk profile. The Board reviews this risk profile of the Group and discusses risk appetite four times a year.

Our risk management processes continue to identify new and emerging risks and these are included as they arise within the risk management framework. We believe we are well placed to manage the risks associated with the transition to a low carbon economy and to take advantage of the significant opportunities such transition creates.

Climate-related risks, opportunities and resilience

The Group categorises climate risks into two types: physical risk; and transition risk. Within each, we identify a number of factors arising from climate change which we monitor over the short (0 to 2 years), medium (2 to 5 years) and long term (over 5 years).

Overall, we do not believe the impact of climate change will be material for our business over the short or medium term. Over the longer term, impacts are harder to identify due to the timeframes and nature of risks, but, at this point, we do not believe the impact of climate change over this period will be material. We have, however, identified the main risks which could have a potential and material impact on the business.

The Group has identified the following as our most material climate-related risks over a short, medium and long-term horizon:

Physical risks

Description	Time horizon	Existing mitigation activity
Increase in energy costs from changing temperatures and temperature extremes	Medium term & Long term	As part of our energy reduction programme, we are continually trialling and rolling out technology to reduce energy usage and understand its application and operating cost impacts.
Increased building / equipment costs due to higher specification requirements	Medium term & Long term	With our subject matter experts (internal and external), we continue to monitor emerging regulations to proactively react and work with suppliers to benefit from proven and scalable technological innovation.
Damage to physical infrastructure due to increased frequency and intensity of extreme weather leading to increased maintenance and replacement costs	Long term	We maintain strong relationships with our insurers and ensure climate-risks are considered within estate planning processes. We continue to enhance proactive and reactive maintenance programmes.

Non-Financial & Sustainability Information Statement *continued*

Physical risks

Description	Time horizon	Existing mitigation activity
Logistics problems for goods / manufacturing materials in supply chain which are unavailable or delayed as a result of climate impacts leading to increased costs	Medium term & Long term	We will continue to work on developing climate risk views into supply chain planning and supplier locations.

Transition risks

Description	Time horizon	Existing mitigation activity
New and emerging climate legislation which increases costs around energy, waste reduction and packaging, including greater requirement for recycling.	Medium term & Long term	We continue to monitor regulations in the countries in which we operate, ensuring updates are internally presented regularly and to the Board when appropriate. We undertake periodic materiality assessments to ensure our programme proactively addresses key issues and emerging trends.
Reputation: The risk that our brand is not aligned with the increased stakeholder awareness of climate impact.	Medium term & Long term	We will continue to monitor and assess member and other stakeholder sentiment for our offering. Member and industry trends are key inputs to our commercial, marketing, and strategic development.
Policy: Recessionary impacts arising from the impact of climate change.	Medium term & Long term	Our commercial and finance teams have a track record of successfully navigating recessionary impacts, mitigating the overall impact on the Group. Our scale and financial strength, as well as our value offering, support navigation through recessionary periods better than more fragmented, high-cost, competition, and the scale of our supply chain also brings benefits to preserve our commercial proposition.

The scale and potential impact of climate-related risks and the benefits of these efforts (noted above) have been implicitly assumed in the Group's annual budgeting, and medium-term strategic forecasting and planning processes. It should be noted that climate-related risks and opportunities will continue to be reviewed against assumptions used to develop budgets and forecasts as the impact of such risks and opportunities become more certain and clearer over time.

The Group has not assessed or analysed risks against climate scenarios. We are committed to completing appropriate climate-related risk modelling over the medium term, which will help quantify the financial impact of both risks and opportunities. The Governance Committee will be carefully and conscientiously working through these scenarios and pathways, assembling its perspective on the Group's resilience to them and thus provide the framework for developing the optimal medium and long-term strategies for the Group.

Non-Financial & Sustainability Information Statement *continued*

Metrics and targets

The Group has set two key performance indicators to measure progress in relation to climate-related risks and opportunities, which are tonnes of carbon dioxide per gym, and tonnes of carbon dioxide per million member visits. The Group are in the process of establishing appropriate targets which are being informed by materiality assessments, stakeholder engagement and relevant ESG reporting framework guidance applicable across the Group.

Reporting of our energy consumption and Scope 1, 2 and 3 emissions is included within our Streamlined Energy and Carbon Reporting (SECR) table within the 'Energy Use and Emissions' section below. Here, we also explain the extent of our energy use, our emissions data and plans for extending that data so that we have a better baseline for setting emission reduction targets and metrics for reporting in the future.

Energy Use and Emissions

The Group is required to report its energy use and impact under the SECR regulations. The SECR regulations require the reporting of UK-only emissions in the following categories:

- Scope 1 emissions from fuel use and combustion of natural gas;
- Scope 2 emissions from electricity purchase and use for operations; and
- Scope 3 emissions from business travel in rental cars or employee owned vehicles.

The required mandatory reporting forms the basis for the key performance indicators stated above. In addition the Group provides additional voluntary reporting on Scope 3 emissions from other transport (such as flights), indirect other transport, purchased goods and services, and fuel and energy related emissions not included in Scope 1 and 2. While these emissions are not part of our key performance indicators, they contribute to a complete view of the Group's carbon footprint.

The Group has defined its organisational boundary using the financial control approach. Therefore, the figures do not include franchisee-related operations, or energy usage provided by landlords included in service charge and not metered.

In addition to UK-only emissions required to be reported under the SECR regulations, the Group voluntarily reports its global emissions. Due to the relative increase in size of US operations to the Group in 2025, following the November 2024 acquisition of 56 Blink Fitness gyms, US emissions are included in the reported global figure for the first time this year, along with emissions from Denmark and Switzerland.

Data collection and analysis has strictly followed the GHG Protocol Corporate Accounting and Reporting Standard, in line with the recommended methodologies under SECR guidelines. The UK Government's emission factors have been used to quantify all emissions, with the exception of overseas electricity, which has been quantified using electricity emission factors calculated by the European Investment Bank, European Environment Agency or reported directly by the national governments.

Certain types of emissions, or emissions from some geographies are not fully available due to limitations on available data. To address this, emissions are estimated using either historically available data or comparable data from other geographies. The Group continues to evolve its data collection methodology and aims to increase the level of actual data in future years.

Non-Financial & Sustainability Information Statement *continued*

The following table shows UK-only emissions as required to be reported under SECR:

Consumption and Emissions – UK only	2025 Consumption (kWh 000's)	2025 Emissions (tCO2e)	2024 Consumption (kWh 000's)	2024 Emissions (tCO2e)
Direct from Operations: Gas (Scope 1)	12,809	2,554	13,287	2,693
Indirect from Purchased Electricity (Scope 2)	55,700	9,859	57,986	12,007
Direct from Operations: Car Fuel (Scope 3)	1,604	390	1,297	318
Total	**70,113**	**12,803**	**72,570**	**15,018**
Average number of gyms		**431**		**386**
Intensity Metric (tCO2e per gym)		**30**		**39**
Member visits (m)		**119**		**108**
Intensity Metric (tCO2e per million member visits)		**108**		**139**

The following table shows emissions for the Group (UK, Denmark, Switzerland and USA as defined by the organisational boundary detailed above) arising from gas and mobile fuel usage, the purchase of electricity, car fuel and other Scope 3 emissions arising indirectly from services purchased:

Consumption and Emissions – Group	2025 Consumption (kWh 000's)	2025 Emissions (tCO2e)	2024 Consumption (kWh 000's)	2024 Emissions (tCO2e)
Direct from Operations: Gas and Mobile Fuel (Scope 1)	22,073	4,321	14,456	2,984
Indirect from Purchased Electricity (Scope 2)	79,891	13,226	74,293	13,763
Direct from Operations: Car Fuel (Scope 3)	1,604	390	1,297	318
Total	**103,568**	**17,937**	**90,046**	**17,065**
Average number of gyms		**670**		**586**
Intensity Metric (tCO2e per gym)		**27**		**29**
Member visits (m)		**164**		**134**
Intensity Metric (tCO2e per million member visits)		**110**		**127**
Indirect from Services Purchased: Other transport (Scope 3)		328		241
Indirect from Services Purchased: Purchased G&S (Scope 3)		1,000		992
Indirect from Services Purchased: Fuel & energy related (Scope 3)		5,401		4,723
Total reported emissions under Scope 1, 2 and 3	**103,568**	**24,666**	**90,046**	**23,021**

Non-Financial & Sustainability Information Statement *continued*

The Group continues to exercise a full programme of energy consumption reduction projects after establishing a "green" standard by which its operations are run. This has contributed towards the reduction in emissions based on the Group's two intensity metrics in 2025 as compared to 2024. Across the group, over 1,500 energy saving initiatives were implemented during the year, including 1,300 operational changes as well as LED lighting upgrades, installation of air source heat pumps for hot water generation and connection of many of the Group's sites to remote energy control.

Section 172 Statement

The directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2025. Those matters include having regard for the following, which are cross-referenced to further details given elsewhere in either the Strategic Report or Directors' Report:

Requirements of s414CB (2A) Companies Act 2006	Section name	Page
a) The consequences of the decisions we take in the long term	Chief Executive Officer's Statement	8
b) The interests of the Group's employees	Setting the tone for the industry Principle 6	7 25
c) The need to foster the Group's business relationships with suppliers, customers and others	Principle 6 Employees	25 35
d) The impact of the Group's operations on the community and the environment	From challenge to opportunity - embracing sustainability and S-ESG Non-Financial and Sustainability Information Statement	8 26
e) Maintaining a reputation for high standards of business conduct	Throughout Strategic Report	4-33
f) The need to act fairly between members of the Group	Principle 6	25

Employees & Diversity

At 31 December 2025 the Group had 7,263 employees (31 December 2024: 7,579) and these are analysed as follows:

	31 December 2025			31 December 2024		
Employee Numbers	Male	Female	**Total**	Male	Female	**Total**
Directors	2	1	**3**	2	1	**3**
Senior Managers	2	1	**3**	2	2	**4**
Other employees	4,068	3,189	**7,257**	4,220	3,352	**7,572**
Total	4,072	3,191	**7,263**	4,224	3,355	**7,579**

I would like to extend our thanks to all our employees, both at the gyms and at the support centre, for their support and continued hard work throughout a very successful year.

On behalf of the Board

A Wood
Director
24 April 2026

Directors' Report

The directors present their Annual Report and audited, consolidated financial statements of Pinnacle Bidco plc and subsidiaries (together "the Group") for the year ended 31 December 2025.

A review of the performance of the Group's business during the year, the principal risks and uncertainties facing the Group and its future prospects are included in the discrete Strategic Report set out on pages 4 to 33 which should be read in conjunction with this Directors' report.

As permitted by legislation, some of the matters normally included in the Directors' report, including disclosures regarding greenhouse gas emissions, have instead been included in the Strategic Report (pages 4 to 33) as the Board considers them to be of strategic importance.

Disclosures elsewhere in the Annual report and consolidated financial statements are cross-referenced in this Directors' report where appropriate.

Principal activities

Pinnacle Bidco plc is an intermediate holding company of the Group and is an investee of investment funds controlled by Leonard Green & Partners LP. It is expected to remain as such for the foreseeable future.

The activities of the Group are discussed in the Strategic Report on pages 4 to 9. The Group made a loss for the year of £86.7m (2024: £78.5m), and had net liabilities at 31 December 2025 of £518.9m (2024: £468.6m). The directors are not able to recommend payment of a dividend (2024: £nil).

Likely future developments of the Group are discussed within the Strategic Report on page 9.

Principal risks and uncertainties

Principal risks and uncertainties are discussed within the Strategic Report on pages 17 to 21 in accordance with the provisions of s414C (11) of the Companies Act 2006.

Directors

The directors who served the Group during the year and up to signing the financial statements, were as follows:

- C Chesser
- A Wood
- R Passmore

The directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Going Concern

The Group made a loss before tax of £82.9m in the year ended 31 December 2025 and had net current liabilities of £175.6m and net liabilities of £518.9m as at that date. The Group meets its day to day working capital requirements through its cash reserves and borrowing facilities (as detailed in note 19).

As set out in the Strategic Report on page 22, the Directors have a reasonable expectation that the Group has adequate resources to continue to remain a going concern for the foreseeable future and therefore continues to adopt the going concern basis in preparing its financial statements.

Directors' Report *continued*

Political contributions

The Group did not make any political donations or incurred any political expenditure during the year (2024: none).

Financial instruments

Information in respect of the Group's policies on financial risk management objectives including policies to manage credit risk, liquidity risk, market risk and interest rate risk are given in note 22 to the financial statements.

Stakeholder engagement

The Group's stakeholders, and the methods in which the Group and Board interact with those stakeholders is set out in the Strategic Report under Principle 6 of the Corporate Governance section on page 25.

Employees

Management policies seek to ensure that both the recruitment and career development of employees are determined solely on merit and aptitude regardless of age, sex, ethnic origin, religious belief or disability. The Group endeavours to ensure that all employees benefit from its training and career development programmes.

