Pinnacle Bidco plc

Annual report and consolidated financial statements for the year ended 31 December 2024

PUREGYM

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Chair's Statement
Humphrey Cobbold

Introduction

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 680 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. During 2024, the Group significantly increased its presence in the USA, with the strategic acquisition of 56 sites in New York and New Jersey, bringing the total number of gyms in the USA to 59. These 56 sites currently operate under the brand "Blink Fitness", but all sites in the USA will be converted to operate under the PureGym brand and core operating model over the next 12-18 months. By making this carefully judged acquisition PureGym has established an excellent, well scaled, high quality foothold in the largest fitness market in the world.

Alongside its COCO operations, the Group has started to roll out a franchise model. PureGym's franchise partner now operates 23 sites in the Middle East. Having built a new set of franchisor capabilities, the Group is actively exploring options for franchising elsewhere in the world. Franchising offers the obvious significant advantage of growing the brand's presence and leveraging the considerable intellectual property ("IP") that has been built in the business without needing to deploy significant capital expenditure.

In summary, it has been an excellent year for the PureGym business, with results demonstrating the success of its core strategy across multiple geographies. The business is in rude health and I feel very proud of the Group's progress to date and excited about its future prospects.

Board Update

On a personal note, I have now transitioned from the Chief Executive Officer role to Chairman, having spent 10 years overseeing the development of PureGym, from 84 sites solely in the UK, to over 650 sites across 6 countries. I am delighted to continue my involvement with the business in my capacity as Non-Executive Chairman going forward and to be welcoming Clive Chesser as our new CEO. Clive has settled in exceptionally well and already had significant involvement in some of the year's most impactful events, notably in taking a leading role on the negotiation of the acquisition of the Blink Fitness sites in the USA.

It is also with great pleasure that Rebecca Passmore was welcomed to the Board this year in her enlarged role as Group Chief Operating Officer. Rebecca has progressed and developed very well since joining the company back in 2017 and fully deserves her position as a statutory director and member of the Board. Everyone who works with or for Rebecca recognises that she is an exceptional talent as an operator, an excellent business thinker, a great leader and a thoroughly decent person.

PureGym Business Distinctiveness

Looking back on the last 10 years and ahead to the next decade, it seems worthwhile to reflect on why PureGym has been successful and what the foundation of that business's success is. I believe it is the strengths in business model and business approach that have underpinned PureGym's development, the Group's resilience and performance for multiple stakeholders, despite the many challenges faced:

- 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, while not sacrificing returns. The business is now able to operate in sites ranging from 5,500 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 as CEO, the capability to price each product in each site/location 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.

Chair's Statement continued

- Low labour cost model: the emphasis has always been on minimising labour costs and labour hours per site. This is never more important than in high-labour cost markets such as Switzerland, 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. This was a choice but, I believe, also an imperative: the strongest players worldwide in this industry are, and will all be, multi-national players.

- Organisation and management: creating 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 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 and this was demonstrable in September 2024 with the private placement of £150m equivalent of Senior Secured Notes to fund the acquisition of Blink.

I would like to close this, my first Business Overview as Chairman, by thanking all of the key stakeholders in our business, for their part in our continued success. 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 once again demonstrated their belief in our journey through our most recent bond issuance. 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

It gives me great pleasure to be presenting my first statement as Chief Executive Officer of the PureGym Group. Since joining the business in November 2024, I have been very impressed with everything I've seen so far. Humphrey has handed over the reins of an exciting business and impressive team, both of which I have enjoyed getting to know over the last few months.

The foundations of the business are strong and I join at an exciting time. The focus remains on delivering the Group's core strategy and to deliver strong return on capital to its investors and stakeholders. 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.

Continued progression in 2024

2024 has been another year of progress for PureGym, with robust performance in the core UK estate, tangible progress in Denmark and Switzerland, and exciting developments in the USA.

Total members have increased to 2.3 million (2023: 1.9 million), driven by the acquisition of Blink Fitness sites in the United States and new site openings in the UK and Switzerland, alongside solid progress in our existing estate. This increase is net of a modest site reduction in Denmark, where the program of estate optimisation has driven EBITDA and improved margin through consolidation of sites.

United Kingdom

PureGym is the UK's largest private gym operator, both by number of gyms and members. As at 31 December 2024 the Group operated 410 UK gyms (2023: 370 gyms) with 1,501,000 members at the year end (2023: 1,396,000) and a strong forward pipeline of new site opportunities.

Denmark

PureGym is also the leading operator in Denmark, both by number of gyms and members. The Group is in the process of executing its strategic plan to optimise the Danish estate through a combination of investment into core sites and closure of certain non-core locations. As at 31 December 2024, the Group operated 144 gyms in Denmark (2023: 164 gyms) with 350,000 members (2023: 365,000).

Switzerland

As at 31 December 2024, PureGym operated 44 gyms in Switzerland (2023: 44 gyms) with 84,000 members (2023: 82,000), is one of the leading operators in the country and has a strong forward pipeline of new site opportunities.

United States of America

On 29 November 2024, the Group acquired the trade and assets of 56 gyms in New York and New Jersey, complementing the Group's existing 3 gyms in the Washington DC area and creating a strong foothold in the US market. Whilst these gyms currently operate under a combination of Blink Fitness and PureFitness brands, plans are underway to rebrand all of the group's US Operations to PureGym during 2025. As at 31 December 2024, the Group had a total of 59 gyms in the USA (2023: 3 gyms) and 315,000 members (2023: 10,000)[1].

The Group has a robust capital position with access to £337m of total liquidity (comprising £129m of cash on the balance sheet, £175.5m undrawn Revolving Credit Facility, as well as a further £33m of cash held by the Group's parent, Pinnacle Topco Limited which is available for use by the Group if required). 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.

Along with other businesses, cost inflation remains a key challenge, but the Group's business model is structurally "low cost" and management continues to focus on limiting inflationary impacts. 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 are locked in at acceptable and known levels through 2025. 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 46 new corporate-owned organic 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

1 USA gyms and members 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

validating the Group's strategy of continuing to deploy capital in a measured and controlled way to open new sites in quality locations. 26 gyms were closed in the year, primarily in Denmark, with many of these closures allowing us to consolidate membership from nearby gyms together to achieve substantial synergies.

