

# Investor Presentation

Results for the quarter ended 30 September 2022

29 November 2022



## Forward-looking statements

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

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# Introduction & overview

## Q3 financial results

- Continued progression in Q3 with revenue, members & ARPM all up vs 2021
- Run-Rate Adj EBITDA of £116m – a robust figure, despite the current macro headwinds
- Adj EBITDA of £24m<sup>1</sup> for the quarter – marginally behind last year due to investment in growth
- 11 new gyms opened in the quarter, including 3 new franchise sites in the Middle East
- £261m of cash on the balance sheet & £406m of total accessible funds<sup>2</sup>

## Trading environment & outlook

- There is no doubt that managing the business is & will remain very challenging
- Laser-focused on navigating significant near term headwinds from cost of living & inflationary pressures
- Well placed to weather the storm with fixed rate financing & fixed price utilities in the near term
- Strong capital base allows investment in energy saving upgrades to significantly reduce energy consumption
- Reassuring member resilience despite the economic climate
- Maintaining a disciplined & targeted approach to pricing & promotion
- Continued good performance from new site openings & a strong new site pipeline
- Excellent progress on franchise – minimum 130 site contract secured to expand our offering in the Middle East

Notes:

(1) Q3 22 Adj EBITDA stated net of £0.7m of USA start up losses

(2) Includes £30 million cash held by parent, Pinnacle Topco Limited







# Q3 financial results

Continued progression in revenue, member numbers & ARPM



# Q3 2022 Group results highlights

## Revenue & Membership

**£120m**  
**Q3 revenue**  
 up +8% vs Q3 2021

**£24.22**  
**ARPM per month**  
 up +4% vs Q3 2021

**1,673k**  
**Closing members**  
 up +2%<sup>7</sup> vs Sep 2021

## Adjusted EBITDA

**£24m**  
**Adj EBITDA<sup>1</sup>**  
 vs £25m in Q3 2021

**20.3%**  
**Adj EBITDA Margin**  
 vs 22.4% in Q3 2021

**£116m**  
**Run-Rate Adj EBITDA**  
 up +2% vs Q2 2022

## Group Estate

**535**  
**Gyms in the estate<sup>2</sup>**  
 vs 511 gyms at Sep 2021

**8**  
**New corporate-owned gyms**  
 vs 5 in Q3 2021

**3**  
**New franchised gyms**  
 vs nil in Q3 2021

## Liquidity & Cash Flow

**£261m**  
**Cash<sup>3</sup>**  
 vs £61m at Sep 2021

**£406m**  
**Liquidity<sup>4</sup>**  
 vs £206m at Sep 2021

**£17m**  
**Operating Cash Flow**  
 Up +22% vs Q3 2021

## SS Net Debt & Capex

**£587m**  
**Net debt<sup>3</sup>**  
 vs £798m at Sep 2021

**3.7x**  
**Proforma net leverage<sup>5</sup>**  
 down from 5.0x at Sep 2021<sup>6</sup>

**£29m**  
**Capex**  
 vs £11m in Q3 2021

### Notes:

(1) Q3 22 Adj EBITDA stated net of £0.7m of USA start up losses. (2) Gyms in estate includes 528 corporate-owned & 7 franchise gyms in KSA. (3) £261m cash includes non-Sterling balances translated at closing exchange rates. This is equivalent to £259m cash reported on slide 8 where non-Sterling balances are translated at average exchange rates for the LTM period, in line with banking document definitions. Both figures include £30m held by parent company, Pinnacle Topco Limited. (4) Liquidity defined as cash plus available RCF facilities & includes £30 million cash held by parent, Pinnacle Topco Limited as at Sep 2022. (5) Includes £30 million cash held by parent, Pinnacle Topco Limited & based on £161m RR Adj EBITDA for 2019. (6) Stated using Senior Secured Net Debt as at 30 September 2021 of £798m & RR Adj EBITDA for 2019 of £161m (proforma for the acquisition of Fitness World). (7) Average members across Q3 2022 up +4% vs Q3 2021.

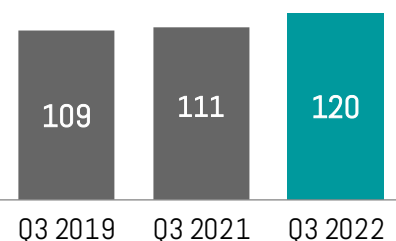


# Q3 2022 Group results vs 2019 & 2021

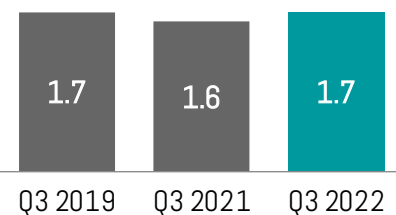
All figures stated to the nearest £ million, except for members (million) & gyms (number)