Applications for employment by persons with disabilities are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a person with a disability should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the Group as a whole. Communication with all employees continues through Group meetings, briefing groups and electronic communications.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;

Directors' Report *continued*

- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Independent auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board

A Wood
Director
24 April 2026

Registered Number 11038859

Pinnacle Bidco plc
Financial Statements
for the year ended 31 December 2025

KPMG

Independent auditor's report

to the members of Pinnacle Bidco plc

1. Our opinion is unmodified

We have audited the financial statements of Pinnacle Bidco PLC ("the Company") for the year ended 31 December 2025 which comprise the *Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated cash flow statement, Consolidated statement of changes in equity, Company statement of financial position, Company statement of changes in equity*, and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2025 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UKaccounting standards, including FRS 101 *Reduced Disclosure Framework;* and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: Group financial statements as a whole	£9.0m (2024: £5.9m) 3.0% (2024: 2.3%) of EBITDA

Key audit matters		
New risk	◄►	Revenue recognition (Group)
Recurring risk	◄►	Risk of impairment of amounts owed by group undertakings (Company)

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Revenue recognition (Group) (£742.4 million; 2024: £604.6 million) *Refer to page 52 (accounting policy) and page 61 (financial disclosures)*	**Low risk, high value (Group):** The Group's revenue amounts to £742.4 million and is mainly driven by sale of services to customers. Revenue is recognised over time as services are provided to customers. Although revenue recognition is considered to be relatively straightforward on a transactional level, the high volume of transactions makes it more susceptible to error. As a result of this large volume of transactions, together with the significance of the balance relative to other captions in the Consolidated Statement of Comprehensive Income, and a reduction in the assessed risk of previous key audit matters relative to this matter, we have identified it as a key audit matter.	Our procedures included: — **Process understanding:** Obtaining a detailed understanding of the Group's key revenue recognition controls through inquiry of the relevant process owners, observation of the process, and inspection of supporting evidence. — **Test of details:** For two quantitatively significant components, we used a data and analytics approach to analyse the full population of revenue. This included correlation analysis as well as identifying entries posted to revenue that fall outside of the expected revenue patterns. Where the postings did not follow our expectation, we investigated and assessed their validity by agreeing a sample of transactions back to supporting documentation. — **Expectation vs outcome:** For one quantitatively significant component, generating an expectation for revenue based on cash receipts and investigating any significant reconciling items by agreeing to other supporting evidence obtained as part of audit procedures on those related areas. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

KPMG

2. Key audit matters: our assessment of risks of material misstatement

	The risk	Our response
Risk of impairment of amounts due from group undertakings (Company): (£1.4 billion; 2024: £1.3 billion) *Refer to page 89 (accounting policy), page 90 (critical estimates) and page 93 (financial disclosures).*	**Low risk, high value (Company):** The carrying amount of the amounts due from group undertakings balance represents 59.8% (2024: 62.6%) of the parent Company's total assets. Their recoverability is not at a high risk of material misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	Our procedures included: — **Assessment of risk of default:** For each intra-group debtor counterparty evaluating the likely risk of default with reference to the parent Company's definition of default and those subsidiaries' performance against budgets and forecasts of future profitability. — **Assessing subsidiary audits:** We evaluated the results of work performed on subsidiaries (including by component auditors) and considered the implications on those subsidiaries' profits, net assets and the likely risk of default on the intra-group balance. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described

We continue to perform procedures over Recoverability of Deferred tax assets relating to historic losses. This balance predominantly relates to two quantitatively significant components. However, following the utilisation of the majority of one component's losses in the current year, and stronger performance in the other component, and the Group overall, we have not assessed this as a key audit matter in our current year audit and, therefore, it is not separately identified in our report this year.

Similarly, we continue to perform procedures over the Risk of impairment of right-of-use assets and leasehold improvements. However, the risk surrounding impairment in relation to these assets is considered to have decreased due to improved performance of the business in all regions, alongside an active exercise to exit underperforming sites. As a result, we have not assessed this as a key audit matter in our current year audit and, therefore, it is not separately identified in our report this year.

As there has been no material business combinations in the year, we have not assessed the Identification and valuation of intangible assets acquired as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

KPMG

3. Our application of materiality and an overview of the scope of our audit

Our application of materiality

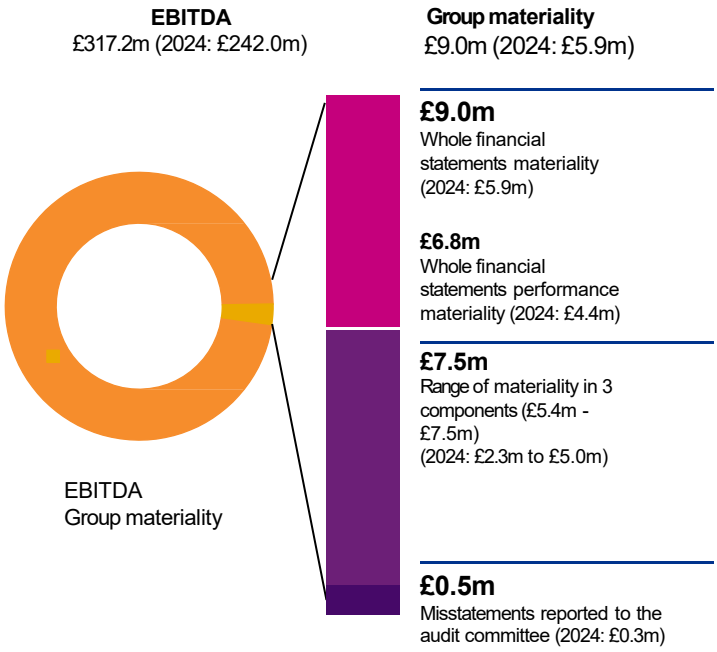
Materiality for the Group financial statements as a whole was set at £9.0m (2024: £5.9m), determined with reference to a benchmark of EBITDA (defined as Earnings (loss for the year) before Interest, Tax, Depreciation and Amortisation) of £317.2m (2024: £242.0m), of which it represents 2.8% (2024: 2.4%).

Materiality for the parent Company financial statements as a whole was set at £5.6m (2024: £2.3m), determined with reference to a benchmark of Company total assets, of which it represents 0.3% (2024: 0.2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £6.8m (2024: £4.4m) for the Group and £4.2m (2024: £1.7m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.5m (2024: £0.3m), in addition to other identified misstatements that warranted reporting on qualitative grounds.



Overview of the scope of our audit

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 7 (2024: 7) components, having considered the Group's legal structure, the Group's operational structure and our ability to perform audit procedures centrally.

Of those, we identified 3 (2024: 3) quantitatively significant components which contained the largest percentages of total revenue of the Group, for which we performed audit procedures.

We also identified 0 (2024: 1) component as requiring special audit consideration, owing to Group risk relating to business combination.

Additionally, we selected 1 (2024: 0) component with accounts contributing to the specific risks to the Group financial statements.

Overview of the scope of our audit (cont.)

Accordingly, we performed audit procedures on 4 (2024: 4) components. We involved component auditors on 1 (2024: 1) component.

We set the component materialities, ranging from £5.4m to £7.5m (2024: £2.3m to £5.0m), having regard to size and risk profile.

Our audit procedures covered 93% (2024: 91%) of Group revenue.

We performed audit procedures in relation to components that accounted for 93% (2024: 88%) of Group total assets and 93% (2024: 95%) of EBITDA (2024: EBITDA)

For the remaining components for which we performed no audit procedures, no component represented more than 8% (2024: 10%) of Group total revenue, Group total assets, or Group EBITDA. We performed analysis at an aggregated Group level to re- examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

The Group auditor performed the audit of the parent Company.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

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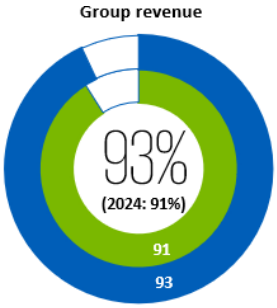
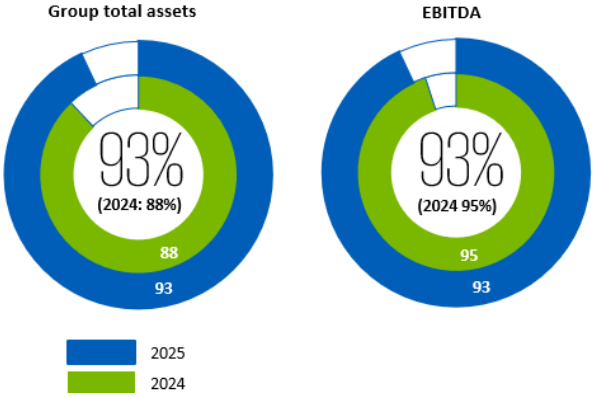
4. Our application of materiality and an overview of the scope of our audit (cont.)

Our audit procedures covered the following percentage of Group Revenue:



We performed audit procedures in relation to components that accounted for the following percentages of Group EBITDA and Group total assets:



Group auditor oversight

In working with the component auditor, we:

- Included the component auditor's engagement partners and manager in the Group planning discussions to facilitate inputs from component auditor in the identification of matters relevant to the Group audit.
- Issued Group audit instructions to component auditor on the scope and nature of their work.
- Visited 1 (2024: 1) component auditor in person as the audit progressed to understand and evaluate their work, and organised meetings with the component auditor. At these visits and meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail and any further work required by us was then performed by the component auditor.
- We inspected the work performed by the component auditor for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on significant risks of the Group through inspection of component auditor's work papers.

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how these risks might affect the Group's and the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- Customer spending habits and preferences given

cost of living challenges;

- Inflationary pressures and costs control;
- Cashflow challenges arising from expansionary

spend;

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's or Company's financial forecasts.

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

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6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risk of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, internal audit, and legal counsel, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channels for "whistleblowing", as well as whether they have any knowledge of any actual, suspected or alleged fraud.
- Reading board minutes
- Considering remuneration incentive schemes for Directors and employees
- Using analytical procedures to identify any unusual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of override of controls, in particular the risk that may be in a position to make inappropriate accounting entries. On this audit, we do not believe there is a fraud risk related to revenue recognition because there is limited opportunity for the manipulation of revenue due to:

- There being no significant judgement in regard to revenue recognition. Cash receipts convert to Revenue promptly and there is limited opportunity to manipulate it;
- Any manipulation performed would result in an uncollected receivable, which would not fit the receivable profile of the business
- Whilst deferred income could be manipulated, the calculation is straightforward and methodical with no judgement

We did not identify any additional fraud risks. We

performed procedures including:

- Identifying journal entries and other adjustments to test at the group level and for selected components based on risk criteria and comparing the identified entries to supporting documentation, where relevant. These included journal entries with unusual characteristics compared to the total population.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards) and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

7. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

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Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 35, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are freefrom material misstatement, whether due to fraud or error; assessing the Group and, parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Woods (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

East West

Tollhouse Hill

Nottingham

NG1 5FS

24 April 2026

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Consolidated statement of comprehensive income

for the year ended 31 December 2025

	Note	**2025 £m**	2024 £m
Revenue	5	**742.4**	604.6
Cost of sales		**(18.0)**	(20.6)
Other operating income		**2.6**	1.8
Other administrative expenses		**(573.6)**	(497.5)
Exceptional administrative expenses	6	**(17.3)**	(7.0)
Administrative expenses		**(590.9)**	(504.5)
Operating profit	7	**136.1**	81.3
Finance income	10	**3.1**	13.9
Finance costs	10	**(227.6)**	(183.7)
Loss before income tax		**(88.4)**	(88.5)
Income tax credit	11	**1.7**	10.0
Loss for the year		**(86.7)**	(78.5)

Other comprehensive income / expense		
Items that may be reclassified to profit or loss:		
Foreign operations – foreign currency translation differences, net of tax	**2.2**	(5.8)
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit pension obligations, net of tax	**-**	(0.2)
Total other comprehensive income / (expense) for the year, net of tax	2.2	(6.0)
Total comprehensive expense for the year	**(84.5)**	(84.5)

The accompanying notes form an integral part of these financial statements.