The Group's franchise plans are also progressing well with a total of 23 gyms at 31 December 2024 (2023: 20 gyms), across the Kingdom of Saudi Arabia and the United Arab Emirates. Additional partnerships continue to be explored to take our affordable, accessible gym proposition to other territories while being mindful of pursuing only those opportunities that provide a strong basis for growth and maintaining the strong reputation of the PureGym brand.

Last but not least, the acquisition of 56 Blink Fitness ("Blink") sites and its corporate operations completed in November 2024 for £97 million ($121 million). This acquisition was funded through a successful placement of senior secured notes in October 2024, in which the Group issued £150 million-equivalent of GBP and Euro notes.

A very value accretive strategic acquisition

The acquisition of 56 gyms in New York and New Jersey provides an excellent asset base within one of the world's most dynamic fitness markets. The Chapter 11 process for Blink allowed the Group to cherry pick the very best performing Blink sites and reject the under-performers, the result being the acquisition of a very high quality, high margin estate in spite of the broader backdrop of corporate distress.

Existing Blink operations and corporate culture have a good degree of alignment with that of the existing Group, making it a great fit for the PureGym model. The acquired sites continue to operate under the Blink brand in the short term, with plans underway to rebrand all US operations to PureGym over the course of 2025.

As at December 2024, the acquired estate and corporate operation delivered approximately £28 million of Gym Adjusted EBITDA on a Last Twelve Months ("LTM") basis. Alongside which, an array of measures have been identified to improve operating efficiency and utilise synergies to strengthen profitability provide a high quality platform for future growth.

Continuing to innovate in the value gym market

The UK business opened its 400th gym this year. This is an exciting milestone for the Group, being the only gym operator ever with that many sites in the UK. In addition to new openings, evolution of the PureGym concept has continued, with 2024 seeing the rollout of the first "very small box" format gyms. These smaller sites allow the Group to service more communities and provide affordable, high quality fitness offerings in areas that have not previously been possible with larger box formats.

Alongside this, the Group has also continued to innovate its fitness offering, bringing new group exercise classes and training areas to both new and existing gyms.

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 100 million member visits in 2024, the Board is 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 Groups Equity and Inclusion Strategy is 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, PureGym has reported group wide gender pay results. The group median pay gap stands at -25% and the group mean pay gap stands at -18.1%. This 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 2024 the median pay gap stood at 0.8% (2023: 0.0%) and the mean pay gap stood at 1.2% (2023: 2.6%). This improvement in the mean pay gap follows the ongoing drive to attract and retain great female talent, and improvement in the number of females appointed to mid-senior and senior roles within the business.

1 Gym Adjusted EBITDA is defined as Adjusted EBITDA (as defined on page 10, footnote 4) plus head office costs.

Chief Executive Officer's Statement continued

Making a meaningful contribution to the broader community

2024 has been PureGym's second year as official gym partner of the British Heart Foundation ("BHF"). The Group committed to raise £3m for BHF over 4 years & is now well on the way to achieving this with over £1.4 million raised so far. This commitment is not just a financial one, alongside fundraising activities, the business is striving to raise awareness of heart & circulatory diseases & provide 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 & the inclusion of defibrillators across the Group's full network of gyms.

In addition to this work with BHF, the Group has also partnered with the Royal College of London to provide free memberships to individuals with Parkinson's disease and their training partners and to monitor the impact of exercise on the disease.

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 & 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 & Governance ("S-ESG") arena.

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

Many challenges remain in the macroeconomic environment; cost inflation, uncertain consumer confidence and the impact of government policy. However, PureGym remains resilient. Management continue to be successful in addressing cost pressures and the Group's relatively low staffing model mean that the effects of payroll tax increases, while substantial, impact PureGym less than some other operators. The Group's robust unit economics, in both the mature estate and new sites, continue to be pleasing, and innovations in gym offerings mean that more of the market is accessible in key geographies.

For 2025 and beyond, the Group will continue to pursue growth through a measured combination of organic site rollout and investment in the existing estate. In the USA, the newly acquired sites will be integrated into the existing business, bringing them into line with the PureGym brand and operating model, and providing the Group's high quality proposition to a new population.

On a personal level, I would like to extend my sincere thanks to Humphrey and the rest of the Board and to all of my colleagues across the Group, who have been so welcoming in these first months. Together they have built an impressive, strong and robust business and I am excited to take this forward and lead PureGym through its next phase of growth.

Clive Chesser

Chief Executive Officer

2024 Financial Review

Alex Wood

I am very pleased with the growth in EBITDA across all of our geographies, underpinned by revenue and ARPM progression as well as studious cost management and control.

2024 saw another major milestone for the Group, surpassing 2 million members for the first time, even before the acquisition of 56 sites in the USA which brought a further 300,000 members. This acquisition is an excellent strategic fit for our business and I believe this will prove to be a very value accretive and strategic acquisition for the benefit of all stakeholders.

I'm also very appreciative of the support from our bondholders with the issue of £150m-equivalent Senior Secured Notes during the year, sufficient to fund the USA site acquisition, whilst also providing ample additional capital to continue to pursue our strategic goals in 2025 and beyond.

Continued progression in our key financial metrics

The Group's Key Performance Indicators ("KPIs") show a pleasing steady progression in 2024 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 (+21% vs 2023)

As a market leading high value, low price operator, the Group is well placed in periods of such macro-economic uncertainty. Consumers increasingly look for good value with their buying decisions and the Group's best in class product and brand delivers this at a time when we are more aware than ever of the importance of fitness and wellbeing activity. 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, we are undergoing a period of strategic optimisation with investment into the estate coupled with an intentional modest consolidation of sites leading to a higher quality product and proposition, an increase in members per gym and increasing margins. Finally we have added 56 sites in the US as part of the Blink acquisition. Combined, total membership has grown 21% during the year, closing at 2.3 million (2023: 1.9 million).

1 As defined on page 10, footnote 2
2 As defined on page 10, footnote 4

105 new sites, comprising 49 new organic gym openings and 56 sites acquired in the USA

The Group opened 49 new organic gyms in the year (2023: 54), of which 46 were corporate owned and 3 were franchise. In addition, the Group acquired 56 sites in the USA from Blink Fitness. These sites will be rebranded to PureGym during the coming year. Following some strategic site closures, primarily in Denmark, this takes the total number of gyms to 680 (2023: 601), comprising 657 corporate owned gyms (2023: 581 gyms) and 23 franchise gyms (2023: 20) at the year-end.