## Revenue & Membership

### Revenue

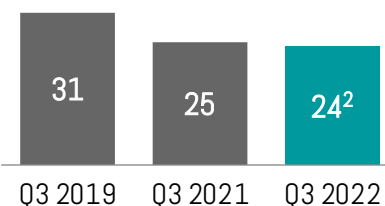


### Closing members

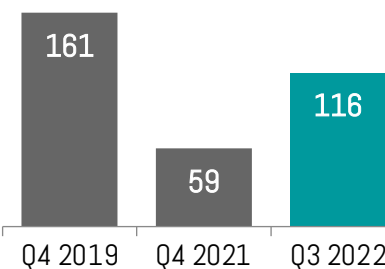


## Adjusted EBITDA

### Adj EBITDA<sup>1</sup>

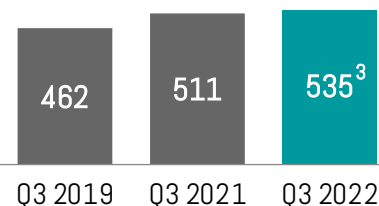


### Run-Rate Adj EBITDA

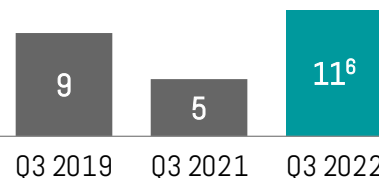


## Group Estate

### Gyms in estate

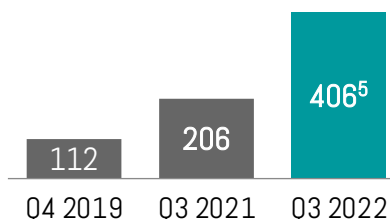


### New sites

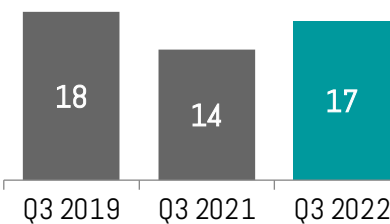


## Liquidity & Cash Flow

### Available liquidity<sup>4</sup>

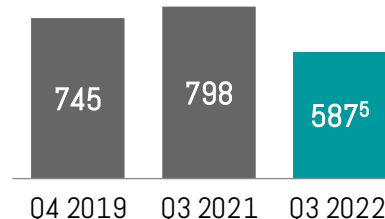


### Cash Flow<sup>7</sup>

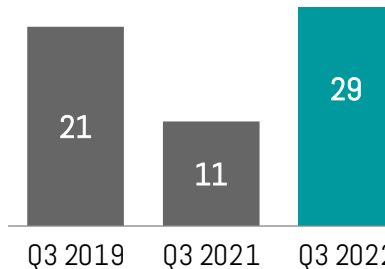


## SS Net Debt & Capex

### SS Net Debt



### Capex



#### Notes:

2019 includes the results of Fitness World on a proforma basis, except for available liquidity & cash flow which are based on PureGym UK only. All figures exclude Poland. (1) Excludes the benefit & cost of any COVID-19 rent deferrals. (2) Q3 22 Adj EBITDA stated net of £0.7m of USA start up losses. (3) Gyms in estate includes 528 corporate-owned & 7 franchise gyms in KSA. (4) Liquidity defined as cash plus available RCF facilities. (5) Includes £30 million cash held by parent, Pinnacle Topco Limited. (6) Includes 3 franchise gyms. (7) Operating cash flow, stated after maintenance & refurbishment capex but before interest on borrowings or growth capex.



# Capital expenditure

## Continuing acceleration of capital deployment

- £20m of expansionary capex in Q3 2022 with 8 new corporate owned site openings
- Continued good performance from 2021 & 2022 new site cohorts
- 20 new site openings planned for Q4 2022, continuing to invest through the cycle in high quality new sites
- £9m spend on maintenance & refurbishment works across estate
- Coming out of the pandemic we have carefully scaled our organisational ability to deploy capital wisely in new sites & refurbishments & we intend to use this ability in the coming periods

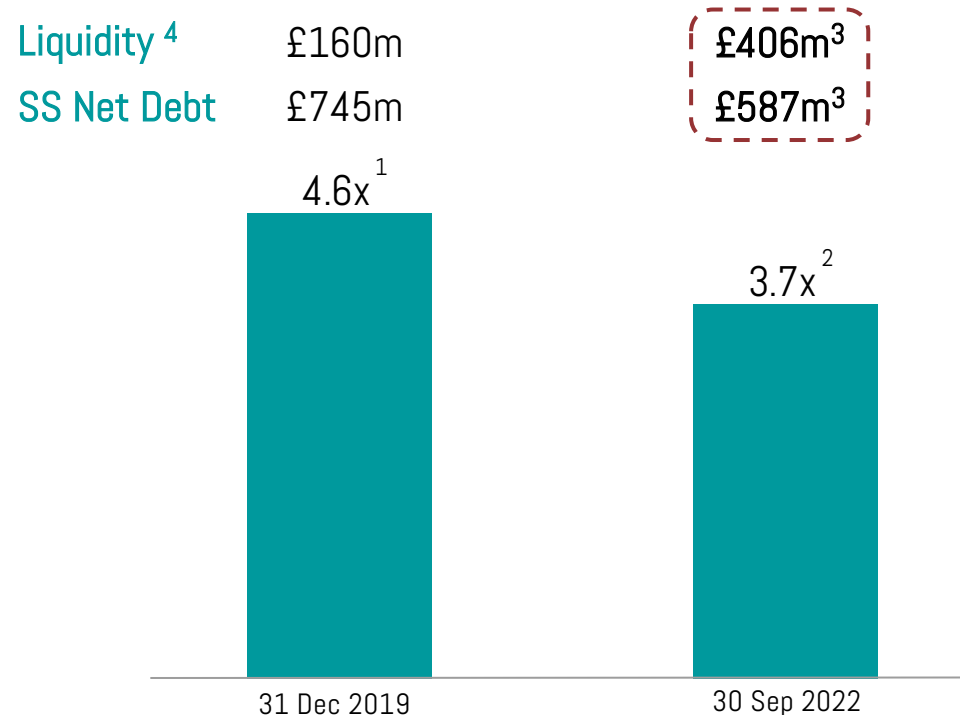
£m	Q3 2022	Q3 2021
New site capital expenditure	18.9	7.4
IT development capital expenditure	1.6	0.9
<b>Expansionary capital expenditure</b>	<b>20.5</b>	<b>8.4</b>
Maintenance & refurb capital expenditure	8.7	2.7
<b>Total capital expenditure</b>	<b>29.2</b>	<b>11.1</b>
Expansionary capex working capital movement	(3.7)	0.3
Maintenance & refurb capex working capital movement	(2.6)	(0.6)
<b>Total capital expenditure cash flow</b>	<b>23.0</b>	<b>10.8</b>





# Senior Secured Net Debt remains significantly lower than Dec 2019 at £587m, with available liquidity of £406m

## Proforma leverage is lower than Dec 2019



## Proforma Net Debt

As at 30 September 2022	£m
Cash	259 <sup>5</sup>
Senior Secured Sterling Notes 6.375%	(430)
Senior Secured EUR Notes 5.5%	(416)
<b>Senior Secured Net Debt</b>	<b>(587)</b>
Non-property leases/other	(9)
<b>Total Net Debt</b>	<b>(595)</b>
 FY19 Proforma RR Adj EBITDA	 161
<i>Illustrative leverage<sup>2</sup></i>	<i>3.7x</i>