Consolidated statement of financial position
as at 31 December 2025

	Note	2025 £m	2024 £m
Non-current assets			
Intangible assets	12	**852.3**	844.6
Property, plant and equipment	13	**1,081.5**	954.0
Deferred tax assets	11	**67.8**	65.9
Other receivables	16	**14.0**	11.9
		2,015.6	1,876.4
Current assets			
Inventories	14	**4.3**	3.9
Trade and other receivables	16	**42.2**	46.1
Cash and cash equivalents	15	**73.1**	128.6
		119.6	178.6
TOTAL ASSETS		**2,135.2**	2,055.0
Current liabilities			
Trade and other payables	17	**(165.3)**	(173.7)
Lease liabilities	18	**(103.3)**	(86.2)
Borrowings	19	**(20.8)**	(20.2)
Provisions	20	**(5.5)**	(3.7)
Income taxes payable		**(0.3)**	-
		(295.2)	(283.8)
Non-current liabilities			
Deferred tax liabilities	11	**(11.1)**	(11.2)
Other liabilities		**(3.9)**	(3.9)
Lease liabilities	18	**(680.7)**	(637.3)
Borrowings	19	**(1,648.4)**	(1,570.9)
Provisions	20	**(14.8)**	(16.5)
		(2,358.9)	(2,239.8)
TOTAL LIABILITIES		**(2,654.1)**	(2,523.6)
NET LIABILITIES		**(518.9)**	(468.6)
Equity			
Share capital	23	**3.1**	2.8
Share premium		**304.9**	271.2
Translation reserve		**7.8**	5.6
Accumulated losses		**(834.7)**	(748.2)
TOTAL EQUITY		**(518.9)**	(468.6)

Consolidated statement of financial position

as at 31 December 2025 (continued)

The notes on pages 50 to 85 are an integral part of these financial statements. The financial statements of Pinnacle Bidco plc, registered number 11038859, on pages 45 to 85 were approved by the board of directors and authorised for issue on 24 April 2026 and were signed on its behalf by:

A Wood
Director

Consolidated cash flow statement
for the year ended 31 December 2025

	Note	**2025 £m**	2024 £m
Cash flows from operating activities			
Cash generated from operations	24	**336.1**	257.9
Exceptional expenses paid		**(12.6)**	(4.1)
Bank interest and similar charges paid		**(2.2)**	(2.7)
Bank interest received		**3.1**	5.4
Senior secured notes interest paid		**(87.4)**	(73.6)
Interest element of lease liability payments		**(64.9)**	(51.7)
Issue costs and early repayment charges on borrowings		**-**	(0.7)
Interest received on bond issue (see note 19)		**-**	3.2
Corporation tax (paid) / refund received		**(0.5)**	0.1
Net cash generated from operating activities		**171.6**	133.8
Cash flows from investing activities			
Purchase of trade & assets (note 30)		**(3.4)**	(96.7)
Purchase of property, plant & equipment		**(168.1)**	(101.4)
Purchase of intangible assets		**(15.3)**	(10.0)
Proceeds from disposal of property, plant & equipment		**1.1**	2.9
Net cash used in investing activities		**(185.7)**	(205.2)
Cash flows from financing activities			
Issue of ordinary shares (see note 23)		**34.0**	-
Issue of senior secured notes (see note 19)		**-**	149.3
Premium received on bond issue (see note 19)		**-**	6.5
Capital element of lease liability payments		**(75.6)**	(63.0)
Net cash (used in) / generated from financing activities		**(41.6)**	92.8
Net (decrease) / increase in cash and cash equivalents		**(55.7)**	21.4
Cash and cash equivalents at start of year		**128.6**	108.2
Effect of exchange rate changes on cash held		**0.2**	(1.0)
Cash and cash equivalents at end of year		**73.1**	128.6

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2025

	Share capital £m	Share premium £m	Translation reserve £m	Accumulated losses £m	Total £m
Balance as at 1 January 2024	2.8	271.2	11.4	(669.3)	(383.9)
Loss for the year	-	-	-	(78.5)	(78.5)
Other comprehensive expense for the year	-	-	(5.8)	(0.2)	(6.0)
Total comprehensive expense for the year	-	-	(5.8)	(78.7)	(84.5)
Credit to equity for equity settled share-based payments (note 9)	-	-	-	(0.2)	(0.2)
Balance as at 31 December 2024	2.8	271.2	5.6	(748.2)	(468.6)
Balance as at 1 January 2025	2.8	271.2	5.6	(748.2)	(468.6)
Issue of ordinary shares	**0.3**	**33.7**	**-**	**-**	**34.0**
Loss for the year	**-**	**-**	**-**	**(86.7)**	**(86.7)**
Other comprehensive income for the year	**-**	**-**	**2.2**	**-**	**2.2**
Total comprehensive expense for the year	**-**	**-**	**2.2**	**(86.7)**	**(84.5)**
Credit to equity for equity settled share-based payments (note 9)	**-**	**-**	**-**	**0.2**	**0.2**
Balance as at 31 December 2025	**3.1**	**304.9**	**7.8**	**(834.7)**	**(518.9)**

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements

1 General information

The principal activity of the Group during the year 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, West Yorkshire, LS2 8LY, United Kingdom. The Company's registered number is 11038859.

2 Summary of material accounting policy information

Basis of accounting

The Group financial statements have been prepared on the going concern basis and in accordance with UK-adopted International Accounting Standards ("UK-adopted IFRS"), in conformity with the requirements of the Companies Act 2006, as applicable to companies reporting under those standards.

The Group financial statements have been prepared under the historical cost convention, as modified for the revaluation of derivative assets and liabilities which are held at fair value through profit and loss. The Group financial statements are presented in millions of pounds sterling ("£m") except when otherwise indicated. Accounting policies have been consistently applied to all financial years presented.

The preparation of the Group financial statements in conformity with UK-adopted IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's reasonable knowledge of the amount, event or actions, actual results may differ from those estimates.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group. The results of subsidiaries acquired are consolidated for the period from the date on which control passed. Acquisitions are accounted for using the acquisition method. Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses), arising from intra-group transactions, are eliminated on consolidation. Uniform accounting policies are applied throughout the Group.

Foreign currency translation

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency').

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, from the translation of monetary assets and liabilities denominated in foreign currencies, are presented in the statement of profit or loss, within finance costs.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income, and accumulated in the translation reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Notes to the consolidated financial statements (continued)

2 Summary of material accounting policy information (continued)

Segmental reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker, identified as the Group's Executive Committee. The Executive Committee primarily considers 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 Executive Committee uses 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 in note 4.

The Group's material reportable segments are the United Kingdom, Denmark, United States of America and Switzerland. The results from operations in all other countries in which the Group operates are included in aggregate in "Other", as they are deemed to be individually immaterial.

Going Concern

The Directors have carefully evaluated the Going Concern basis of the Group. In doing so, they have taken account of the wider macroeconomic climate including all relevant risks as described in the Principal Risks and Uncertainties section of this Annual Report.

The Group made a loss before tax of £88 million in the year ended 31 December 2025 and had net current liabilities of £176 million and net liabilities of £519 million as at that date. The Group meets its day to day working capital requirements, capital expenditure and funding of new sites through its surplus cash reserves and credit facilities (comprising an RCF of £175.5 million, which includes an overdraft of £10 million).

As at the date of signing the financial statements, the Group's forecasts and projections (to 30 June 2027) taking account of reasonably possible changes in trading performance, showed that the Group has ample headroom to operate within its existing facilities.

This assessment included consideration of a severe but plausible downside scenario consisting of:

- A reduction in forecast revenues increasing from a 1% reduction in April 2026 to a 5% reduction by July 2026 and for the rest of the forecast period;
- An increase in forecasts costs, rising from a 1% increase in all costs in April 2026 to a 5% increase by July 2026 and for the rest of the forecast period; and
- A mitigating reduction in forecast capital expenditure, increasing from a 5% reduction in June 2026 to a reduction of 50% in maintenance and refurbishment capital expenditure and 70% in growth capital expenditure by May 2027 and for the rest of the forecast period.

The Group had cash reserves at 31 December 2025 of £73 million. Combining this with the available RCF gives a total liquidity position of £249 million at 31 December 2025. Under the severe but plausible downside scenarios modelled, the Group would maintain a minimum liquidity of £179 million for the entire forecast period to June 2027.

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. Under the severe but plausible downside scenarios modelled, the Group is not expected to breach its covenants.

Based on these forecasts, 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.

Notes to the consolidated financial statements (continued)

2 Summary of material accounting policy information (continued)

Revenue

Revenue primarily represents sales of services provided in the period and non refundable joining fees received during the period, exclusive of value added tax. Member income includes membership subscriptions and joining fee income. Membership subscriptions are received in advance of the period to which they relate and are recognised as contract liabilities. The performance obligation attached to membership subscriptions is satisfied over time, on a straight line basis over the membership period as this best represents the timing of services provided. The Group applies the practical expedient allowed under IFRS 15 to not adjust revenue recognition for the effects of a significant financing component where it is expected at contract inception that the period between payment and the transfer of services is less than one year.

Where there are specific performance obligations attached to joining fees, then the income related to this is recognised in the period in which membership commences since the performance obligation attached to that income is satisfied in that period. Where there are no specific performance obligations attached to joining fees, these are recognised over time, on a straight line basis over the expected duration of the membership.

Vending and consumables income is recognised at a point in time, being the period in which the sale occurs.

Other revenue includes revenue from personal trainers, recognised over time to reflect the period over which the personal trainer is operating, and sales of day passes to non-members and personal training services vouchers which are both recognised at a point in time, being the period in which the service is provided.

Other operating income

Other income represents income arising outside of the Group's ordinary activities, being the running of gyms, provision of gym-related services, and the sale of vending and consumable items. It includes income from insurance claims which are recognised when received.

Cost of sales

Cost of sales represents the cost arising in connection with the generation of revenue from the "vending and consumables income" and "other revenue" revenue streams, including the cost of inventories sold.

Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries or businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is stated at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill is not amortised, instead impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU, or group of CGUs, containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes to the consolidated financial statements (continued)

2 Summary of material accounting policy information (continued)

Intangible assets (continued)

(b) Intangible assets acquired in business combinations

The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement utilising valuation expertise and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and the selection of an appropriate cost of capital. Furthermore, management must estimate the expected useful life of intangible assets and charge amortisation on these assets accordingly, the value of which is shown within administrative expenses. The useful life estimated for assets acquired in business combinations varies based on the characteristics of the particular asset, and are set out in note 12. Intangible assets acquired in business combinations include customer relationships and brands. For the purpose of impairment testing, intangible assets acquired in a business combination are allocated to each of the CGUs, or groups of CGUs, expected to benefit from the synergies of the combination. Intangible assets acquired in business combinations are stated at cost less accumulated amortisation and impairment losses.

(c) Software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use it in the course of business;
- There is an ability to use the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Until the software is ready for use, capitalised development costs are presented within "Development Projects in Progress" and are not amortised. Once the software is ready for use, the capitalised costs are transferred into the "Software" category and amortised straight line over a period of 3 to 5 years. Software assets are stated at cost less accumulated amortisation and impairment losses.

Inventories

Inventories primarily relate to goods for resale and are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Inventories are valued on a first in, first out basis.

Property, plant and equipment

All property, plant and equipment is initially recorded at cost, including those costs that were directly attributable to bringing the assets into working condition. Any capital contribution by a landlord towards leasehold fitting out works is deducted from the cost of property, plant and equipment within that leasehold. After initial recognition, property, plant and equipment is stated at cost less provisions for depreciation and impairment.

Depreciation is calculated so as to write off the cost of an asset (less residual value) over the useful economic life of that asset as follows:

Right-of-use assets	Straight line over the life of the lease
Leasehold costs	Straight line over the life of the lease
Leasehold improvements	Straight line over the shorter of 3-15 years or remaining lease life, except where the Group has control over retaining a lease beyond its contractual term. Where this is the case, the depreciation period is the shorter of 3-15 years or the expected remaining period to remain in the lease
Fixtures and fittings	Straight line over 3-10 years
IT equipment	Straight line over 3-5 years

Notes to the consolidated financial statements (continued)

2 Summary of material accounting policy information (continued)

Property, plant and equipment (continued)

Assets which are not ready for use are presented within "Assets under construction" and are not depreciated. Once the asset is ready for use, the capitalised costs are transferred into the appropriate category within property, plant and equipment.

Leases as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. More information on the determination of the lease term is included in note 3.

The lease liability is initially measured at the present value of the lease payments to the end of the determined lease term, that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate using the interest rates from recent third party funding, with adjustments appropriate for the lease term and security to make it specific to a particular lease.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in substance fixed payments; and
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss as 'profit on lease modifications' if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets as part of 'property, plant and equipment' and lease liabilities as a separate line item in the statement of financial position.

A small number of property leases contain variable payment terms that are linked to sales generated from a particular gym. For certain gyms, up to 100% of lease payments are on the basis of variable payment terms with a range of percentages as a proportion of sales. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

For non-property leases with a total value below £5,000 or a lease length of under 12 months, a right of use asset and lease liability is not recognised. Costs relating to the leases are recognised in administrative expenses when incurred.

Notes to the consolidated financial statements (continued)

2 Summary of material accounting policy information (continued)

Leases as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right- of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Income from the Group's leases where the Group is a lessor is recognised as Other operating income in the Statement of Comprehensive Income.

Financial instruments

(a) Financial liabilities

The Group initially recognises financial liabilities at fair value where applicable (net of any transaction costs) and subsequently they are measured at amortised cost using the effective interest method. Where the Group has borrowings, transaction costs are amortised using the effective interest method over the life of the loan. Transaction costs include costs incurred in arranging the loan and an estimate of costs expected to be incurred at the end of the loan, including early termination fees. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised as finance income or finance cost in the statement of comprehensive income.