Revenue for the year of £605 million (+10% vs 2023)

Alongside volume, the Group's sophisticated approach to revenue management, applied in a disciplined and targeted manner, has delivered an increase in Average Revenue Per Member ("ARPM") of +2% when compared with 2023. This growth in ARPM, together with growth in member volume, has provided continued progression, with revenue for the year reaching £605 million (2023: £549m).

Adjusted EBITDA[2] for the year of £154 million (+17% vs 2023)

Adjusted EBITDA grew by £22 million to £154 million for the year (2023: £132 million). 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. Like-for-like operating cost inflation was under 5% in 2024. This was realised through operational efficiencies in staffing, economies of scale in procurement, and carefully timed fixing of energy costs. All of these factors have contributed to continued and accelerating growth in profitability.

£154m Adjusted EBITDA

2.3m Closing members

680 Gyms[1]

Note
1 Gyms in estate is after 20 LTM site closures in DK and includes 657 corporate-owned & 23 franchise gyms in the Middle East.

2024 Financial Review continued

Run-Rate Adjusted EBITDA[5] for the year of £184 million (+23% vs 2023)

Run-Rate Adjusted EBITDA reflects the expected EBITDA from immature gyms that have already been opened. This grew by £34 million to £184 million at the year-end (2023: £150 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 are not impacted by changes in accounting standards (including IFRS16). A full reconciliation from operating profit is set out in more detail on page 13.

For the twelve months ended 31 Dec

£m	2024	2023
Members (number 000's)	2,250	1,853
Gyms (number)[1]	680	601
Revenue (£m)	604.6	549.0
ARPM (£)[2]	25.13	24.57
Group Reported EBITDA[3] (£m)	255.9	231.5
Group Adjusted EBITDA[3,4] (£m)	154.3	132.2
Group RR Adjusted EBITDA[3,4,5] (£m)	**183.9**	**150.0**

[1] Includes 23 franchised sites at 31 December 2024 (2023: 20).

[2] ARPM defined as revenue divided by 12 months, divided by the average number of members for the year of 2,005,000 (2023: 1,862,000).

[3] 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 13.

[4] 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 13.

[5] 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 13.

Further KPIs are available in the Group's results presentations at:

corporate.puregym.com/investors/results-reports-and-presentations.

2024 Financial Review continued

The consolidated statement of comprehensive income on page 42 shows our results for the year ended 31 December 2024 in full. The Group made an operating profit of £81 million and a loss for the year of £79 million (2023: operating profit of £87 million and loss for the year of £74 million), as summarised in the table below:

Revenue

Revenue was up £56 million (10%) year on year owing to the opening of new gyms, the maturation of existing immature gyms, an improvement in average revenue per member, and 1 month of post-acquisition revenue from the newly acquired US gyms. The growth derives from an 8% increase in average members and a 2% increase in the average revenue per member, which results from measured price increases in existing gyms and the penetration of premium membership offerings. Of the 2024 revenue figure of £605 million (2023: £549 million), membership income comprised £544 million (2023: £491 million), vending and consumables income was £24 million (2023: £25 million) and income from other revenue streams including the sale of day passes and income from personal trainers was £36 million (2023: £33 million).

Operating Expenses (exc. separately disclosed items)

Operating expenses were up £31 million (10%) year on year reflecting the increase in site numbers and a small amount of inflation on the underlying cost base. Despite a continuation of above-normal macroeconomic inflation levels, we have been successful in limiting the impact of that through effective procurement and operational improvements.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment of £171 million was up £31 million on the prior year, primarily due to the impact of new gym openings and the level of investment into the existing estate.

The net charge for depreciation, amortisation and impairment in 2024 includes £65 million depreciation on the Group's leased properties (2023: £61 million), and £17 million amortisation of customer lists and brands recognised following the Group's acquisitions (2023: £17 million). It also includes £10 million of impairment of property, plant and equipment relating to a small number of gyms, including Danish gyms planned for closure (2023: £16 million impairment and £11m impairment reversal).

Exceptional items

Net exceptional expenses of £7 million have been recognised in 2024, which primarily relate to the acquisition of Blink Fitness, as well as costs related to the closure of gyms in Denmark.

Net finance costs

Net finance costs of £172 million for the year (2023: £139 million) include £79 million of interest and commitment fees on the Group's borrowing arrangements (2023: £58 million) and £8 million relating to amortisation of issue costs and early redemption fees associated with those (2023: £16 million). Year on year interest has increased due to incurring a full year of costs at the Group's current interest level, following the refinancing exercise which completed in October 2023, as well as the issuance of a further £150 million of debt in September 2024 used to fund the Blink Fitness acquisition and other growth opportunities.

Operating results

£m	2024	2023
Revenue	604.6	549.0
Operating expenses (exc. separately disclosed items)	(348.7)	(317.5)
Group Reported EBITDA	**255.9**	**231.5**
Depreciation, amortisation and impairment	(171.1)	(139.7)
Loss on disposal of PPE	(2.3)	(2.2)
Profit on lease modifications	5.8	0.8
Exceptional items	(7.0)	(3.6)
Operating profit	81.3	**86.8**
Net finance cost	(169.8)	(164.4)
Loss before tax	(88.5)	(77.6)
Income tax credit	10.0	4.1
Loss for the year	**(78.5)**	**(73.5)**

2024 Financial Review continued

Net finance costs continued

A further £51 million of net finance costs relates to costs associated with the Group's property rentals (2023: £47 million), being the proportion of property rental costs recorded as interest under IFRS 16 (with the remaining expense recognised as depreciation).

Also included within net finance costs is a £9 million foreign exchange gain (2023: £2 million), primarily due to a £15 million favourable exchange movement on the Group's Euro-denominated borrowings, offset by a £7 million adverse exchange movement on the Group's intercompany Danish Krone and Swiss Franc denominated loans. The Euro and Danish Krone denominated balances act as a natural partial hedge against the translated value of the Group's non-UK subsidiaries.

A further £44 million (2023: £41 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 £10 million (2023: £4 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.