### Notes

(1) Proforma for the acquisition of Fitness World. Based on Dec-19A Run-Rate Adj. EBITDA of £161m, based on Dec-19PF Senior Secured Net Debt of £745m (consisting of the Sterling Notes (£430m), the Euro Bridge Facility (£380m, converted using LTM average FX rate of EUR 1.1711 to £1) less cash (£65m as converted at average rates of exchange for the LTM period) & including certain adjustments) & Dec-19A Proforma Run-Rate Adj. EBITDA of £161m. (2) Based on FY19 RR Adj EBITDA of £161m proforma for Fitness World & Sep-22A Senior Secured Net Debt of £587m (consisting of the Sterling Notes (£430m), the Euro Notes (£416m, converted using LTM average FX rate of EUR 1.178 to £1) less cash (£259m as converted at average rates of exchange for the LTM period & including £30m cash held by parent company, Pinnacle Topco Limited)). (3) Includes £30m held by parent company, Pinnacle Topco Limited. (4) Liquidity defined as cash plus available RCF facilities. (5) £259m cash includes non-Sterling balances translated at average exchange rates for the LTM period, in line with banking document definitions. This is equivalent to £261m cash reported on slide 5 where non-Sterling balances are translated at closing exchange rates. Both figures include £30m held by parent company, Pinnacle Topco Limited.





# Trading environment & outlook

Despite significant near term challenges, we remain confident in our ability to weather the storm



# Laser-focused on navigating the near term challenges

## Macroeconomic conditions are very challenging across UK, DK & CH markets

- Impact on member behaviour observed in Q3, slowing the pace of member recovery in Q4
- As reported by others, September/October trading was softer than expected
- Macro economic challenges are acting as headwinds to underlying demand recovery
- However, we are geographically diversified & our franchise partner in the Middle East (where the economic outlook remains strong) has just signed a commitment to open a minimum of 130 franchise sites

## Energy costs are suppressed in the short term & targeting significant consumption reduction

- Approximately 50% of 2023 energy covered by (very) low cost contracts but these end by September
- Major organisation-wide effort to reduce energy consumption underway
- We have the capital to invest in energy-efficiency technologies & likely to spend £10m+ on this
- Aim to reduce per site energy consumption by over 30% in medium term – with good progress in short term
- Cost position will be improved for the long term & process is wholly aligned with PureGym's ESG aspirations

## Other cost inflation is also challenging but we are working hard to reduce the impact

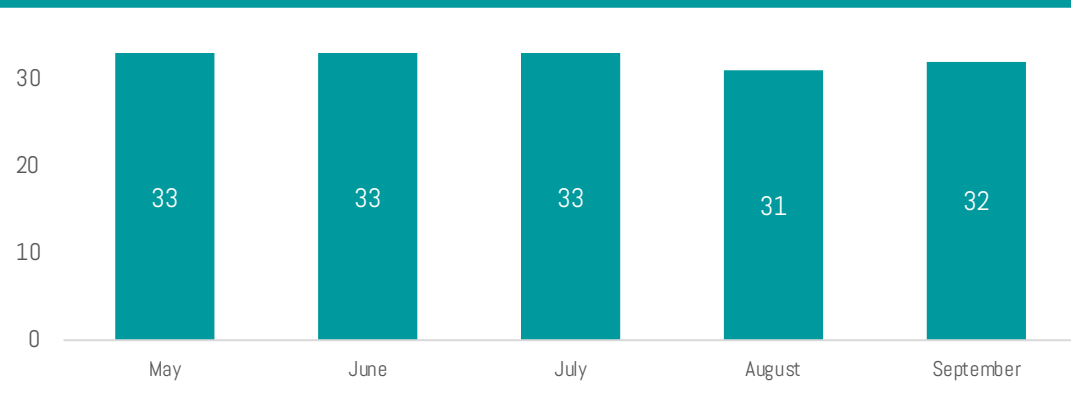
- Site fit-out costs & some areas of opex are being impacted
- However, we are very focused on bearing down on costs & adjusting specifications to partially offset underlying inflation



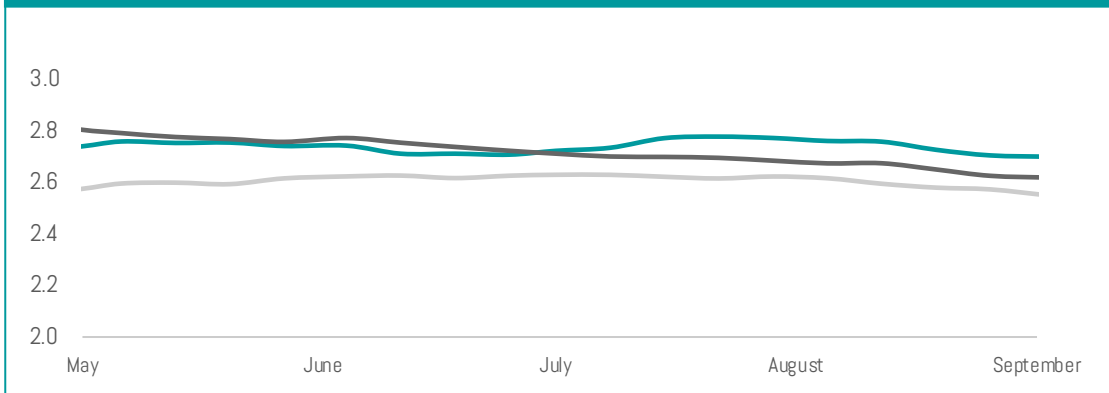


# In the UK, we track key statistics carefully & these indicate healthy signs of consumer resilience that counterbalance some indications of financial strain