(b) Financial assets

The Group classifies its financial assets as 'those to be measured at amortised cost' or 'those to be measured subsequently at fair value'. At initial recognition, the Group measures its financial assets at fair value plus, in the case of financial assets not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the profit or loss.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Financial assets measured at amortised cost include cash and cash equivalents and trade and other receivables. These assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payment of principal and interest on the principal amount outstanding. Derivative financial instruments are measured at fair value.

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the consolidated financial statements (continued)

2 Summary of material accounting policy information (continued)

Financial instruments (continued)

(c) Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets. To measure the expected credit losses, financial assets are grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(d) Classification of financial instruments

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where the Group enters into a contract to buy or sell goods such as gas and electric which are entered into and held for the purpose of the receipt or delivery of those goods, in accordance with the Group's expected purchase, sale or usage requirements, the Group applies the own use exemption and in doing so does not classify those contracts as derivatives under IFRS 9.

Borrowing costs

Borrowing costs, as defined by IAS 23, are expensed in the period in which they are incurred.

Impairment of non-financial assets excluding stock and deferred tax assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This is deemed to occur when the cash generating unit ("CGU") to which the asset belongs is performing below expectation. For property, plant and equipment this is generally deemed to be when the CGU to which it belongs is budgeted to experience a significant decrease in profits more than one year after opening.

An impairment loss is recognised in administrative expenses in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). The Group's CGUs consist of individual gyms.

Goodwill, customer relationships and brands are assessed at the group of CGUs level, where each gym represents a CGU. No group of CGUs is at a level higher than an operating segment.

Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the consolidated financial statements (continued)

2 Summary of material accounting policy information (continued)

Impairment of non-financial assets excluding stock and deferred tax assets (continued)

Property, plant and equipment is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where it is not possible to isolate cash flows generated by a specific item of property, plant and equipment, impairment is tested at the CGU level, representing a single gym. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts (to the extent drawn) are shown within borrowings in current liabilities.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

On certain of its leases, the Group is required to restore leased premises to their original condition at the end of the respective lease term. Where it is deemed probable that an outflow of resources will be required to settle the restoration obligation, a provision is recognised for the present value of the estimated expenditure required to remove leasehold improvements. The associated cost is capitalised as part of the leasehold improvements and amortised over the shorter of the lease term or the useful life of the assets. The estimates used in determining probability of an outflow of resources are addressed in note 3.

Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds in the currency the benefits are paid. An extrapolation of current market rates along the yield curve takes place to determine the necessary discount rates for the valuation of the pension liabilities.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Notes to the consolidated financial statements (continued)

2 Summary of material accounting policy information (continued)

Pension obligations (continued)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to meet these objectives, the Group monitors capital on an ongoing basis, maintains appropriate levels of debt in line with forecast cash flows, complies with the terms of the Group's external debt, and retains sufficient liquidity to fund operations and planned investment.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items of income or expense that have been shown separately due to the significance of their nature and amount. Examples of items included within exceptional items are restructuring and transformational costs, and costs relating to acquisitions or certain expansion projects. Impairments of intangible assets and property, plant and equipment are not included within exceptional items, but are presented separately in note 7. Management consider, on a case by case basis, whether costs are exceptional based on the specific circumstances.

New and amended standards

No new or amended standards have been adopted for the first time in these financial statements that are relevant to the Group.

Certain new or amended standards have been published that are due to take effect in future accounting periods. They have not been early adopted by the Group and are not expected to have a material impact on the Group's financial statements once adopted.

Notes to the consolidated financial statements (continued)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimates

(a) Incremental borrowing rate for discounting of lease liabilities

The Group uses its incremental borrowing rate to discount lease payments in the calculation of lease liabilities. The use of this method requires estimates of interest rates which would be available to the Group if it were to borrow funds, over a similar term and with a similar security, necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. Management utilise internal and external information to determine an appropriate rate. This includes evidence arising from the Group's recent third-party borrowings, publicly available borrowing rates for companies with similar characteristics to the Group, and risk-free interest rates applicable in the relevant geographies in which the Group operates. IBRs applied to leases across the Group range from 5% to 9% (2024: 5% to 9%). Details of the lease liabilities recognised are included in note 18.

(b) Valuation of cash-settled share based payments scheme

The Group operates a cash-settled long-term incentive plan ("LTIP") for certain directors. Under IFRS 2, the fair value of the liability and the corresponding share-based payment charge are measured at each reporting date until settlement, with changes in fair value recognized in profit or loss.

The valuation of the LTIP involves significant judgement and estimation, primarily in relation to:

- Timing of an Exit Event: The LTIP is linked to a liquidity or exit event for the business. Management must estimate the expected timing of such an event, which directly impacts the discounting of future payouts and the probability-weighted scenarios applied.
- Valuation of the Business on Exit: The ultimate payout under the LTIP is based on the enterprise value achieved at exit. Estimating this requires assumptions about future performance, market conditions, and valuation multiples that would be applied by potential buyers or investors.

These assumptions are inherently uncertain and could result in material changes to the liability and expense recognised in the current and future periods. A change in the expected exit date or valuation could significantly increase or decrease the fair value of the LTIP liability.

The fair value is determined using a probability-weighted scenario model that incorporates forecast financial performance and expected valuation multiples, estimated timing of exit events and discount rates reflecting the time value of money and risk.

In the event that the exit date is accelerated by 12 months, the liability at 31 December 2025 would increase by 27%. In the event that the business valuation was 10% higher than expected, the liability at 31 December 2025 would increase by 81%.

Judgements

(a) Lease terms on leased properties

The Group recognises leased properties in accordance with IFRS 16 'Leases'. The lease term is determined as the non-cancellable period of each lease, together with periods covered by an option to extend the lease if management are reasonably certain to exercise that option. Certain of the Group's leases include clauses which allow the Group to unilaterally extend the lease on a rolling basis. Management exercise significant judgement in determining the period over which they are reasonably certain that they will continue to extend such leases.

Notes to the consolidated financial statements (continued)

3 Critical accounting estimates and judgements (continued)

Judgements (continued)

(a) Lease terms on leased properties (continued)

In making these assessments on a lease-by-lease basis, management consider the following factors:

- The prevailing market conditions relative to the contractual lease terms;
- Significant leasehold improvements undertaken that are expected to have a significant economic benefit for the Group;
- Costs relating to the termination of the lease;
- The importance of the gym to the Group's operations, taking into account its level of profitability; and
- The Group's past practice on extending leases beyond their contractual terms.

(b) Classification of exceptional administrative expenses

The Group presents exceptional administrative expenses separately within the statement of comprehensive income. The Group exercises judgement in determining which expenses are categorised as exceptional bearing in mind the size and nature of the expenses and associated projects. The Group also categorises employee-related expenses within administrative expenses rather than cost of sales as a judgement has been made that the efforts of the Group's employees are not a direct cost of sale.

4 Operating segments

The group's material reportable segments in the current period are the United Kingdom, Denmark, United States of America ("USA") and Switzerland. The results from operations in all other countries in which the Group operates are included in "Other". Segmental information presented to the Board and the Executive Committee is presented in the below table:

	2025					
	United Kingdom £m	**Denmark £m**	**USA £m**	**Switzerland £m**	**Other £m**	**Total £m**
Revenue	**461.8**	**134.1**	**95.0**	**49.8**	**1.7**	**742.4**
Adjusted EBITDA	**146.0**	**34.1**	**14.5**	**13.9**	**0.2**	**208.7**

	2024					
	United Kingdom £m	Denmark £m	USA £m	Switzerland £m	Other £m	Total £m
Revenue	414.2	134.3	11.9	42.4	1.8	604.6
Adjusted EBITDA	124.0	24.5	(0.1)	6.4	(0.5)	154.3

All operating segments derive revenue from all of the services and products included within note 5. 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.

Notes to the consolidated financial statements (continued)

5 Revenue

Revenue is analysed by service or product as follows:

	2025 £m	2024 £m
Member income	**675.3**	544.4
Vending and consumables income	**25.0**	24.3
Other revenue	**42.1**	35.9
	742.4	604.6

6 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:

	2025 £m	2024 £m
Acquisition of Blink Fitness	**-**	3.9
Site closure costs	**2.0**	3.1
Integration of the Blink Fitness business	**13.2**	-
Restructuring costs	**1.6**	-
Advisory fees	**0.5**	-
Exceptional administrative expense	**17.3**	7.0

In 2025, the majority of exceptional expenses related to the integration of the acquired Blink Fitness business into the Group, including rebranding, exiting legacy contracts, and consultancy fees in relation to the strategic integration project. This totalled £13.2m for the year.

In addition, £1.6m was incurred in relation to restructuring of some of the Group's head office operations to ensure the Group is well placed for the next stage of execution of its strategic plan.

A further £2.0m was incurred in 2025 in relation to site closure costs (2024: £3.1m), primarily in Denmark and in line with the strategic plan to optimise the Danish estate. These expenses related to the cost of closing the gyms and also costs incurred after gyms were closed.

Advisory fees of £0.5m related to one-off discrete projects outside of the ordinary course of business.

In 2024, £3.9m was incurred in relation to the acquisition of Blink Fitness, primarily related to professional fees.

Notes to the consolidated financial statements (continued)

7 Operating profit

	2025 £m	2024 £m
Operating profit is stated after charging / (crediting):		
Amortisation of intangibles (note 12)	**17.1**	22.5
Depreciation of property, plant & equipment (note 13)		
- owned assets	**77.5**	71.0
- right of use property assets	**85.4**	65.0
- right of use equipment assets	**1.1**	2.2
Loss on disposal of property, plant & equipment	**2.6**	2.3
Impairment of property, plant and equipment (note 13)	**1.2**	10.4
Profit on lease modifications	**(1.4)**	(5.8)
Exceptional administrative expense (note 6)	**17.3**	7.0

A reconciliation from operating profit to Group Reported EBITDA and Adjusted EBITDA is included in the table below. Group EBITDA and Adjusted EBITDA are non-IFRS measures.

	2025 £m	2024 £m
Operating profit	**136.1**	81.3
Amortisation of intangibles (note 12)	**17.1**	22.5
Depreciation of property, plant & equipment (note 13)	**164.0**	138.2
Loss on disposal of property, plant and equipment	**2.6**	2.3
Impairment of property, plant and equipment (note 13)	**1.2**	10.4
Profit on lease modifications	**(1.4)**	(5.8)
Exceptional administrative expense (note 6)	**17.3**	7.0
Group EBITDA [1]	**336.9**	255.9
Other adjustments [2]	**1.5**	7.0
Pre-opening costs [3]	**5.3**	4.1
Cash rent adjustment [4]	**(138.3)**	(112.5)
Share based payment charge [5]	**3.3**	(0.2)
Adjusted EBITDA[6]	**208.7**	154.3

Notes to the consolidated financial statements (continued)

7 Operating profit (continued)

[1] Group Reported EBITDA is a non-IFRS measure defined as earnings before net finance cost, taxation, depreciation, amortisation, profit/loss on sale of property, plant & equipment and intangible assets, impairment, profit/loss on lease modifications and exceptional items.

[2] Other adjustments include the net impact of various one-off items not included in "Exceptional items". These are recognised in accordance with the Group's banking facility agreements. In 2025, £0.9m of costs have been incurred in relation to a management "lock-in" bonus scheme (2024: £0.1 million). This amount is added back in reaching Adjusted EBITDA. A further £0.6 million relates to various one-off projects where costs are incurred outside the normal course of business, either due to dual running of systems during transitional periods or due to one-off projects outside of the control of the business.

In 2024, £3.8 million of costs were recognised within Group EBITDA and the 2024 statement of comprehensive income which were categorised as non-recurring and added back to Adjusted EBITDA in 2024 as they related to corrections of immaterial errors in reporting from previous periods. £1.3 million of these costs related to 2023 with the remainder relating to earlier years. Had these costs been recognised in the appropriate period they would have been deducted in arriving at Adjusted EBITDA. The Group also incurred costs of £2.4 million in relation to strategic initiatives aimed at reducing the Group's cost base and integrating the Group's operations. The Group also incurred £0.4 million of costs relating to the exploration of new franchise locations, and £0.3 million of incremental costs in relation to other one off costs.

[3] Pre-opening costs represent the total of all gym site operating costs incurred prior to the opening of a new gym and primarily consist of staff costs, marketing and rent expense.

[4] Represents the deduction of the cash rent payable during the year which otherwise was not reflected in EBITDA (as reported on a post IFRS 16 basis). The Directors believe that adjusting EBITDA to reflect cash rent is a better reflection of the performance of the business.

[5] The share based payment charge relates to shares in the ultimate parent company, Pinnacle Topco Limited, issued to directors and certain employees. Further details of the issued shares are included in the disclosures in note 9.