2024 Financial Review continued

Reconciliation of Operating Profit to Run-Rate Adjusted EBITDA

£m	2024	2023
Operating Profit	**81.3**	**86.8**
Depreciation and impairment of PPE	148.6	118.8
Amortisation and impairment of intangible assets	22.5	20.9
Loss on disposal of PPE and intangible assets	2.3	2.2
Profit on lease modifications	(5.8)	(0.8)
Exceptional items	7.0	3.6
Group Reported EBITDA [1]	**255.9**	**231.5**
Other adjustments [2]	7.0	3.6
Pre-opening costs [3]	4.1	4.5
Cash rent adjustment [4]	(112.5)	(107.6)
Share based payment charge [5]	(0.2)	0.2
Adjusted EBITDA [6]	**154.3**	**132.2**
Run-Rate adjustment [7]	29.6	17.8
Run-Rate Adjusted EBITDA	**183.9**	**150.0**

[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 2024, £3.8 million of costs recognised within Group EBITDA and the 2024 statement of comprehensive income have been categorised as non-recurring and added back to Adjusted EBITDA in 2024 as they relate 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 (2023: £1.9 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 (2023: £0.3 million).

Also in 2024, £0.1 million (2023: £1.4 million) of costs have been incurred in relation to a management "lock-in" bonus scheme. This amount is added back in reaching Adjusted EBITDA because it has not been incurred in the ordinary course of business, relating to the impact of COVID-19 on the business during 2020 and 2021.

[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.

2024 Financial Review continued

Cashflow

£m	2024	2023
Net cash generated from operating activities	133.8	116.5
Net cash used in investing activities	(205.2)	(97.3)
Net cash generated from / (used in) financing activities	92.8	(115.5)
Net increase / (decrease) in cash and cash equivalents	**21.4**	**(96.3)**
Cash and cash equivalents on the first day of the year	108.2	204.6
Effect of exchange rates on cash held	(1.0)	(0.1)
Cash and cash equivalents at end of the year	**128.6**	**108.2**
Undrawn RCF Facility (including overdraft)	*175.5*	*175.5*
Available liquidity at 31 December[1]	***304.1***	***283.7***

1 Excludes £33 million at 31 December 2024 and £32 million at 31 December 2023 held by the parent, Pinnacle Topco Limited.

Net cash generated from operating activities

Net cash generated from operating activities totalled £134 million, which represents a £17 million favourable movement versus 2023 and is primarily attributable to the £24 million improvement in Group Reported EBITDA year on year, offset by a £3 million increase in exceptional costs paid and £3 million increase in net interest and financing related expenses paid. Change in working capital cash flows represent an outflow of £1 million year on year.

Net cash used in investing activities

The net cash used in investing activities for the year of £205 million consists of the £97 million acquisition of the Blink Fitness business, plus investments in capital expenditure of £111 million, offset by £3 million of proceeds from disposals of fixed assets. Investments in capital expenditure have increased £12 million compared to the prior year outflow of £99 million.

Net cash generated from / used in financing activities

Net cash generated from financing activities for the year includes an inflow of £156 million in respect of the issuance of £150 million of Senior Secured Notes and associated premium received on issue (see funding section below). This was offset by £63 million of lease capital payments (2023: £65 million).

These lease capital payments 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. Lease capital payments have decreased by £2 million compared to 2023 due to the closure of certain gyms in Denmark as part of the estate optimisation plan in that territory, partially offset by increases arising from the opening of new gyms in the UK.

In 2023, net cash used in financing activities included a net £50 million outflow as a result of the part-repayment of some of the Group's senior secured notes.

Cash and Liquidity

As at 31 December 2024 the Group had total accessible cash and cash equivalents of £162 million (comprising £129 million cash on the Group's balance sheet and £33 million cash held by the parent company, Pinnacle Topco Limited), and total accessible liquidity of £337 million when the RCF of £175.5 million is included.

Capital expenditure cash flow

During 2024 the Group opened 44 new PureGyms in the UK (2023: 40) and 2 in Switzerland (2023: 3). In addition, over 70 kit drops were completed in Denmark during 2024 as part of the Danish estate reinvestment plan. Careful and considered investment also continues into technology systems and infrastructure for the long term interests of the business.

Maintenance and refurbishment expenditure cash flows decreased in 2024 which primarily represents timing of payments as a large amount of refurbishment work was carried out in the final quarter of 2024 to be paid in 2025.

£m	2024	2023
Expansionary Capital Expenditure	79.2	62.9
Maintenance and Refurbishment Capital Expenditure	32.2	36.3
Total Capital Expenditure Cash Flow	**111.4**	**99.2**

2024 Financial Review continued

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").

These Notes include an additional £45 million and €125 million of Senior Secured Notes issued on 27 September 2024, at a premium of 104.5 and 104.25 respectively and on the same terms as the existing notes. The funds raised were used for the US site acquisition, completed on 29 November 2024 and will provide capital for further investment in the existing estate.

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 2024, 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

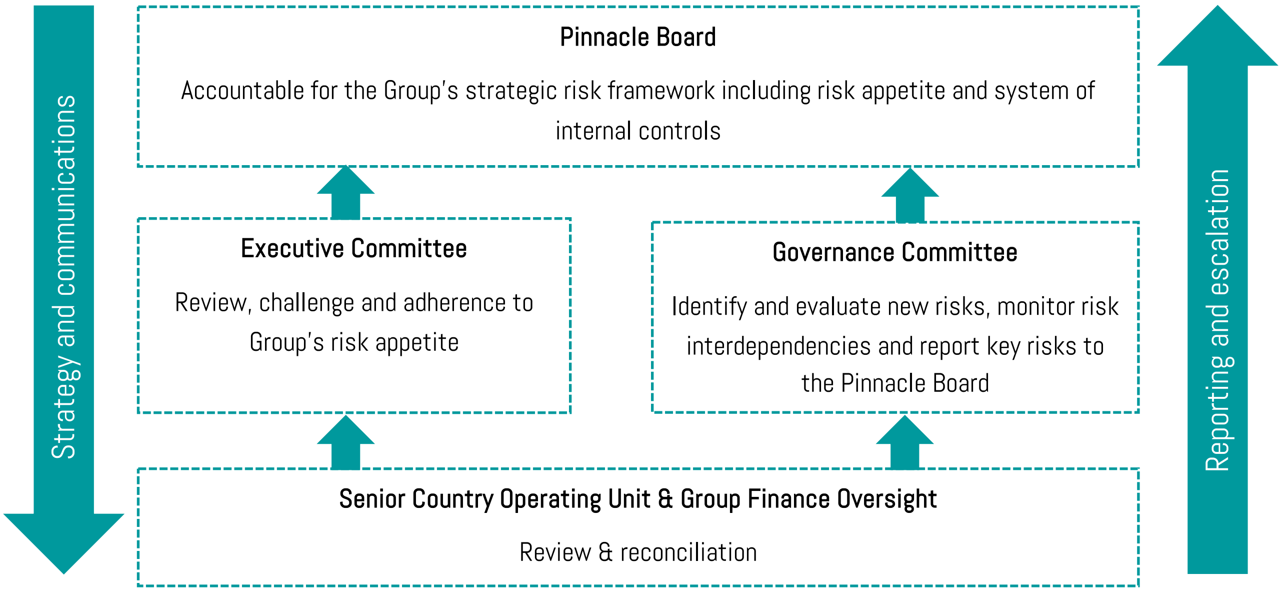
Chief Financial Officer

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, and how much the risk can be lowered through management intervention, 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 strategic and operational 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 are regularly reviewing and developing our continuity plans, focusing on surety of supply with critical suppliers, whilst ensuring consideration and compliance with our ethical and sustainability objectives.