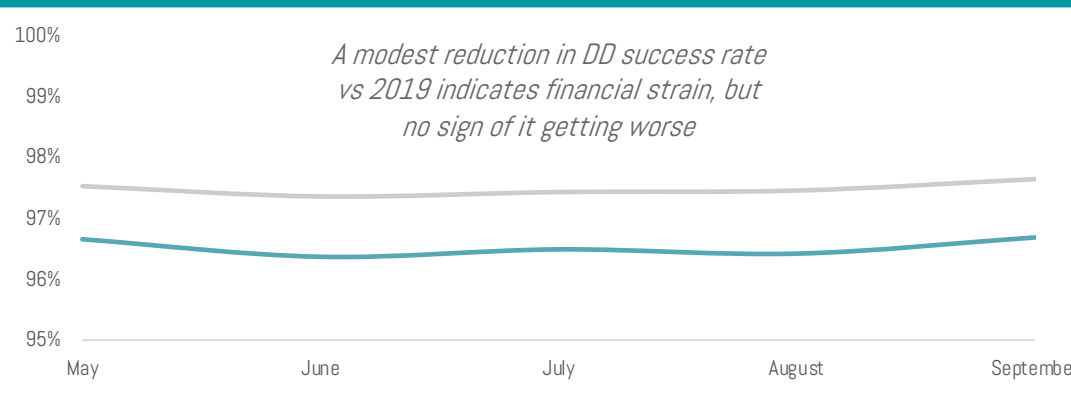
Average gym net promoter score (NPS) remains healthy



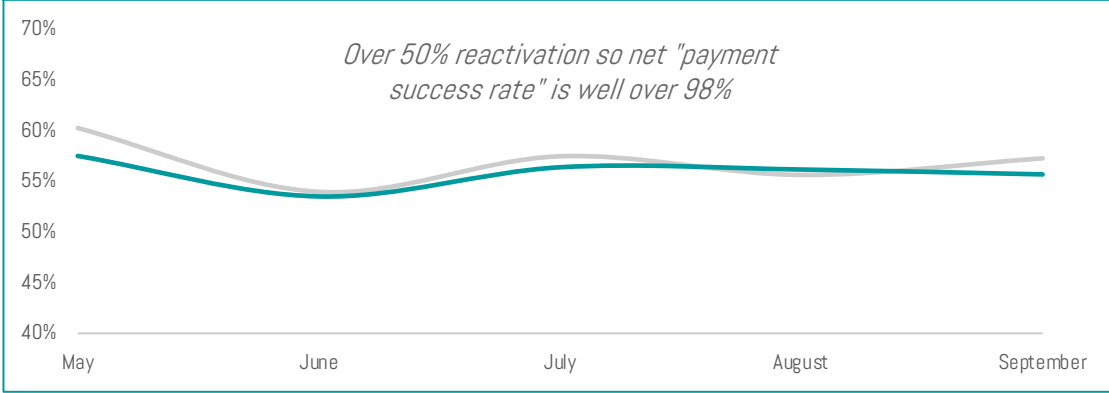
Visits per active member per week are ahead of prior years in the L4L estate



Direct debit success rates remain high  
(% of members where membership fee was successfully collected)



Reactivation rate after a DD "fail" remain good  
(% of members who reactivate after direct debit bounce)



— 2019 — 2021 — 2022

# A sophisticated approach to revenue management will remain a key lever in mitigating inflationary pressures & optimising the business

## Revenue management capability

- Revenue management function balances volume & yield in a measured way
- Product offer ensures range of memberships to cover all segments
- Off Peak product recently rolled out to majority of clubs to widen appeal & provide 'entry' price point
- Plus product allows consumers to 'trade up' thereby increasing yield
- Variable pricing (on all products) is a very useful tool given the current inflationary environment
- Considered programme of existing member price optimisation is in place, but priority is to always offer great value for money
- Q3 ARPM is up +10% vs 2019 largely due to premium product penetration & price progression at both the headline price & existing member price
- Average headline price progression in the UK is up only +5% vs prior year - significantly below the rate of inflation & some competitors

## PureGym UK product & pricing examples

PureGym London Wembley			
Get the membership that suits you			
	OFF-PEAK Limited hours of access	CORE Our standard membership	PLUS Our best membership
	<a href="#">SELECT</a>	<a href="#">SELECT</a>	<a href="#">SELECT</a>
	£14.99	£20.99	£26.99
	per month + £10 joining fee	per month + £10 joining fee	per month + £10 joining fee
Use the gym anytime	Limited hours ⓘ	✓	✓
No contract - leave anytime	✓	✓	✓
Classes included with membership	✓	✓	✓
Access to 173 other gyms ⓘ	—	—	✓
Book classes in advance	8 days	8 days	14 days
Bring a guest 4 times a month ⓘ	—	—	✓
Freeze your membership anytime ⓘ	—	—	✓
Bigger discounts on brands ⓘ	—	—	✓

PureGym London Fulham			
Get the membership that suits you			
	OFF-PEAK Limited hours of access	CORE Our standard membership	PLUS Our best membership
	<a href="#">SELECT</a>	<a href="#">SELECT</a>	<a href="#">SELECT</a>
	£29.99	£39.99	£49.99
	per month + £20 joining fee	per month + £20 joining fee	per month + £20 joining fee
Use the gym anytime	Limited hours ⓘ	✓	✓
No contract - leave anytime	✓	✓	✓
Classes included with membership	✓	✓	✓
Access to 320 other gyms ⓘ	—	—	✓
Book classes in advance	8 days	8 days	14 days
Bring a guest 4 times a month ⓘ	—	—	✓
Freeze your membership anytime ⓘ	—	—	✓
Recover with a daily massage ⓘ	—	—	✓
Bigger discounts on brands ⓘ	—	—	✓