[6] Adjusted EBITDA is a non-IFRS measure derived from Group Reported EBITDA and adjusted by the items described in footnotes 2 to 5. This is a relevant measure as it is an alternative performance measure defined within the Group's facility agreements.

8 Auditors' remuneration

The remuneration of the auditors is analysed as follows:

	2025 £m	2024 £m
Audit of the parent company and Group financial statements	**0.2**	0.2
Audit of subsidiary financial statements	**0.6**	0.5
Audit-related assurance services	**-**	-
	0.8	0.7

Audit-related assurance services of £10,000 were received during 2025 (2024: £10,000).

Notes to the consolidated financial statements (continued)

9 Employees and directors

	2025 £m	2024 £m
Wages and salaries	**141.5**	112.1
Social security costs	**12.9**	7.6
Other pension costs	**3.3**	4.0
	157.7	123.7

The Group operates defined contribution pension schemes in the United Kingdom, USA and Denmark for all employees in those countries using master trust (occupational trust based) pension schemes. The total cost expensed in the year was £2.9m (2024: £3.6m) and outstanding pension contributions at the year-end were £0.5m (2024: £0.4m).

In addition, the Group operates a defined benefit pension scheme for employees in Switzerland. More information is included in note 20.

The Directors and certain employees hold ordinary A1 and A2 ordinary shares in the parent Company, Pinnacle Topco Limited, which have service conditions attached and are fully vested. These fall in the scope of IFRS 2 'Share based payments'. Two tranches of shares have been issued (the "2017 shares" and the "2022 shares"). The 2017 shares were valued at issue for IFRS 2 purposes at £2.39 per share, and the 2022 shares were valued at issue for IFRS 2 purposes at £1.68 per share.

In 2024, the Group instigated a long term incentive plan for certain directors which entitle them to a cash payment at the time of a sale of the business which is linked to the valuation of the business at that time. There is no time limit to the entitlement. This scheme is treated as a cash settled share based payments scheme under IFRS 2. The carrying amount of the associated liability at 31 December 2025 is £3.2m (2024: £0.3m).

The average monthly number of persons (including directors) employed by the Group during the period was made up as follows:

	2025 No.	2024 No.
Central support	**729**	625
Operations	**6,590**	6,063
	7,319	6,688

Total emoluments relating to Directors are as follows:

	2025 £m	2024 £m
Aggregate emoluments	**2.5**	2.0
Amounts receivable under long term incentive schemes	**3.0**	0.1
Contributions to defined contribution schemes	**0.1**	-
	5.6	2.1

Three directors were members of the defined contribution schemes as at 31 December 2025, with total contributions in the year of £50,000 (31 December 2024: three with total contributions of £16,000, taking into account only the periods when the individuals were directors). There were no excess retirement benefits paid to or receivable by directors or former directors of the Group under any pension schemes during the year (2024: £nil).

Notes to the consolidated financial statements (continued)

9 Employees and directors (continued)

The amounts set out above include emoluments in respect of the highest paid director totalling £2.5m (2024: £1.1m), of which £1.4m (2024: £0.1m) relates to amounts receivable under long term incentive schemes and £20,000 (2024: £nil) relates to contributions to defined contribution schemes.

Key management personnel are determined to be those members of management, including Directors, who act as key decision makers for the Group. Compensation of key management personnel during the period is set out in the table below:

	2025 £m	2024 £m
Short-term employee benefits	**3.0**	2.9
Other long-term benefits	**3.0**	0.3
	6.0	3.2

10 Finance income and costs

	2025 £m	2024 £m
Bank interest received	**3.1**	5.4
Foreign exchange gain	**-**	8.5
Total finance income	**3.1**	13.9

	2025 £m	2024 £m
Interest payable on lease liabilities	**64.4**	51.8
Commitment fees	**1.8**	2.0
Unwind of discount on provisions	**0.3**	0.1
Amortisation of capitalised finance costs	**7.7**	7.7
Interest on senior secured notes	**87.7**	77.4
Interest payable to Group undertakings	**47.4**	44.1
Other interest	**0.4**	0.6
Foreign exchange loss	**17.9**	-
Total finance costs	**227.6**	183.7

Interest and finance charges paid for financial liabilities not at fair value through profit or loss totalled £209.7m (2024: £183.7m).

Notes to the consolidated financial statements (continued)

11 Income tax credit

	2025 £m	2024 £m
Current tax:		
- Current tax on profits for the year	**0.7**	-
- Payment received for surrender of losses through group relief	**(1.3)**	(5.0)
- Adjustment in respect of prior periods	**-**	0.1
Total current tax credit	**(0.6)**	(4.9)
Deferred tax:		
- Origination and reversal of timing differences	**1.4**	(3.9)
- Deferred tax effect of changes in tax rates	**(0.1)**	-
- Adjustment in respect of prior periods	**(2.4)**	(1.2)
Total deferred tax credit	**(1.1)**	(5.1)
Total tax credit in the consolidated statement of comprehensive income	**(1.7)**	(10.0)

The tax credit for the year is lower (2024: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2025 of 25% (2024: 25%). The differences are explained below:

	2025 £m	2024 £m
Loss before tax	**(88.4)**	(88.5)
Tax on loss at standard UK corporation tax rate of 25% (2024: 25%)	**(22.1)**	(22.1)
Effects of:		
- Depreciation not deductible for tax purposes	**0.5**	0.4
- Other expenses not deductible for tax purposes	**6.0**	3.6
- Adjustment in respect of prior periods	**(2.4)**	(1.2)
- Income not taxable	**(0.2)**	(2.1)
- Impact of rate changes	**(0.1)**	-
- Unrecognised tax losses and other deductions	**7.5**	3.9
- Group relief surrendered at an amount below the tax rate	**10.9**	6.4
- Overseas tax rate differences	**(1.8)**	1.1
Total tax credit for the period	**(1.7)**	(10.0)

The standard rate of corporation tax in the UK was 25% throughout 2025 (2024: 25%) and accordingly the Group's profits for this period are taxed at 25% (2024: 25%). Deferred tax has been measured at the rate expected to apply at the time at which the timing differences are expected to reverse of 25%.

The Directors assess the valuation of losses which are surrendered to other Group companies each year. The payment received for surrender of losses through group relief is in respect of losses surrendered to group companies of Pinnacle Topco Limited and the amount paid as a proportion of the losses surrendered is in line with the prior year. The Group will continue to assess the valuation of these losses and make appropriate payments between companies within the Pinnacle Topco group in future periods.

Notes to the consolidated financial statements (continued)

11 Income tax credit (continued)

Deferred tax assets

The movement in deferred tax assets is as follows:

	Property, plant and equipment £m	Leases £m	Provisions £m	Losses £m	Total £m
At 1 January 2024	(7.5)	10.0	3.0	60.3	65.8
Adjustment in respect of prior periods	0.1	0.3	(0.5)	0.4	0.3
Foreign exchange movement	0.1	(0.1)	(0.2)	(0.6)	(0.8)
Income statement (charge) / credit	(3.9)	(1.7)	1.2	5.0	0.6
At 31 December 2024	(11.2)	8.5	3.5	65.1	65.9
Adjustment in respect of prior periods	**0.9**	**0.6**	**(0.8)**	**1.5**	**2.2**
Impact of rate changes	**-**	**0.1**	**-**	**-**	**0.1**
Foreign exchange movement	**(0.1)**	**0.1**	**0.2**	**0.6**	**0.8**
Income statement (charge) / credit	**(7.1)**	**(2.2)**	**-**	**8.1**	**(1.2)**
At 31 December 2025	**(17.5)**	**7.1**	**2.9**	**75.3**	**67.8**

At the year end, the Group had losses from certain group companies carried forward for which a deferred tax asset has not been recognised. These losses totalled £59.2m (2024: £43.5m) and the unrecognised deferred tax asset totalled £13.1m (2024: £8.6m). Of the £13.1m unrecognised deferred tax asset, £7.6m has no expiry date and £5.5m expires between 2026 and 2035. The Group also had restricted interest carried forward for which a deferred tax asset has not been recognised. This restricted interest totalled £100.9m (2024: £95.0m) and the unrecognised deferred tax asset on restricted interest totalled £25.2m (2024: £23.7m). The restricted interest carried forward has no fixed expiry date. The assets have not been recognised as the directors are of the opinion that it is unlikely that suitable taxable profits will arise in the relevant entities in the foreseeable future.

The deferred tax asset in relation to recognised losses totalled £75.3m at 31 December 2025 (2024: £65.1m). Of the deferred tax asset of £75.3m, £40.3m is expected to be utilised within the 4-year period for which there are management-approved budgets. The remaining £35.0m is expected to be utilised in the period 2029 to 2032. There is therefore greater uncertainty over the timing of utilisation of the losses during this period. If taxable profits were to fall in the period beyond the 4 year forecast, the time taken to utilise carried forward losses would increase. Of the deferred tax asset on losses, £7.0m is expected to be utilised within 12 months. The Group's forecasts include an increase in taxable profits compared to recent years which arises from the anticipated growth in profitability from existing gyms and roll-out of additional new gyms.

Notes to the consolidated financial statements (continued)

11 Income tax credit (continued)

Deferred tax liabilities

The movement in deferred tax liabilities is as follows:

	Non-qualifying assets acquired through business combinations £m	Intangible assets £m	Total £m
At 1 January 2024	1.6	13.9	15.5
Adjustments in respect of prior periods	-	(0.9)	(0.9)
Foreign exchange movement	-	(0.1)	(0.1)
Income statement credit	(0.4)	(2.9)	(3.3)
At 31 December 2024	1.2	10.0	11.2
Adjustments in respect of prior periods	**-**	**(0.2)**	**(0.2)**
Foreign exchange movement	**-**	**(0.1)**	**(0.1)**
Income statement credit	**(0.3)**	**0.5**	**0.2**
At 31 December 2025	**0.9**	**10.2**	**11.1**

12 Intangible assets

	Goodwill £m	Brands £m	Customer Relationships £m	Development Projects in Progress £m	Software £m	Total £m
Cost						
31 December 2024	791.3	93.3	80.3	4.3	42.7	1,011.9
Acquisitions (note 30)	3.3	-	0.1	-	-	3.4
Additions	0.1	-	-	12.2	3.5	15.8
Transfers	-	-	-	(10.8)	10.8	-
Disposals	-	-	-	-	(10.5)	(10.5)
Foreign exchange differences	7.1	1.5	3.1	0.1	0.1	11.9
31 December 2025	801.8	94.8	83.5	5.8	46.6	1,032.5
Accumulated amortisation						
31 December 2024	12.9	52.7	74.2	-	27.5	167.3
Charge for the year	-	4.7	1.0	-	11.4	17.1
Disposals	-	-	-	-	(10.3)	(10.3)
Foreign exchange differences	0.7	1.6	3.5	-	0.3	6.1
31 December 2025	13.6	59.0	78.7	-	28.9	180.2
Net book value						
31 December 2024	**778.4**	**40.6**	**6.1**	**4.3**	**15.2**	**844.6**
31 December 2025	**788.2**	**35.8**	**4.8**	**5.8**	**17.7**	**852.3**

Notes to the consolidated financial statements (continued)

12 Intangible assets (continued)

	Goodwill £m	Brands £m	Customer Relationships £m	Development Projects in Progress £m	Software £m	Total £m
Cost						
31 December 2023	715.3	92.0	77.4	7.7	32.7	925.1
Acquisitions (note 30)	87.8	2.8	6.1	-	1.8	98.5
Additions	-	-	-	9.5	0.8	10.3
Transfers	-	-	-	(12.5)	12.5	-
Disposals	-	-	-	(0.1)	(4.8)	(4.9)
Foreign exchange differences	(11.8)	(1.5)	(3.2)	(0.3)	(0.3)	(17.1)
31 December 2024	791.3	93.3	80.3	4.3	42.7	1,011.9
Accumulated amortisation						
31 December 2023	13.6	51.2	63.6	-	26.2	154.6
Charge for the year	-	3.1	13.5	-	5.9	22.5
Disposals	-	-	-	-	(4.3)	(4.3)
Foreign exchange differences	(0.7)	(1.6)	(2.9)	-	(0.3)	(5.5)
31 December 2024	12.9	52.7	74.2	-	27.5	167.3
Net book value						
31 December 2023	701.7	40.8	13.8	7.7	6.5	770.5
31 December 2024	**778.4**	**40.6**	**6.1**	**4.3**	**15.2**	**844.6**

Notes to the consolidated financial statements (continued)

12 Intangible assets (continued)

Development Projects in Progress and Software consist of capitalised development costs, being an internally generated intangible asset.

The amortisation charge is recognised within other administrative expenses in the Statement of Comprehensive Income.