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.

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
ECONOMIC CONDITIONS AND GOVERNMENT POLICIES	Our business may be adversely affected by macro-economic conditions such as changing government taxation policy, increasing interest rates or inflation, uncertainty from the Ukraine and Israel-Gaza wars 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 £337 million of liquidity as at 31 December 2024 (consisting of £129 million cash on balance sheet, £33 million cash held by the parent company, Pinnacle Topco Limited, 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 continues to closely monitor market prices to assess the optimum time to enter energy contracts. • The Group has close supplier and landlord relationships and actively monitors the macro-economic environment for inflationary and supply chain risk. • The Group continues to innovate in our operational efficiency in order to address and mitigate external factors.

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 continue to be 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 & regular penetration testing to identify vulnerabilities. • A continuous security improvement programme is in place with regular independent external review of control effectiveness & 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 vision & benefits case are prepared for each work stream, with alignment to the Group's strategic plan. • Executive-level sponsorship &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 & mitigation strategies implemented on all workstreams to prevent / reduce the impact of potential threats & 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 war in Ukraine 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 100 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 risks 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 £86 million in the year ended 31 December 2024 and had net current liabilities of £107 million and net liabilities of £469 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 2026) 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 2025 to a 5% reduction by July 2025 and for the rest of the forecast period;
- An increase in forecasts costs, rising from a 1% increase in all costs in April 2025 to a 5% increase by July 2025 and for the rest of the forecast period; and
- A mitigating reduction in forecast capital expenditure, increasing from a 5% reduction in June 2025 to a reduction of 50% in maintenance and refurbishment capital expenditure and 70% in growth capital expenditure by May 2026 and for the rest of the forecast period.

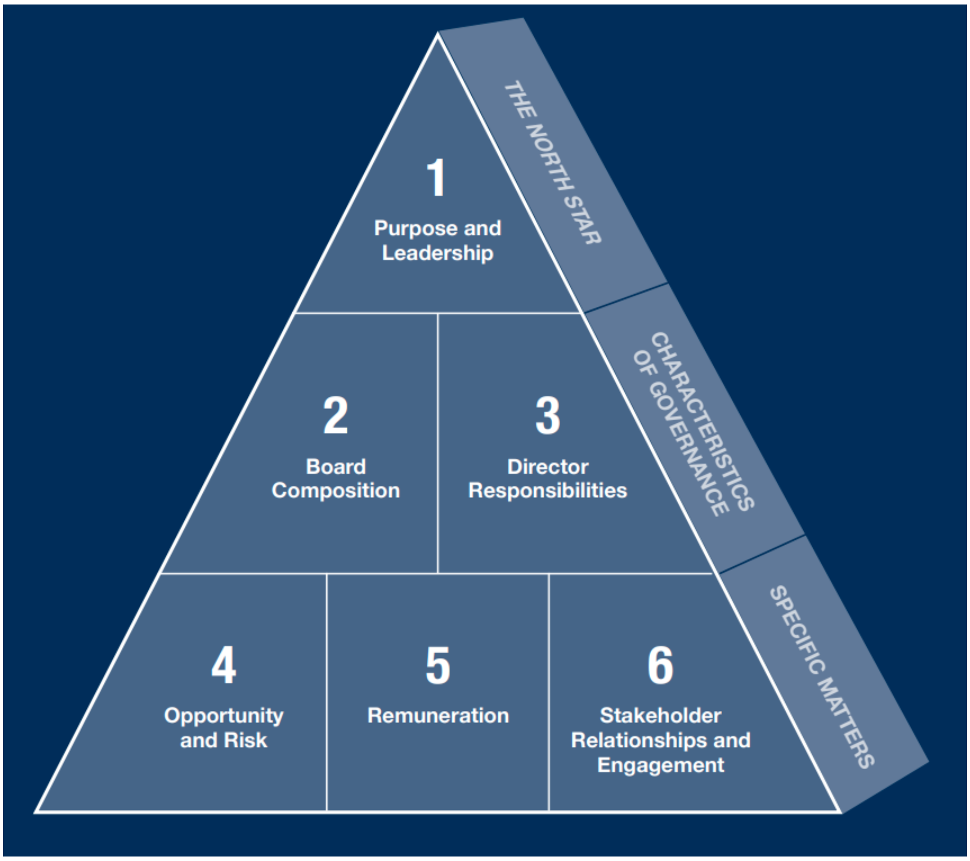
The Group had cash reserves at 31 December 2024 of £129 million, plus an additional £33 million in cash held by the Group's parent, Pinnacle Topco Limited which is available for use by the Group as necessary. Combining this with the available RCF gives a total liquidity position of £337 million at 31 December 2024. Under the severe but plausible downside scenarios modelled, the Group would maintain a minimum liquidity of £202 million for the entire forecast period to June 2026.

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 page 4 & 5. 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 & 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.

Corporate Governance continued

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 2024, 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 Officer.

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 integrity of the financial information and the annual accounts are externally audited. The Board has also established an array of manuals providing 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 through 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 16 to 20.

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

Corporate Governance continued

new markets, increase the number of sites in a measured and effective way and enhance shareholder value.

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 7. 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 2024. 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 through both 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 and 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;
- 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; and

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.

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	22
b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities	Risk Management	20
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	20
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	26
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	26
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	26
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	28
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	28

Non-Financial and Sustainability Information Statement continued

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.

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	We monitor and will continue to monitor through our subject matter experts (internal and external) 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 and Sustainability Information Statement continued

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
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 presented internally and to the Board periodically. 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 support navigation through recessionary periods better than more fragmented competition, and the scale of our supply chain also brings benefits to preserve our commercial proposition.

Non-Financial and Sustainability Information Statement continued

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.