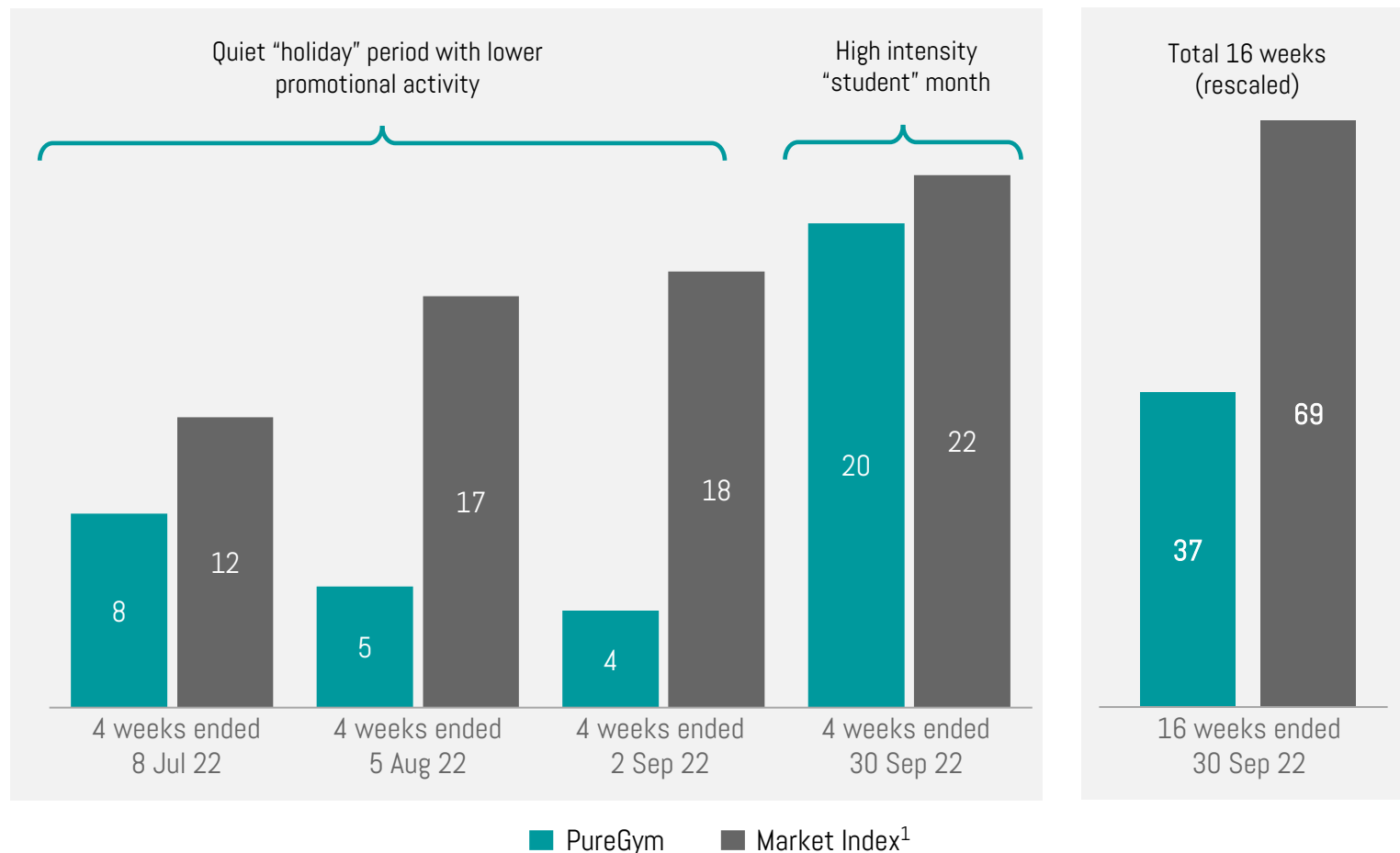


# It will be important to remain disciplined with promotional activity over the period ahead

## Promotional discipline

- As the market place leader, we endeavour to take a very disciplined approach to promotion to optimise revenue & bottom line performance alongside volume
- Specifically we:
  - Limit the length & depth of promotions to "reduce fatigue"
  - Show restraint on frequency so as not to "train the market"
  - Exclude busy clubs that are already "full"

## Days on promotion in 4 week period: PureGym UK vs Market Index<sup>1</sup>



Notes:

(1) Average based on estimated days on promo (at least 20% of gyms) for 12 UK private sector operators (The Gym Group, JD Gyms/X4L, 24/7 Fitness, Buzz Gym, Energie Fitness, NRG, Pump Gyms, SimplyGym, Everlast, Anytime Fitness, Fitness First, Virgin Active), weighted by number of sites





# Conclusions

Continued progression despite the challenges & good momentum for future growth



# Conclusions

- 1 Continued progression in Q3 with revenue up +8% on Q3 2021 & +10% on Q3 2019
- 2 Run-Rate Adj EBITDA has moved on to £116m despite the very significant macro headwinds
- 3 £261m of cash on the balance sheet & £406m of total accessible funds – probably the best positioned in Europe
- 4 Laser-focused on navigating near term cost inflation, including investing to significantly reduce energy consumption
- 5 A highly analytical & disciplined approach to pricing & promotions that helps us optimise for revenue & EBITDA
- 6 Strong & growing property pipeline in UK & Europe & expanding coverage of franchise sites in the Middle East
- 7 Despite the many near term challenges, we & our investors remain confident of the long term prospects of the business





# Appendices



# Corporate structure

£261 m of cash on balance sheet across the Group as at 30 Sep 2022<sup>3</sup>

Key:

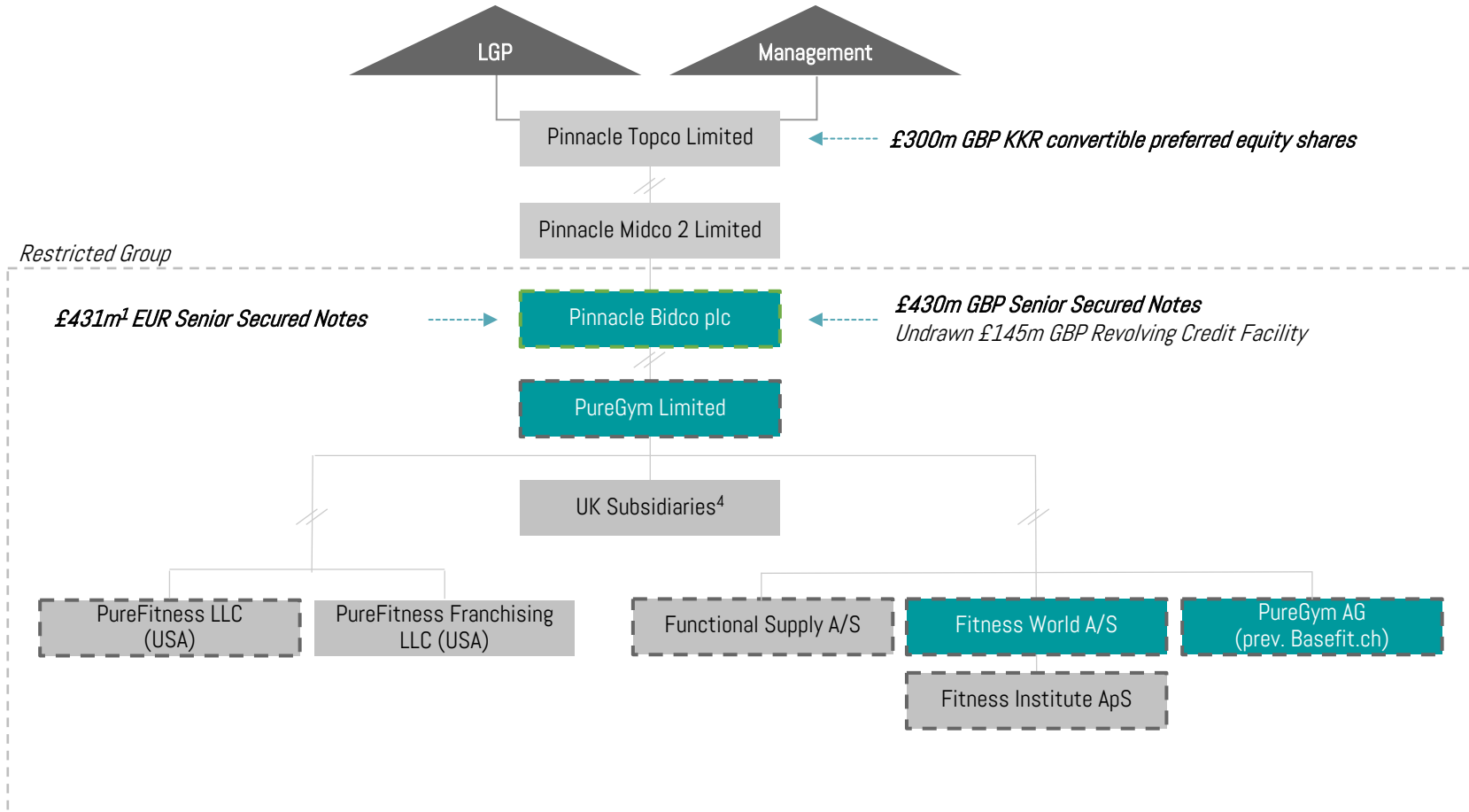
/// Indirect Holdings

--- Issuer

--- Trading Entity

■ Guarantors<sup>2</sup>

■ Non-Guarantors



## Notes

(1) EUR denominated €490 million Senior Secured Notes (converted to pounds sterling at the 30 September 2022 closing rate of €1.136 to £1.0000). (2) The Guarantors accounted for 99% of Group Run-Rate Adjusted EBITDA for the year ended 31 December 2021, & substantially all of the Group's total assets as of 31 December 2021. (3) £30m of which is held on the balance sheet of Pinnacle Topco Limited. (4) Includes LA Leisure Limited & Ovalhouse Limited

# Group cash flow Q3 2022

- Group Adjusted EBITDA of £24m<sup>1</sup> converted to £17m of operating cash inflow
- Working capital cash outflow in the quarter due to the change in Swiss operating model to monthly memberships as well as one off payment timing impacts at the start of the period
- Maintenance & refurbishment capex at £6.1m in the quarter, reflecting continued investment in the estate, particularly in Denmark
- Expansionary capex includes expenditure on the completion of 8 new corporate owned sites opened in the quarter & commencement of works on new sites to be opened after the period end
- Tax, interest & debt issues of costs for the quarter of £13.1m mainly relates to interest on senior secured notes
- "Other" cash outflow mainly relates to the repayment of Covid rent due from prior periods

	3 months ended 30 Sep		9 months ended 30 Sep	
£m	2022	2021	2022	2021
<b>Group Adjusted EBITDA</b>	<b>24.4</b>	24.8	<b>75.3</b>	15.9
Movement in working capital	(1.6)	(9.1)	(10.4)	(1.8)
Maintenance & refurb capital expenditure	(6.1)	(2.1)	(15.1)	(8.2)
<b>Group operating cash flow</b>	<b>16.6</b>	13.6	<b>49.8</b>	5.9
<i>Operating cash flow conversion</i>	<i>68%</i>	<i>55%</i>	<i>66%</i>	<i>37%</i>
Expansionary capital expenditure	(16.8)	(8.7)	(42.0)	(26.5)
Exceptional items	(0.3)	(3.0)	(2.1)	3.1
Tax, interest, & debt issue costs	(13.1)	(13.9)	(39.2)	(40.7)
Other	(9.5)	(1.7)	(25.9)	(11.1)
<b>Net cash flow before acquisition &amp; financing</b>	<b>(23.2)</b>	(13.6)	<b>(59.3)</b>	(69.2)
Issue of senior secured notes	-	-	-	38.9
Equity injection	-	-	270.0	-
Finance lease capital repayments	(1.5)	(1.9)	(4.8)	(5.7)
Other financing cash flows	(0.6)	-	(10.1)	6.7
<b>Net cash flow</b>	<b>(25.3)</b>	(15.5)	<b>195.8</b>	(29.2)

Notes:

(1) Q3 22 Adj EBITDA stated net of £0.7m of USA start up losses

# Segmental performance

£m	3 months ended 30 September			12 months ended 31 December		
	2022	2021	Change %	2021	2020 <sup>1</sup>	Change %
United Kingdom	78	68	14%	194	142	36%
Denmark	33	33	0%	90	103	(13)%
Switzerland	9	9	(7)%	24	24	(2)%
Other	-	-	n/a	-	-	n/a
<b>Total Revenue</b>	<b>120</b>	<b>111</b>	<b>8%</b>	<b>308</b>	<b>270</b>	<b>14%</b>
United Kingdom	19	17	11%	44	7	492%
Denmark	5	5	8%	(5)	4	n/a
Switzerland	1	3	(77)%	1	(0)	n/a
Other	(1)	-	n/a	-	27%	n/a
<b>Total Adjusted EBITDA<sup>2</sup></b>	<b>24</b>	<b>25</b>	<b>(2)%</b>	<b>40</b>	<b>11</b>	<b>249%</b>
United Kingdom	25%	26%		22%	5%	
Denmark	16%	14%		(5)%	4%	
Switzerland	7%	28%		5%	(0)%	
Other	n/a	n/a		n/a	n/a	
<b>Adjusted EBITDA margin</b>	<b>20%</b>	<b>22%</b>		<b>13%</b>	<b>4%</b>	

## Notes:

(1) The 2020 results of Poland have been excluded as the business was sold in the year & is treated as a discontinued operation in the Group financial statements.

(2) In 2020 & 2021, the cash rent adjustment excludes the impact of COVID-19 rent deferrals. Therefore, Adjusted EBITDA more closely reflects the underlying trading results of the Group for the period



# Key performance indicators

	For the three months ended 30 Sep		For the nine months ended 30 Sep		For the twelve months ended 31 Dec
£m	2022	2021	2022	2021	2019PF
Total number of corporate-owned gyms	528	511	528	511	484
Total number of franchise gyms	7	-	7	-	-
Total number of gyms	535	511	535	511	484
Total number of members ('000s)	1,673	1,635	1,673	1,635	1,699
Average number of members ('000s)	1,654	1,584	1,654	1,505	1,682
Average number of members per gym	3,154	3,113	3,200	3,004	3,683
Average revenue per member per month (£)	24.22	23.33	23.82	14.33	21.90
Reported EBITDA (£ million)	47.8	47.4	142.1	70.9	206.9
Adjusted EBITDA (£ million)	24.4 <sup>1</sup>	24.8	75.3	15.9	131.1
Adjusted EBITDA margin	20.3%	22.4%	21.3%	8.2%	29.7%
Gym Site Adjusted EBITDA (£ million)	41.7	39.7	124.6	53.4	170.7
Gym Site Adjusted EBITDA margin	34.7%	35.8%	35.2%	27.5%	38.6%
Run-Rate Adjusted EBITDA (£ million)	116.0	39.2	116.0	39.2	160.6
Operating Cash Flow (£ million)	16.6	13.6	49.8	5.9	101.2
Operating Cash Flow Conversion	68.2%	54.9%	66.1%	37.1%	77.2%
Senior Secured Net Debt (£ million)	586.7 <sup>2</sup>	797.5	586.7 <sup>2</sup>	797.5	744.6
Ratio of Senior Secured Net Debt to LTM Run-Rate Adjusted EBITDA	5.1x	20.3x	5.1x	20.3x	4.6x
Ratio of LTM Run-Rate Adjusted EBITDA to Pro Forma Net Interest Expense	2.2x	0.7x	2.2x	0.7x	3.1x

Notes: All figures have been adjusted to exclude Poland as it is a discontinued operation. Fitness World results have been included in the 2020 Group results since the acquisition on 14 January 2020

(1) Q3 22 Adjusted EBITDA stated net of £0.7m of USA start up losses

(2) Includes £30 million cash held by Pinnacle Topco Limited

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

	For the three months ended 30 Sep		For the nine months ended 30 Sep		For the twelve months ended 31 December
£m	2022	2021	2022	2021	2019PF
<b>Loss for the period</b>	<b>(13.1)</b>	<b>(32.5)</b>	<b>(57.8)</b>	<b>(124.6)</b>	<b>(28.5)</b>
Income tax	(9.9)	(1.3)	(9.1)	(17.4)	(3.7)
Net finance cost	37.5	35.5	110.6	95.1	101.5
Depreciation & impairment of PPE	27.2	31.6	81.8	88.7	99.1
Amortisation & impairment of intangible assets	5.4	6.2	15.9	23.8	19.7
(Profit) / loss on disposal of property, plant & equipment	0.9	(0.1)	0.8	0.8	0.1
Profit on lease modifications	(0.4)	-	(0.4)	(0.4)	(0.4)
Exceptional administrative expenses	0.3	8.0	0.3	4.9	11.6
<b>Group Reported EBITDA<sup>1</sup></b>	<b>47.8</b>	<b>47.4</b>	<b>142.1</b>	<b>70.9</b>	<b>206.9</b>
Other adjustments <sup>2</sup>	1.9	0.7	5.4	6.5	0.8
Share based payment charge <sup>3</sup>	0.1	0.1	0.3	0.3	0.3
Pre-Opening Costs <sup>4</sup>	1.3	0.6	3.2	2.5	3.6
Cash Rent Adjustment <sup>5</sup>	(26.6)	(24.0)	(75.7)	(64.3)	(80.4)
<b>Adjusted EBITDA</b>	<b>24.4</b>	<b>24.8</b>	<b>75.3</b>	<b>15.9</b>	<b>131.1</b>
Head office costs	17.3	14.9	49.3 <sup>7</sup>	37.5	39.5
<b>Gym Site Adjusted EBITDA</b>	<b>41.7</b>	<b>39.7</b>	<b>124.6</b>	<b>53.4</b>	<b>170.7</b>
LTM Adjusted EBITDA	99.2	8.8	99.2	8.8	131.1
Run-Rate Adjustment <sup>6</sup>	16.8	30.4	16.8	30.4	29.5
<b>Run-Rate Adjusted EBITDA (LTM)</b>	<b>116.0</b>	<b>39.2</b>	<b>116.0</b>	<b>39.2</b>	<b>160.6</b>