Of the net book value in relation to Brands at 31 December 2025, £35.0m relates to the PureGym brand. This had an amortisation period of 20 years from the date acquired and has a remaining amortisation period of 12 years. The remaining £0.8m relates to the Blink Fitness brand which was acquired in November 2024. This has an amortisation period of 1.5 years from the date acquired.

The net book value in relation to Customer Relationships at 31 December 2025 relates entirely to those acquired as part of the Blink Fitness acquisition in November 2024. These have an amortisation period of 6 years from the date acquired.

Goodwill is not amortised, but instead reviewed at least annually for impairment with reference to the group of cash generating units (CGUs) to which it relates. Customer Relationships and Brands are allocated to the group of CGUs to which they relate and tested for impairment at the CGU or group of CGUs level as these assets do not generate cash flows that are largely independent from other assets in each CGU or group of CGUs. The recoverable amount of a cash generating unit (CGU) has been determined based on value-in-use calculations which require the use of assumptions. Value-in-use calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

The below table sets out the carrying amount of goodwill allocated to each group of CGUs:

	2025 £m	2024 £m
United Kingdom	**462.8**	462.8
Denmark	**177.3**	168.6
United States of America	**85.3**	88.0
Switzerland	**62.8**	59.0
	788.2	778.4

Notes to the consolidated financial statements (continued)

12 Intangible assets (continued)

The below table sets out the long term growth rate and pre-tax discount rate applied in the value-in-use calculations for each group of CGUs.

	31 December 2025			
	UK	**Denmark**	**Switzerland**	**USA**
Long-term growth rate (%)	**2.0**	**2.0**	**0.7**	**2.2**
Pre-tax discount rate (%)	**10.9**	**10.2**	**10.1**	**12.4**

	31 December 2024			
	UK	Denmark	Switzerland	USA
Long-term growth rate (%)	2.0	2.0	1.0	2.1
Pre-tax discount rate (%)	10.6	9.6	9.2	14.5

The key assumptions which impact value-in-use for the above groups of CGUs are long-term growth rate, discount rate, gym membership numbers, average revenue per member, operating costs and capital expenditure required to maintain the assets' current condition. These assumptions are included in the Group's four-year forecast. These assumptions are modelled based on historical performance of each group of CGUs and management's expectations on future developments in the business. These future developments incorporate both macroeconomic factors and internal drivers of performance such as plans for marketing activity and cost-saving measures.

The forecasts used to determine value-in-use are derived from the Group's management-approved budget but exclude the expected cash flows from new gyms as these do not arise from the continued use of the Group's existing assets in their current condition.

No reasonably possible changes in key assumptions give rise to an impairment in goodwill. Therefore no sensitivity analysis has been disclosed and impairment of non-financial assets (including goodwill) is no longer classified as a critical accounting estimate.

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment

	Right of use assets	Leasehold costs	Leasehold improv-ements	Assets under constru-ction	Fixtures & fittings	IT equipment	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
31 December 2024	911.5	22.5	390.3	4.8	239.4	15.8	1,584.3
Additions	143.5	4.5	85.8	12.3	53.1	2.3	301.5
Transfers	(1.9)	(3.8)	10.7	(7.3)	2.3	-	-
Disposals	(12.7)	(0.3)	(25.6)	(0.8)	(59.0)	(6.4)	(104.8)
Foreign exchange differences	2.7	(0.2)	1.7	(0.1)	4.8	0.3	9.2
31 December 2025	**1,043.1**	**22.7**	**462.9**	**8.9**	**240.6**	**12.0**	**1,790.2**
Accumulated depreciation							
31 December 2024	337.9	6.6	156.4	-	119.8	9.6	630.3
Transfers	(1.5)	(0.3)	0.3	-	1.5	-	-
Charge for the year	86.5	1.3	41.3	-	31.5	3.4	164.0
Impairment	0.5	-	0.5	-	0.2	-	1.2
Disposals	(12.1)	(0.1)	(21.7)	-	(58.3)	(6.4)	(98.6)
Foreign exchange differences	8.0	-	1.3	-	2.2	0.3	11.8
31 December 2025	**419.3**	**7.5**	**178.1**	**-**	**96.9**	**6.9**	**708.7**
Net book value							
31 December 2024	573.6	15.9	233.9	4.8	119.6	6.2	954.0
31 December 2025	**623.8**	**15.2**	**284.8**	**8.9**	**143.7**	**5.1**	**1,081.5**

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment (continued)

	Right of use assets	Leasehold costs	Leasehold improv-ements	Assets under constru-ction	Fixtures & fittings	IT equipment	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
31 December 2023	703.5	19.8	339.4	6.4	164.4	11.3	1,244.8
Opening balance adjustment	0.3	-	4.8	-	13.8	-	18.9
Acquisitions (note 30)	160.0	-	5.1	-	3.7	0.4	169.2
Additions	76.3	1.4	38.4	27.5	52.4	3.5	199.5
Transfers	(2.6)	1.3	14.2	(28.7)	14.8	1.0	-
Disposals	(13.2)	(0.1)	(9.7)	(0.4)	(6.8)	(0.1)	(30.3)
Foreign exchange differences	(12.8)	0.1	(1.9)	-	(2.9)	(0.3)	(17.8)
31 December 2024	**911.5**	**22.5**	**390.3**	**4.8**	**239.4**	**15.8**	**1,584.3**
Accumulated depreciation							
31 December 2023	286.6	5.2	121.0	-	77.9	7.3	498.0
Opening balance adjustment	0.3	-	4.8	-	13.8	-	18.9
Transfers	(1.8)	-	-	-	1.8	-	-
Charge for the year	67.2	1.3	34.3	-	32.7	2.7	138.2
Impairment	5.6	0.2	3.4	-	1.1	0.1	10.4
Disposals	(13.2)	(0.1)	(6.1)	-	(6.3)	(0.2)	(25.9)
Foreign exchange differences	(6.8)	-	(1.0)	-	(1.2)	(0.3)	(9.3)
31 December 2024	**337.9**	**6.6**	**156.4**	**-**	**119.8**	**9.6**	**630.3**
Net book value							
31 December 2023	416.9	14.6	218.4	6.4	86.5	4.0	746.8
31 December 2024	**573.6**	**15.9**	**233.9**	**4.8**	**119.6**	**6.2**	**954.0**

During 2024, it was identified that certain asset disposals made between 2020 and 2023, were overstated within both cost and accumulated depreciation. An opening balance adjustment of £18.9m was therefore included in the table above. There was no impact on net book value and no impact on the consolidated statement of comprehensive income or consolidated statement of financial position.

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment (continued)

Included within right-of-use asset additions during the year was £29.6m related to modifications and remeasurements of existing leases arising from rent reviews, lease extensions, changes in estimates of lease terms and renegotiations of terms of the leases (2024: £30.8m).

No impairment charge has been recognised during 2025. In 2024, an impairment charge of £6.9m was recognised in United Kingdom and £3.5m in Denmark. The values in use for the CGUs impaired during the prior year, ended 31 December 2024 were £8.0m.

The recognised right-of-use assets relate to the following types of assets:

	2025 £m	2024 £m
Properties	**623.1**	571.4
Equipment	**0.7**	2.2
Total net book value	**623.8**	573.6

The depreciation charge on right-of-use assets relates to the following types of assets:

	2025 £m	2024 £m
Properties	**85.4**	65.0
Equipment	**1.1**	2.2
Total	**86.5**	67.2

14 Inventories

	2025 £m	2024 £m
Finished goods and goods for resale	**4.3**	3.9

Inventories recognised as an expense during the year ended 31 December 2025 amounted to £13.5m (2024: £16.2m). These were included in cost of sales. Inventories written off during the year ended 31 December 2025 totalled £0.3m (2024: £0.1m).

15 Cash and cash equivalents

	2025 £m	2024 £m
Bank balances	**73.1**	128.6
Cash and cash equivalents	**73.1**	128.6

Notes to the consolidated financial statements (continued)

16 Trade and other receivables

Current

	2025 £m	2024 £m
Trade receivables	**9.2**	8.2
Loss allowance	**(1.8)**	(2.5)
Trade receivables – net	**7.4**	5.7
Prepayments	**21.6**	20.0
Other debtors (gross and net)	**13.2**	20.4
	42.2	46.1

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets.

To measure the expected credit losses, financial assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical experience of credit losses in the relevant geography.

On that basis, the loss allowance on trade and other receivables as at 31 December 2025 is £1.8m (2024: £2.5m). Trade receivables written off in the year totalled £0.9m (2024: £nil).

Non-current

	2025 £m	2024 £m
Other debtors (gross and net)	**6.5**	5.7
Amounts owed by group undertakings	**7.5**	6.2
	14.0	11.9

All amounts owed by group undertakings are repayable on demand. The Directors of the Company have confirmed that the amounts owed will not be repayable within one year from the date of signing these financial statements.

Notes to the consolidated financial statements (continued)

17 Trade and other payables

	2025 £m	2024 £m
Trade payables	**19.0**	41.5
Other taxation and social security	**2.6**	2.2
Other liabilities	**3.3**	6.0
Accrued expenses	**87.8**	74.5
Interest and commitment fee accruals	**0.6**	0.5
Contract liabilities – membership income	**43.2**	40.0
VAT payable	**8.8**	9.0
	165.3	173.7

Revenue recognised during 2025 that was included in the contract liabilities balance at the beginning of the period totalled £39.9m (2024: £26.7m). The amounts included in contract liabilities at 31 December 2025 are expected to be recognised in revenue during the next reporting period.

18 Lease liabilities

	2025 £m	2024 £m
Current lease liabilities	**103.3**	86.2
Non-current lease liabilities	**680.7**	637.3
	784.0	723.5

The Group's leases primarily relate to its gym premises, as well as offices, equipment and vehicles. Leases for properties are typically made for fixed periods of 10 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The total cash outflow for leases during the year was £140.5m (2024: £114.7m).

Amounts recognised in the statement of comprehensive income in relation to lease liabilities total £64.4m, and are included within interest expense (2024: £51.8m). Included within note 13 are additions to right-of-use assets during the year, the depreciation charge for right-of-use assets by class of underlying assets incurred during the year, and the carrying amount of right-of-use assets by class of underlying assets at the end of the year.

A maturity analysis of lease liabilities as at the end of the year is included in note 22.

Notes to the consolidated financial statements (continued)

19 Borrowings

Non-current

	2025 £m	2024 £m
£520m 10.000% Senior Secured Notes	**520.0**	520.0
€505m 8.250% Senior Secured Notes	**440.6**	418.5
Unamortised transaction costs	**11.6**	3.7
Senior Secured Notes held at amortised cost	**972.2**	942.2
Amounts owed to Group undertakings	**676.2**	628.7
	1,648.4	1,570.9

Current

	2025 £m	2024 £m
Interest accruals	**20.8**	20.2

Of the amounts owed to Group undertakings, £549.6m (2024: £507.5m) accrue interest at 8% and £126.6m (2024: £121.2m) accrue interest at 4.375%. These amounts are repayable on 11 April 2029.

The Senior Secured Notes are stated net of unamortised transaction costs.

Financing

The Group currently has £520 million of Senior Secured Notes ("the Sterling Notes") and €505 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.

The Notes include an early repayment option. The directors have concluded that, in accordance with IFRS 9, the option is closely related to the underlying debt and does not have a significant value. It is therefore not recognised separately from the debt.

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 December 2025 and 31 December 2024, the facility was undrawn.

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 and previous financial years.

Notes to the consolidated financial statements (continued)

20 Provisions

	Non-current		Current	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Dilapidations provision	**14.7**	15.0	**5.5**	3.7
Legal provisions	**-**	1.4	**-**	-
Defined pension benefits	**0.1**	0.1	**-**	-
Total	**14.8**	16.5	**5.5**	3.7

Movements in the dilapidations and legal provisions during the current and prior year are set out below:

	Dilapidations provision £m	**Legal provisions £m**	**Total £m**
Carrying amount at 1 January 2024	20.7	1.5	22.2
Acquisitions	1.0	-	1.0
Additions during the year	2.1	-	2.1
Unwind of discount	0.1	-	0.1
Release during the year	(2.1)	-	(2.1)
Utilisations during the year	(2.4)	-	(2.4)
Foreign exchange movements	(0.7)	(0.1)	(0.8)
Carrying amount at 1 January 2025	18.7	1.4	20.1
Additions during the year	4.5	0.5	5.0
Unwind of discount	0.3	-	0.3
Release during the year	(2.0)	-	(2.0)
Utilisations during the year	(1.7)	(1.9)	(3.6)
Foreign exchange movements	0.4	-	0.4
Carrying amount at 31 December 2025	**20.2**	**-**	**20.2**

Dilapidations provisions relate to the requirement for the Group to restore leased premises to their original condition at the end of the respective lease term. The below table sets out the expected timing of outflows related to Dilapidations provisions, which are based on the length of the Group's lease terms. In estimating the timing of outflows, the Group has assumed that leases will be exited at the end of the lease terms, but there is uncertainty over whether leases will be extended or exited early which would alter the timing of the outflow.