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 Streamlined Energy and Carbon Reporting (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 the 2023 annual report, the Group reported under these categories as well as additional voluntary reporting on Scope 3 emissions from other transport (such as flights).

In 2024, we are further expanding the Group's reporting to include additional voluntary reporting on Scope 3 emissions, encompassing 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. Energy use and Greenhouse Gas ("GHG") emissions for the US-based operations have not been included as they do not meet the Group's materiality threshold (5% of Group revenue).

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.

Non-Financial and Sustainability Information Statement continued

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

Consumption and Emissions – UK only	2024 Consumption (kWh 000's)	2024 Emissions (tCO2e)	2023 Consumption (kWh 000's)	2023 Emissions (tCO2e)
Direct from Operations: Gas (Scope 1)	13,287	2,693	13,901	2,818
Indirect from Purchased Electricity (Scope 2)	57,986	12,007	52,970	10,606
Direct from Operations: Car Fuel (Scope 3)	1,297	318	1,113	276
Total	**72,570**	**15,018**	**67,984**	**13,700**
Average number of gyms		**386**		**352**
Intensity Metric (tCO2e per gym)		**39**		**39**
Member visits (m)		**108**		**98**
Intensity Metric (tCO2e per million member visits)		**139**		**140**

The following table shows emissions for the Group (UK, Denmark and Switzerland 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 – UK, Denmark and Switzerland	2024 Consumption (kWh 000's)	2024 Emissions (tCO2e)	2023 Consumption (kWh 000's)	2023 Emissions (tCO2e)
Direct from Operations: Gas and Mobile Fuel (Scope 1)	14,456	2,984	15,475	3,217
Indirect from Purchased Electricity (Scope 2)	74,293	13,763	72,526	12,858
Direct from Operations: Car Fuel (Scope 3)	1,297	318	1,113	276
Total	**90,046**	**17,065**	**89,114**	**16,351**
Average number of gyms		**586**		**565**
Intensity Metric (tCO2e per gym)		**29**		**29**
Member visits (m)		**134**		**126**
Intensity Metric (tCO2e per million member visits)		**127**		**130**
Direct from Operations: Gas and Mobile Fuel (Scope 1)	**14,456**	**2,984**	**15,475**	**3,217**
Indirect from Services Purchased: Other transport (Scope 3)		241		246
Indirect from Services Purchased: Purchased goods & services (Scope 3)		992		2,207
Indirect from Services Purchased: Fuel & energy related (Scope 3)		4,723		4,588
Total reported emissions under Scope 1, 2 and 3	**90,046**	**23,021**	**89,114**	**23,392**

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 includes new gym environment and temperature set points; upgrades to LED lighting specification; and, control systems for better management of heating, ventilation and air conditioning. On a larger scale, the Group has continued to replace inefficient and underutilised equipment across the estate. By the end of 2024, the Group had a small number of gyms running solely from its onsite Solar PV, and continues to trial this as means to increase its proportion of renewable energy sources over the medium term.

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 2024. 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	6
b) The interests of the Group's employees	Setting the tone for the industry Principle 6	7 24
c) The need to foster the Group's business relationships with suppliers, customers and others	Principle 6 Employees	24 31
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 25
e) Maintaining a reputation for high standards of business conduct	Throughout Strategic Report	4-30
f) The need to act fairly between members of the Group	Principle 6	24

Employees and Diversity

At 31 December 2024 the Group had 7,579 employees (31 December 2023: 6,785) and these are analysed as follows:

	31 December 2024			31 December 2023		
	Male	Female	Total	Male	Female	Total
Directors	2	1	3	2	-	2
Senior Managers	2	2	4	3	3	6
Other employees	4,220	3,352	7,572	3,594	3,183	6,777
Total	4,224	3,355	7,579	3,599	3,186	6,785

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

29 April 2025

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 2024.

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 30 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 30) 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 8. The Group made a loss for the year of £78.5m (2023: £73.5m), and had net liabilities at 31 December 2024 of £468.6m (2023: £383.9m). The directors are not able to recommend payment of a dividend (2023: £nil).

Likely future developments of the Group are discussed within the Strategic Report on page 8.

Principal risks and uncertainties

Principal risks and uncertainties are discussed within the Strategic Report on pages 16 to 20 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 (appointed 31 December 2024)

A Wood

R Passmore (appointed 31 December 2024)

H Cobbold (resigned 31 December 2024)

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 £88.5m in the year ended 31 December 2024 and had net current liabilities of £106.6m and net liabilities of £468.6m 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 21, 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.

Political contributions

The Group did not make any political donations or incurred any political expenditure during the year (2023: 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 24.

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.

Directors' Report continued

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;
- 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

Following the signing of the year ended 31 December 2023 financial statements, the auditors, PricewaterhouseCoopers LLP, resigned and KPMG LLP have been appointed in their place.

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

29 April 2025

Registered Number 11038859

Pinnacle Bidco plc
Financial Statements
for the year ended 31 December 2024

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 2024 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 1.

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 2024 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 UK accounting 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	£5.9m 2.3% of EBITDA
Key audit matters	
Event driven	Acquisition of trade and assets from Blink Fitness (Group)
Recurring risks	Risk of impairment of right-of-use assets and leasehold improvements (Group)
	Recoverability of Deferred tax assets relating to historic losses (Group)
	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
Identification and valuation of intangible assets acquired in the acquisition of Blink Fitness (Group) £10.7 million intangible assets *Refer to page 50 (accounting policy) and page 81 (financial disclosures)*	**Subjective estimate (Group):** On 29 November 2024, the Group completed the acquisition of the trade and assets of Blink Fitness (Blink) for consideration of $121m (£96.7m). As a result of the acquisition, in accordance with IFRS 3 Business Combinations, the Group has performed a fair value assessment of the identified acquired intangible assets. The identification and assessment of fair value of the intangible assets acquired in the business combination is dependent on accurately forecasting the future performance of the Group on a market participant basis, involving judgement and estimation uncertainty. There was a high degree of subjectivity in assessing a number of the assumptions applied by the Group in the discounted cash flow model used to calculate the acquisition date fair value of these assets, including discount rate, royalty rates, customer attrition rates, and replacement costs. As part of our risk assessment, we determined, in part due to the size of the acquisition along with the factors above, that the valuation of intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole.	Our procedures included: — **Our valuation expertise:** We involved our own valuation specialists to assist us in assessing the appropriateness of the intangible assets identified, the valuation methodology applied and the key assumptions used such as discount rate and royalty rate; — **Benchmarking assumptions:** We evaluated and challenged the assumptions used by comparing them to internally and externally derived data; — **Sensitivity analysis:** We assessed the sensitivity of the fair value of the intangible assets acquired to changes in certain assumptions; — **Assessing transparency:** We considered the adequacy of the Group's disclosures in respect of the valuation of acquired intangible assets 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.