(1) Group Reported EBITDA is defined as earnings before net finance cost, taxation, depreciation, amortisation, profit/loss on sale of property, plant & equipment, impairment, profit/loss on lease modifications & exceptional items. (2) Other adjustments includes the net impact of various one-off items not included in "Exceptional items" but which are not reflective of the underlying trade of the Group. (3) The share based payment charge relates to shares in the ultimate parent company, Pinnacle Topco Limited, issued to directors & certain employees. (4) Pre-opening costs represent the total of all gym site operating costs incurred prior to the opening of a new gym & primarily consist of staff costs & marketing. (5) Under IFRS 16, most lease costs are excluded from Group Reported EBITDA. To produce a comparable & more relevant EBITDA figure, the contractual property rent payments due during the accounting period are deducted & any property rent-related expenses included in Group Reported EBITDA are added back. Management believes that adjusting EBITDA to reflect cash rent is a better reflection of actual earnings. (6) The Run-Rate adjustment reflects the impact of those gyms which are less than three years old at the end of the reporting period. These adjustments replace the Adjusted EBITDA earned by these sites in the last twelve month period with the projected Adjusted EBITDA for their third year of operation. Run-Rate Adjusted EBITDA therefore seeks to reflect the anticipated mature Adjusted EBITDA potential of those gyms which were trading at the end of the relevant period. Management forecasts EBITDA on a gym specific basis & updates forecasts quarterly based on current & anticipated performance, taking into account seasonality & location-specific factors. (7) Head office costs reported in the Q1 2022 presentation for the three months ended 31 March 2022 of £18.2m have been adjusted to £16.2m due to a misallocation between gym & head office costs. Adjusted EBITDA is not impacted by this adjustment.



# Glossary

Term	Definition
<b>Adjusted EBITDA</b>	The profit or loss for a certain period before income tax expense, net finance cost, depreciation & impairment of property, plant & equipment & right of use assets, amortisation & impairment of intangible fixed assets, profit/loss on disposal of property, plant & equipment, profit/loss on lease modifications, exceptional administrative expenses, & adjustments, after adding back Pre-Opening Costs & share based payment charges, & subtracting the Cash Rent Adjustment.
<b>Adjusted EBITDA Margin</b>	Adjusted EBITDA for that period divided by revenue for that period.
<b>Average Number of Members</b>	The average of the number of members as at the beginning of the first month & the end of every month in that period.
<b>Average Revenue Per Member Per Month</b>	Revenue for that period divided by the number of months in that period & further divided by the average number of members during that period. The average number of members during that period is calculated as the average of the number of members as of the beginning of the first month & the end of every month in that period.
<b>Cash Rent Adjustment</b>	The deduction of the cash rent payable during the period which otherwise was not reflected in EBITDA (as reported on an IFRS16 basis). From 2021 onwards, the Cash Rent Adjustment excludes the cash impact of COVID-19 rent deferments. Therefore, Adjusted EBITDA more closely reflects the underlying trading results of the group for the period.
<b>Combined Group</b>	Refers to Pure Gym & Fitness World.
<b>EBITDA</b>	The profit or loss for a certain period before income tax expense, net finance cost, depreciation & impairment of property, plant & equipment & right of use assets, amortisation & impairment of intangible fixed assets, profit/loss on disposal of property, plant & equipment, profit/loss on lease modifications & exceptional administrative expenses.
<b>Expansionary Capital Expenditure</b>	The Initial Capital Investment & the capital costs of expanding gym sites incurred in that period, & the capital costs of investments in technology in that period.
<b>Fitness World or Fitness World Group</b>	Refers to Forward TopCo A/S & its subsidiaries.
<b>Gym Site Adjusted EBITDA</b>	Adjusted EBITDA for that period, excluding Head Office Costs.
<b>Gym Site Adjusted EBITDA Margin</b>	Gym Site Adjusted EBITDA divided by revenue for that period.
<b>Head Office Costs</b>	All non-gym specific costs, other than depreciation & amortisation, related to the operation of head office functions in a given period.
<b>Large Box Format (LBF)</b>	Large Box Format (LBF) gyms are gyms that are typically over 12,000 square feet in size.

# Glossary

Term	Definition
<b>Maintenance &amp; Refurbishment Capital Expenditures</b>	The total capital expenditure incurred in a period less Expansionary Capital Expenditure incurred in that period.
<b>Mature Gyms</b>	The gyms that have been open as Pure Gyms for 24 months or more or as Fitness World clubs open as for 24 months or more as of the end of the relevant reporting period.
<b>Net Debt</b>	Total indebtedness of the Group including finance lease liabilities as reported under IAS17 (excluding property lease liabilities recognised under IFRS 16) less cash & cash equivalents.
<b>New Gyms</b>	The gyms that have been open as Pure Gyms for less than 24 months or Fitness World clubs for less than 24 months as of the end of the relevant reporting period.
<b>Number of Gyms</b>	The total number of gyms that are open & trading as of the specified date or the end date of the relevant period.
<b>Operating Cash Flow</b>	Adjusted EBITDA plus Working Capital Cash Flow & less Maintenance & Corporate Capital Expenditure cash flows for that period.
<b>Operating Cash Flow Conversion</b>	The Operating Cash Flow for that period divided by Adjusted EBITDA for that period.
<b>Pre-Opening Costs</b>	The total of all gym site operating costs incurred during the pre-opening periods of gyms in that period. Pre-Opening Costs primarily consist of staff & marketing expenses.
<b>Proforma Run Rate Adjusted EBITDA</b>	Run Rate Adjusted EBITDA for the twelve months ended on the reporting date, after giving pro forma effect to the recent acquisition of Fitness World as if the acquisition occurred on the first day of the period & including synergies expected to be realised from the combined Group.
<b>Run-Rate Adjusted</b>	The adjustment made to 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.
<b>Run-Rate Adjusted EBITDA</b>	The Adjusted EBITDA including any Run Rate Adjustment.
<b>Senior Secured Net Debt</b>	The total senior secured indebtedness of the Group (excluding finance lease liabilities as reported under IAS17), less cash & cash equivalents.
<b>Small Box Format (SBF)</b>	Small Box Format (SBF) gyms are gyms that are typically 6,000-9,000 square feet in size.
<b>Working Capital Cash Flow</b>	Cash movements in working capital.



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