Notes to the consolidated financial statements (continued)

20 Provisions (continued)

	2025 £m	2024 £m
Expected timing of outflows:		
Within 1 year	**5.5**	3.7
2 to 5 years	**7.6**	6.8
6 to 10 years	**5.2**	5.4
11 to 15 years	**1.8**	2.6
Over 15 years	**0.1**	0.2
Carrying amount at 31 December	**20.2**	18.7

Defined pension benefits

The Group operates a defined benefit pension plan in Switzerland, which pays benefits as per the Federal Law on Occupational Benefits. The plan is organised as a contribution-based scheme as per Article 15 of the Swiss Federal Law on Vesting in Pension Plans. Retirement benefits of active participants accrue over a notional account as the sum of retirement credits (retirement credit rate multiplied by pensionable salary) and interests. The Group mitigates the risks of a pension deficit by insuring the liability with the pension foundation Allianz.

21 Financial instruments

	2025 £m	2024 £m
Financial assets measured at amortised cost		
Cash and cash equivalents	**73.1**	128.6
Trade receivables	**7.4**	5.7
Other debtors (current and non-current)	**19.7**	26.1
Amounts owed by Group undertakings	**7.5**	6.2
	107.7	166.6

	2025 £m	2024 £m
Financial liabilities measured at amortised cost		
Trade payables	**19.0**	41.5
Other liabilities (current and non-current)	**7.2**	9.9
Accrued expenses	**87.8**	74.5
Interest and commitment fee accruals	**21.4**	20.7
Amounts owed to Group undertakings	**676.2**	628.7
Senior secured notes	**960.6**	938.5
	1,772.2	1,713.8

Notes to the consolidated financial statements (continued)

21 Financial instruments (continued)

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 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 are calculated by discounting the future cash flows at prevailing market interest rates, categorised as a Level 2 valuation.

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 were no transfers between levels throughout the period under review.

	Carrying value		**Fair value**	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Financial liabilities				
£520m 10.00% Senior Secured Notes	**520.0**	520.0	**545.5**	548.1
€505m 8.25% Senior Secured Notes	**440.6**	418.5	**461.0**	443.2

22 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 and foreign exchange 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.

Foreign exchange risk

Foreign exchange risk arises primarily from the retranslation of the Group's Euro-denominated borrowings into sterling. To assess the sensitivity of profit and equity to changes in foreign exchange rates, management has considered the impact of a reasonably possible change in the EUR/GBP exchange rate as at the reporting date, being a 10% movement, which is consistent with prior periods and determined to be a reasonably possible level of movement.

The sensitivity analysis has been prepared by applying the assumed change in the exchange rate to the Group's outstanding Euro-denominated monetary items at the reporting date, with all other variables held constant. A 10% strengthening of the euro against sterling at 31 December 2025 would have increased the Group's loss for the year by £44.1 million (2024: £41.8 million). A 10% weakening of the euro would have resulted in a broadly equal and opposite effect.

Notes to the consolidated financial statements (continued)

22 Financial risk management objectives and policies (continued)

Foreign exchange risk on the Euro Notes is partially mitigated through the cash flows and net investment of the Group's subsidiaries denominated in Danish Krone, which is pegged to the Euro. This natural hedge reduces the Group's overall exposure to fluctuations in the EUR/GBP exchange rate.

The sensitivity analysis is based on financial instruments held at the reporting date and does not reflect the impact of future transactions, changes in risk management actions, or potential correlations between different market variables. In addition, the effectiveness of the natural hedge depends on the relative scale and profitability of the Group's Danish operations, which may change over time. As a result, the analysis may not fully reflect the actual impact of foreign exchange movements on the Group's results and financial position.

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.

As at 31 December 2025 and 31 December 2024, the Group had 100% of its borrowings in fixed rate instruments by way of senior secured notes, amounts owed to group undertakings, and lease liabilities. The Group has access to a £175.5m (2024: £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 Group has also mitigated liquidity risk through the arrangement of a £175.5m revolving credit facility. Covenants related to the Group's debt are closely monitored on a monthly basis. The table below summaries the maturity profile of the Group's undiscounted contractual cash flows on financial liabilities and includes contractual future interest payments:

	2025				
	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	110.7	3.9	-	**114.6**	**114.6**
Lease liabilities	147.6	509.2	462.2	**1,119.0**	**784.0**
Borrowings	88.4	1,141.5	863.1	**2,093.0**	**1,657.6**
Total financial liabilities	**346.7**	**1,654.6**	**1,325.3**	**3,326.6**	**2,556.2**

	2024				
	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	122.5	3.9	-	126.4	126.4
Lease liabilities	139.4	476.3	433.7	1,049.4	723.5
Borrowings	86.6	1,201.9	863.1	2,151.6	1,587.4
Total financial liabilities	348.5	1,682.1	1,296.8	3,327.4	2,437.3

Notes to the consolidated financial statements (continued)

22 Financial risk management objectives and policies (continued)

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. Quantitative data is included in the consolidated statement of financial position and in note 16.

23 Share capital

	2025 £m	**2025 No.**	2024 £m	2024 No.
Allotted, authorised, called up and fully paid				
Ordinary shares of £0.01	**3.1**	**309,000,002**	2.8	275,000,002

On 15 December 2025, the Group issued an additional 34,000,000 £0.01 shares with an aggregate nominal value of £0.3m for total consideration of £34.0m.

Each ordinary share entitles the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. Each ordinary share entitles the holder to one vote.

24 Reconciliation of loss before tax to cash generated from operations

	2025 £m	2024 £m
Loss before income tax	**(88.4)**	(88.5)
Adjustments for:		
Net finance cost	**224.5**	169.8
Depreciation	**164.0**	138.2
Amortisation	**17.1**	22.5
Impairment of property, plant and equipment	**1.2**	10.4
Share based payments charge / (credit)	**3.3**	(0.2)
Loss on disposal of property, plant and equipment	**2.6**	2.3
Profit on lease modifications	**(1.4)**	(5.8)
Exceptional administrative expense	**17.3**	7.0
Changes in working capital		
(Increase) / decrease in inventories	**(0.2)**	1.0
Decrease / (increase) in trade and other receivables	**2.1**	(6.1)
(Decrease) / increase in trade and other payables	**(3.9)**	8.8
Decrease in provisions	**(2.1)**	(1.5)
Cash generated from operations	**336.1**	257.9

Notes to the consolidated financial statements (continued)

25 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	1,406.0	1,968.9
Financing cash flows	(63.0)	149.3	86.3
Acquisitions	160.0	-	160.0
New leases and lease modifications	70.4	-	70.4
Foreign exchange adjustments	(6.9)	(15.8)	(22.7)
Interest expense	51.8	121.5	173.3
Interest payments (presented as operating cash flows)	(51.7)	(73.6)	(125.3)
Liabilities arising from financing activities at 31 December 2024	723.5	1,587.4	**2,310.9**
Financing cash flows	(75.6)	-	**(75.6)**
New leases and lease modifications	141.5	-	**141.5**
Foreign exchange adjustments	(4.9)	22.5	**17.6**
Interest expense	64.4	135.1	**199.5**
Interest payments (presented as operating cash flows)	(64.9)	(87.4)	**(152.3)**
Liabilities arising from financing activities at 31 December 2025	**784.0**	**1,657.6**	**2,441.6**

26 Capital and other commitments

At 31 December, the Group had the following capital commitments:

	2025 £m	2024 £m
Contracts for future capital expenditure not provided	**2.7**	11.9

27 Controlling party

The immediate parent company of Pinnacle Bidco plc is Pinnacle Midco 2 Limited, and the ultimate parent company is Pinnacle Topco Limited.

The largest Group into which the results of this Group are consolidated for the year ended 31 December 2025 are those headed by Pinnacle Topco Limited, a company incorporated in the UK. These financial statements, which are publicly available, can be obtained from the registered office: C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, West Yorkshire, LS2 8LY.

The ultimate controlling party is Leonard Green & Partners LP, 11111 Santa Monica Boulevard, Suite 2000, Los Angeles, California 90025, United States of America.

Notes to the consolidated financial statements (continued)

28 Interests in other entities

In the opinion of the directors, the Group has four principal subsidiaries at 31 December 2025 and 31 December 2024 being Pure Gym Limited, Pure Gym Denmark A/S, Pure Fitness LLC and PureGym AG. The subsidiaries are 100% owned by the Group, are incorporated in the United Kingdom, Denmark, the United State of America and Switzerland respectively, and all have the principal activity of the provision of facilities for physical fitness.

A full list of the Group's subsidiaries is included in note 6 of the company financial statements.

29 Related party transactions

As at 31 December 2025, amounts owed to fellow Group companies includes £676.2m owed to the immediate parent company, Pinnacle Midco 2 Limited, repayable on 11 April 2029 (2024: £628.7m), and £7.5m owed by the ultimate UK parent company, Pinnacle Topco Limited (2024: £6.2m). Associated interest charged to the income statement in the year totalled £47.4m (2024: £44.1m).

During 2024, a loan of £1.0m was issued by Pure Gym Limited (a subsidiary of the Group) to a director of the Group. The loan accrues interest at a rate of 4.5% per annum (or the HMRC official interest rate, if higher), is unsecured, and is repayable at the earlier of 10 years from issue date, or upon an exit event.

30 Business combinations

Year ended 31 December 2025

On 30 September 2025, the Group acquired the trade and assets of one gym in New York, USA for $4.5m (£3.4m). The goodwill of £3.3m arising from the acquisition is attributable to the acquired workforce, the high quality site location and anticipated future earnings from future new customers.

Year ended 31 December 2024

On 29 November 2024, the Group acquired certain trade and assets of Blink Fitness ("Blink") for $121.0m (£96.7m). The principal activity of the acquired Blink business is the provision of physical fitness facilities in New York and New Jersey, USA.

The goodwill of £87.8m arising from the acquisition is attributable to the acquired workforce, the high quality site locations and anticipated future earnings from future new customers. The goodwill recognised is expected to be deductible for income tax purposes in the USA. As well as the acquired goodwill, the Group recognised £0.1m arising from the acquisition in relation to customer relationships.

Notes to the consolidated financial statements (continued)

30 Business combinations (continued)

The following table summarises the consideration paid for Blink and the fair value of assets and liabilities acquired:

	29 November 2024 Fair value £'m
Cash paid	**96.7**
Total consideration	**96.7**
Recognised fair value of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (including right of use assets)	**169.2**
Intangibles (software, customer relationships and brands)	**10.7**
Other non-current assets	**0.3**
Trade and other receivables	**2.9**
Trade and other payables	**(13.2)**
Provisions	**(1.0)**
Lease liabilities	**(160.0)**
Total identifiable net assets	**8.9**
Residual goodwill arising on acquisition	**87.8**

Revenue included in the Consolidated Statement of Comprehensive Income for the year contributed by Blink was £8.5m and loss for the year was £0.4m. If the acquisition had occurred on 1 January 2024, Group revenue would have been an estimated £692.6m and consolidated loss for the year would have been an estimated £83.8m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2024, and that only the 56 ongoing sites would have been operational from 1 January 2024.

The Group incurred acquisition related costs of £3.3m related to legal and professional fees. These costs have been included in exceptional administrative expenses in the Group's consolidated statement of comprehensive income.

Company statement of financial position
as at 31 December 2025

	Note	**2025 £m**	2024 £m
Non-current assets			
Investments	6	**828.1**	748.6
Other receivables	7	**1,358.9**	1,255.0
TOTAL ASSETS		**2,187.0**	2,003.6
Current liabilities			
Borrowings	9	**(203.0)**	(146.4)
Other payables	8	**-**	(0.6)
		(203.0)	(147.0)
Non-current liabilities			
Borrowings	9	**(2,091.2)**	(1,892.8)
		(2,091.2)	(1,892.8)
TOTAL LIABILITIES		**(2,294.2)**	(2,039.8)
NET LIABILITIES		**(107.2)**	(36.2)
Equity			
Called up share capital	10	**3.1**	2.8
Share premium account		**304.9**	271.2
Accumulated losses		**(415.2)**	(310.2)
TOTAL EQUITY		**(107.2)**	(36.2)

Loss and total comprehensive expense for the year is £105.0m (2024: £19.1m).

The notes on pages 88 to 95 are an integral part of these financial statements. The financial statements of Pinnacle Bidco plc, registered number 11038859, on pages 86 to 95 were approved by the board of directors and authorised for issue on 24 April 2026 and were signed on its behalf by:

A Wood

Director

Company statement of changes in equity
for the year ended 31 December 2025

	Share capital £m	Share premium £m	Accumulated losses £m	Total Equity £m
Balance as at 1 January 2024	2.8	271.2	(291.1)	**(17.1)**
Loss and total comprehensive expense for the year	-	-	(19.1)	**(19.1)**
Balance as at 31 December 2024	**2.8**	**271.2**	**(310.2)**	**(36.2)**
Issue of ordinary shares	0.3	33.7	-	**34.0**
Loss and total comprehensive expense for the year	-	-	(105.0)	**(105.0)**
Balance as at 31 December 2025	**3.1**	**304.9**	**(415.2)**	**(107.2)**

The accompanying notes form an integral part of these financial statements.