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

	The risk	Our response
Risk of impairment of right-of-use assets and leasehold improvements (Group): Right-of-use assets: £573.6 million Leasehold improvements: £249.8 million Impairment expense: £9.2m *Refer to page 53 (accounting policy) and page 71 (financial disclosures).*	**Subjective estimate (Group):** Pinnacle Bidco PLC holds right-of-use asset and leasehold improvement balances which are utilised in the UK, Danish, Swiss and US operations. The balance of these assets for FY24 are: £515.8m for the UK, £114.5m for Denmark, £24.9m for Switzerland, and £168.2m for the US. Under IAS 36 'Impairment of Assets', the Group is required to complete an impairment review of its gyms portfolio where there are indicators of impairment charges or reversals. Judgement is required in identifying indicators of impairment charges or reversals and estimation is required in determining the recoverable amount of the Group's gyms portfolio. There is a risk that the carrying values of ROU assets and leasehold improvements may be higher than the recoverable amount. Where there is an indicator of impairment and a review for impairment is conducted, the recoverable amount is determined based on the higher of 'value-in-use' (VIU) or fair value less costs of disposal (FVLCD). Management have determined that VIU exceeds FVLCD in all cases. The recoverable amount is calculated at a cash generating unit (CGUs) level and a single gym is considered to be a CGU. The VIU of an individual gym relies on a number of assumptions, most notably the discount rate, operating cash flows, long term growth rate, and lease term length, which all involve a high degree of estimation uncertainty. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of right of use assets and leasehold improvements has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 13) disclose the sensitivity estimated by the Group. As a result, there is a risk which we consider to be significant of incomplete indicators of impairment identified by the Directors and that inappropriate recoverable amounts may be estimated for the CGUs.	Our procedures included: — **Identification of the cash generating units (CGUs):** We challenged the identification and composition of CGUs to which asset balances are assigned; — **Impairment indicator assessment:** We performed our own indicator assessment of individual CGU's, in order to challenge the completeness of management's assessment; — **Historical comparisons:** we assessed the accuracy of the forecasting processes in place through comparison of previous forecasts to actual results; — **Our valuation expertise:** We involved valuation specialists to challenge the discount rate assumption in the underlying discounted cash flow forecast used for ROU asset and leasehold improvements impairment testing; — **Benchmark assumptions:** we challenged the Group's forecast assumptions for cash flow projections, including the long term growth rate, cost and revenue assumptions underpinning the operating cash flows, the lease term and discount rates, with reference to internally and externally derived sources; — **Methodology implementation:** We evaluated the valuation techniques, including assumptions and data, used by management to assess whether they were designed appropriately and comply with the requirements of the relevant accounting standard; — **Sensitivity analysis:** We Performed sensitivity analysis on individual key assumptions and in combined scenarios, including discount rate, revenue and costs growth rates, long term growth rate, and lease term length, in order to assess the level of sensitivity of the recoverable amount to these assumptions; — **Assessing management bias:** We evaluated whether judgements and decisions made by management when measuring recoverable amount contain indicators of possible management bias, when viewed against other judgements made in these areas and other areas of the financial statements; — **Assessing transparency;:** We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount of associated assets. 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

	The risk	Our response
Recoverability of Deferred tax assets relating to historic losses (Group): (£65.1 million; 2023: £60.3 million) *Refer to page 55 (accounting policy) and page 56 and 64 (financial disclosures).*	**Forecast-based assessment (Group):** The Group has significant deferred tax assets in respect of tax losses. There is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which deferred tax assets are or are not recognised. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of deferred tax assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 3c) discloses the uncertainty within the estimates made by the Group.	Our procedures included: — **Assessing forecasts:** the work on the Group's forecasts as described in the impairment of right-of-use assets and leasehold improvements risk above and the work performed over the going concern assertion. In addition, we challenged the assumptions related to tax allowances and utilisation of the taxable losses with reference to internally and externally derived sources. — **Assessing transparency:** Assessing the adequacy of the Group's disclosures about the estimation uncertainty inherent in the recognition of deferred tax assets. 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.
Risk of impairment of amounts owed by group undertakings (Company): (£1,255.0 million; 2023: £1,032.9 million) *Refer to page 86 (accounting policy) and page 90 (financial disclosures)*	**Low risk, high value (Company):**. The carrying amount of the intra-group debtor balance represents 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:** Assessing the work performed by us and component auditors on all of those subsidiaries, and considering the results of that work, 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

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

Our application of materiality

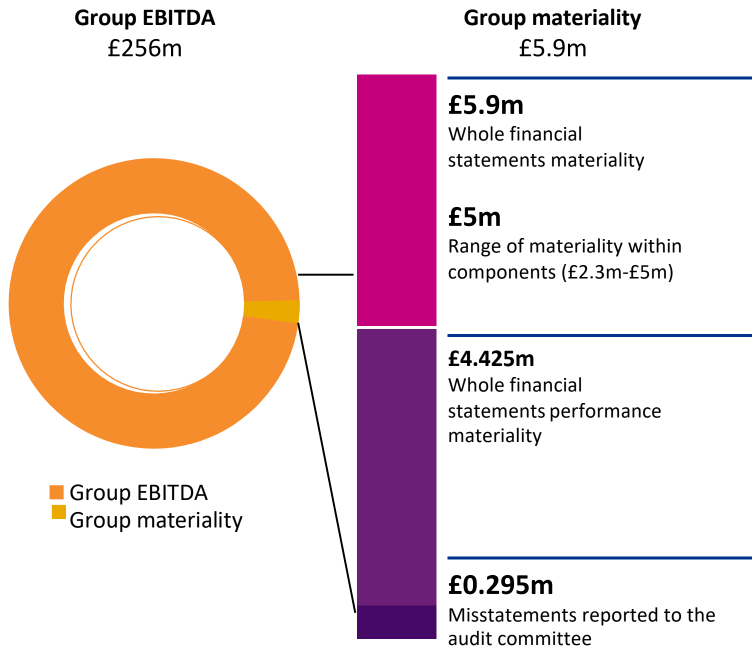
Materiality for the Group financial statements as a whole was set at £5.9m , determined with reference to a benchmark of Group EBITDA as disclosed in note 7, of £256m, of which it represents 2.3% .