Notes to the company financial statements

1 General Information

Pinnacle Bidco plc is an intermediate holding company within the Pinnacle Topco Limited group and is expected to remain as such for the foreseeable future. The Company is a private company limited by shares and is registered, incorporated and domiciled in England, UK. The address of its registered office is C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, West Yorkshire, LS2 8LY, United Kingdom. The registered number is 11038859.

2 Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements are presented in sterling, rounded to the nearest £0.1m. They are prepared on a going concern basis and under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below, and, unless otherwise stated, these policies have been consistently applied to all the periods presented.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101) and, the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Accounting Standards, in conformity with the requirements of the Companies Act 2006.

In accordance with the exemption allowed by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account, however has made a loss for the financial year of £105.0m (2024: £19.1m).

The principle disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- IFRS 7 financial instrument disclosures;
- IAS 1 information on management of capital;
- IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 disclosure of key management personnel compensation;
- IAS 24 disclosures in respect of related party transactions entered into between fellow group companies;
- Roll-forward reconciliations in respect of share capital (IAS 1) and property, plant and equipment (IAS 16); and
- IAS 7 and IAS 1 exemption from preparing a cash flow statement and related notes.

Investments

Investments in subsidiaries are held at cost, less provision for impairment. Gains and losses are recognised in the income statement as and when the investments are impaired or impairments are reversed.

Financial assets

The Company classifies its financial assets as 'those to be measured at amortised cost' or 'those to be measured subsequently at fair value'. At initial recognition, the Company measures its financial assets at fair value plus, in the case of financial assets not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the profit or loss. Subsequently, these assets are measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in profit or loss.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Notes to the company financial statements (continued)

2 Summary of material accounting policy information (continued)

Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses on amounts owed by group undertakings. Under this approach, management exercise judgement in determining whether there has been a significant increase in credit risk over the life of the loan. Where there has not been a significant increase in credit risk, a 12-month expected credit loss is calculated. Conversely, where there has been a significant increase in credit risk, a lifetime expected credit loss is calculated.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Going concern

The Directors have carefully evaluated the Going Concern basis of the Company, and the Pinnacle Bidco Group of which it is a part. In doing so, they have taken account of the wider macroeconomic climate including all relevant risks as described in the Principal Risks and Uncertainties section of this Annual Report.

The Company relies on other entities within the Group for support, both to generate cash from trading activities, and relying on other entities within the Group not recalling debt owed by the Company unless it is in a position to repay. Therefore the going concern status of the Company is reliant on the Group being a going concern and continuing to offer that support.

The Group made a loss before tax of £88 million in the year ended 31 December 2025 and had net current liabilities of £176 million and net liabilities of £519 million as at that date. The Group meets its day to day working capital requirements, capital expenditure and funding of new sites through its surplus cash reserves and credit facilities (comprising an RCF of £175.5 million, which includes an overdraft of £10 million).

As at the date of signing the financial statements, the Group's forecasts and projections (to 30 June 2027) taking account of reasonably possible changes in trading performance, showed that the Group has ample headroom to operate within its existing facilities.

This assessment included consideration of a severe but plausible downside scenario consisting of:

- A reduction in forecast revenues increasing from a 1% reduction in April 2026 to a 5% reduction by July 2026 and for the rest of the forecast period;
- An increase in forecasts costs, rising from a 1% increase in all costs in April 2026 to a 5% increase by July 2026 and for the rest of the forecast period; and
- A mitigating reduction in forecast capital expenditure, increasing from a 5% reduction in June 2026 to a reduction of 50% in maintenance and refurbishment capital expenditure and 70% in growth capital expenditure by May 2027 and for the rest of the forecast period.

The Group had cash reserves at 31 December 2025 of £73 million. Combining this with the available RCF gives a total liquidity position of £249 million at 31 December 2025. Under the severe but plausible downside scenarios modelled, the Group would maintain a minimum liquidity of £179 million for the entire forecast period to June 2027.

Notes to the company financial statements (continued)

2 Summary of material accounting policy information (continued)

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. Under the severe but plausible downside scenarios modelled, the Group is not expected to breach its covenants.

Based on these forecasts, the Directors have concluded that the Group and Company have 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.

3 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical accounting judgements in applying the Company's accounting policies

(a) Expected credit losses on amounts owed by group undertakings

In calculating the expected credit loss on amounts owed by group undertakings, management take into account the probability of default assigned to the Group's external debt, where this is deemed to be closely related to the probability of default on the intra-group loans. In addition, management consider the historical rate of default on intra-group loans. The Company defines a default as a payment being at least 30 days overdue. More information, including the expected credit losses applied to amounts owed by group undertakings, is included in note 7.

4 Auditors' remuneration

Fees payable to the Company's auditors for the audit of the annual statutory financial statements were £0.2m (2024: £0.2m). These are borne by Pure Gym Limited.

Fees payable to the Company's auditors (and its associates) for non-audit services can be found in the consolidated financial statements.

5 Employees and directors

Employees

The Company had no employees throughout the year (2024: nil), and directors are remunerated for their services by fellow group undertakings.

Directors

No directors received any remuneration in respect of their services to the Company (2024: nil). The key management of the Group are deemed to be the same as the directors of the Group, therefore no additional disclosure of key management compensation has been provided.

Notes to the company financial statements (continued)

6 Investments

	2025 £m	2024 £m
Cost		
At 1 January	**748.6**	578.2
Acquisition of additional shares in Gym Topco Limited	**79.5**	170.4
At 31 December	**828.1**	748.6

The below table sets out the name, principal activity and registered office address of all of the Company's subsidiaries. The Company, either directly or indirectly, owns 100% of the ordinary shares of all companies listed.

Company name	Principal activity	Registered office address
Gym Topco Limited *	Intermediate holding company	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Gym Finco 1 Limited	Intermediate holding company	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Gym Finco 2 Limited	Intermediate holding company	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Gym Finco 3 Limited	Intermediate holding company	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Gym Midco Limited	Intermediate holding company	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Gym Midco 2 Limited	Intermediate holding company	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Gym Bidco Limited	Intermediate holding company	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Pure Gym Limited	Provision of physical fitness facilities	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Pinnacle Europe Holdings Limited	Intermediate holding company	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Ovalhouse Limited	Property holding subsidiary	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Pure Gym (Dudley) Limited	Dormant	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Tolmers Newco 1 Limited	Dormant	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Tolmers Newco 2 Limited	Dormant	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
LA Fitness Limited	Dormant	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
LA Leisure Limited	Property holding subsidiary	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK

Notes to the company financial statements (continued)

6 Investments (continued)

Company name	Principal activity	Registered office address
LA Westminster Limited	Dormant	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
CS Leisure Limited	Dormant	C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, LS2 8LY, UK
Pinnacle US Holdings LLC	Intermediate holding company	1209 Orange Street, County of Newcastle, Wilmington, Delaware, 19801, USA
PureFitness LLC	Provision of physical fitness facilities	1209 Orange Street, County of Newcastle, Wilmington, Delaware, 19801, USA
PureFitness Franchising LLC	Franchisor for physical fitness facilities	1209 Orange Street, County of Newcastle, Wilmington, Delaware, 19801, USA
Forward TopCo A/S	Intermediate holding company	Torveporten 2, 4. 2500 Valby, Denmark
Pure Gym Denmark Holding A/S	Intermediate holding company	Torveporten 2, 4. 2500 Valby, Denmark
Pure Gym Denmark A/S	Provision of physical fitness facilities	Torveporten 2, 4. 2500 Valby, Denmark
Functional Supply A/S	Development and resale of sports nutrition products	Torveporten 2, 4. 2500 Valby, Denmark
PureGym AG	Provision of physical fitness facilities	Grabenwisstrasse 5, 8604 Volketswil, Switzerland

** Denotes subsidiaries that are directly owned by Pinnacle Bidco plc.*

Notes to the company financial statements (continued)

7 Other receivables

Non-current

	2025 £m	2024 £m
Amounts due from group undertakings	**1,360.7**	1,256.8
Loss allowance	**(1.8)**	(1.8)
Amounts due from group undertakings - net	**1,358.9**	1,255.0

The table below breaks out amounts due from group undertakings based on interest rate and repayment date:

	2025 £m	2024 £m
8% loan repayable 30 November 2027	**635.4**	586.7
8.25% loan repayable on demand	**119.3**	104.3
4.375% loan repayable 14 January 2030	**474.9**	558.8
4.375% loan repayable 30 November 2027	**126.6**	-
Interest free and repayable on demand	**2.7**	5.2
Amounts due from group undertakings	**1,358.9**	1,255.0

In 2024, a loan of £104.3m was issued to a subsidiary undertaking, accruing interest at 8.25% which compounds at the end of each month. The loan is repayable on demand but is not expected to be demanded within 12 months and is therefore held as non-current.

In order to assess the probability of default and to determine the value of expected credit losses in respect of amounts due from group undertakings, the directors have modelled an orderly settlement of all such balances. The analysis is based on the directors' forecast of future cashflows. Downside sensitivities to the base case assumptions within this forecast have also been modelled.

A loan of £476.7m due from Pinnacle Europe Holdings Limited ("Pinnacle Europe") was determined to have a probability of default of 5% and an expected lifetime credit loss of 0.4%. A loss allowance of £1.8m has therefore been recognised which is unchanged from the loss allowance at 31 December 2024.

For all other amounts due from group undertakings, the value of cashflows realised under the modelled downside scenarios is sufficient to enable full and orderly settlement of the outstanding balances. As such, for these loans, the directors have determined that the probability of default is remote and the impact of expected credit losses is immaterial. Accordingly, expected credit losses have not been recognised in relation to these loans.

Notes to the company financial statements (continued)

8 Other payables

	2025 £m	2024 £m
Accruals	-	0.6
	-	0.6

9 Borrowings

Non-current

	2025 £m	2024 £m
£520m 10.000% Senior Secured Notes	**520.0**	520.0
€505m 8.250% Senior Secured Notes	**440.6**	418.5
Unamortised transaction costs	**11.6**	3.7
Senior Secured Notes held at amortised cost	**972.2**	942.2
Amounts owed to group undertakings	**1,119.0**	950.6
	2,091.2	1,892.8

Current

	2025 £m	2024 £m
Interest and commitment fee accruals	**21.4**	20.2
Amounts owed to group undertakings	**181.6**	126.2
	203.0	146.4

The table below breaks out amounts owed to group undertakings based on interest rate and repayment date:

	2025 £m	2024 £m
8% loan repayable 30 November 2027	**442.8**	322.0
8% loan repayable 11 April 2029	**549.6**	507.5
4.375% loan repayable 11 April 2029	**126.6**	121.1
8.25% loan repayable on demand	**137.0**	126.2
Interest free loan repayable on demand	**44.6**	-
Amounts owed to group undertakings	**1,300.6**	1,076.8

Notes to the company financial statements (continued)

9 Borrowings (continued)

Financing

The Company currently has £520 million of Senior Secured Notes ("the Sterling Notes") and €505 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.

The Notes include an early repayment option. The directors have concluded that, in accordance with IFRS 9, the option is closely related to the underlying debt and does not have a significant value. It is therefore not recognised separately from the debt.

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 December 2025 and 31 December 2024, the facility was undrawn.

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 and previous financial years.

10 Called up share capital

	2025 £m	**2025 No.**	2024 £m	2024 No.
Allotted, authorised, called up and fully paid				
Ordinary shares of £0.01	**3.1**	**309,000,002**	2.8	275,000,002

On 15 December 2025, the Group issued an additional 34,000,000 £0.01 shares with an aggregate nominal value of £0.3m for total consideration of £34.0m.

Each ordinary share entitles the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. Each ordinary share entitles the holder to one vote.

11 Related party transactions

Advantage has been taken of the exemption in IAS 24 not to disclose transactions between Pinnacle Topco Limited and its subsidiaries.

12 Controlling party

The immediate parent company of Pinnacle Bidco plc is Pinnacle Midco 2 Limited. The ultimate UK parent company is Pinnacle Topco Limited.

The largest Group into which the results of this Company are consolidated for the year ended 31 December 2025 is that headed by Pinnacle Topco Limited, a company incorporated in the UK. These financial statements, which are publicly available, can be obtained from the registered office: C/O Pure Gym Limited, Town Centre House, Merrion Centre, Leeds, West Yorkshire, LS2 8LY.

The ultimate controlling party is Leonard Green & Partners LP, 11111 Santa Monica Boulevard, Suite 2000, Los Angeles, California 90025, United States of America.

PureGym
Town Centre House
Merrion Centre
Leeds
LS2 8LY
United Kingdom