Materiality for the parent Company financial statements as a whole was set at £2.3m, determined with reference to a benchmark of Company total assets, of which it represents 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% for the group financial statements and 75% for the company financial statements) of materiality for the financial statements as a whole, which equates to £4.42m for the Group and £1.72m 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 £0.295m, in addition to other identified misstatements that warranted reporting on qualitative grounds.



Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed centrally or at component level and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

Overview of the scope of our audit (cont.)

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 components, having considered our evaluation of the groups legal structure, the groups operational structure and our ability to perform audit procedures centrally.

Of those, we identified 3 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected 1 component with accounts contributing to the specific RMMs of the Group financial statements.

Accordingly, we performed audit procedures on 4 components, of which we involved component auditors in performing the audit work on 1 component. We also performed the audit of the parent Company.

We set the component materialities, ranging from £2.3m to £5m, having regard to the mix of size and risk profile of the Group across the components.

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

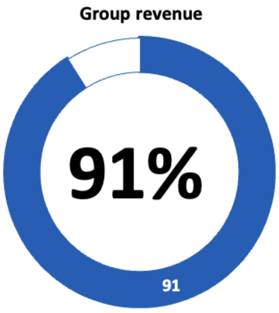
Overview of the scope of our audit (cont.)

Our audit procedures covered 91% of Group revenue.

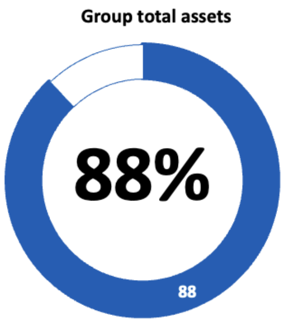
We performed audit procedures in relation to components that accounted for 88% of Group total assets and 93% of Group total EBITDA.

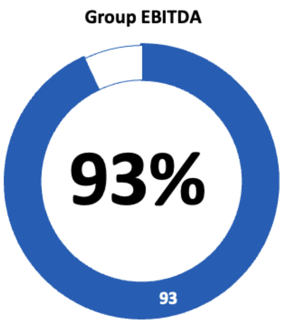
For the remaining components for which we performed no audit procedures, no component represented more than 10% of Group total revenue, Group total assets, or Group EBITDA. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a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

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 total assets:





Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components, including the key audit matters in respect of Risk of impairment of right-of-use assets and leasehold improvements (Group), and Recoverability of Deferred tax assets relating to historic losses (Group) .

We visited 1 component auditor in Denmark to assess the audit risks and strategy. Video and telephone conference meetings were also held 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 auditors 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 auditors' work papers.

4. 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 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

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.

5. 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, management, 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 management override of controls, in particular the risk that management 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 an analysis of those entries posted to revenue with an unusual or unexpected account combination, to cash with an unusual or unexpected account combination, and journals with a credit above EBIT with a debit below EBIT.

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.

6. 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.

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.

7. 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

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 32, 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.

9. 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
29 April 2025

Consolidated statement of comprehensive income
for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Revenue	5	**604.6**	549.0
Cost of sales		**(20.6)**	(17.4)
Other operating income		**1.8**	0.8
Other administrative expenses		**(497.5)**	(442.0)
Exceptional administrative expenses	6	**(7.0)**	(3.6)
Administrative expenses		**(504.5)**	(445.6)
Operating profit	7	**81.3**	86.8
Finance income	10	**13.9**	8.8
Finance costs	10	**(183.7)**	(173.2)
Loss before income tax		**(88.5)**	(77.6)
Income tax credit	11	**10.0**	4.1
Loss for the year		**(78.5)**	(73.5)

	2024 £m	2023 £m
Other comprehensive expense / income		
Items that may be reclassified to profit or loss:		
Foreign operations – foreign currency translation differences, net of tax	**(5.8)**	4.0
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit pension obligations, net of tax	**(0.2)**	0.2
Total other comprehensive (expense) / income for the year, net of tax	**(6.0)**	4.2
Total comprehensive expense for the year	**(84.5)**	(69.3)

Consolidated statement of financial position

as at 31 December 2024

	Note	2024 £m	2023 £m
Non-current assets			
Intangible assets	12	**844.6**	770.5
Property, plant and equipment	13	**954.0**	746.8
Deferred tax assets	11	**65.9**	65.8
Other receivables	16	**11.9**	7.2
		1,876.4	1,590.3
Current assets			
Inventories	14	**3.9**	5.1
Trade and other receivables	16	**46.1**	37.0
Income taxes receivable		**-**	0.3
Cash and cash equivalents	15	**128.6**	108.2
		178.6	150.6
TOTAL ASSETS		**2,055.0**	1,740.9
Current liabilities			
Trade and other payables	17	**(173.7)**	(146.3)
Lease liabilities	18	**(86.2)**	(72.3)
Borrowings	19	**(20.2)**	-
Provisions	20	**(3.7)**	(5.9)
		(283.8)	(224.5)
Non-current liabilities			
Deferred tax liabilities	11	**(11.2)**	(15.5)
Other liabilities		**(3.9)**	(2.1)
Lease liabilities	18	**(637.3)**	(490.6)
Borrowings	19	**(1,570.9)**	(1,376.1)
Provisions	20	**(16.5)**	(16.0)
		(2,239.8)	(1,900.3)
TOTAL LIABILITIES		**(2,523.6)**	(2,124.8)
NET LIABILITIES		**(468.6)**	(383.9)
Equity			
Share capital	23	**2.8**	2.8
Share premium		**271.2**	271.2
Translation reserve		**5.6**	11.4
Accumulated losses		**(748.2)**	(669.3)
TOTAL EQUITY		**(468.6)**	(383.9)

Consolidated statement of financial position
as at 31 December 2024 (continued)

The notes on pages 47 to 82 are an integral part of these financial statements. The financial statements of Pinnacle Bidco plc, registered number 11038859, on pages 42 to 82 were approved by the board of directors and authorised for issue on 29 April 2025 and were signed on its behalf by:

A Wood
Director

Consolidated cash flow statement
for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities			
Cash generated from operations	24	**257.9**	234.8
Exceptional expenses paid		**(4.1)**	(1.2)
Bank interest and similar charges paid		**(2.7)**	(1.4)
Bank interest received		**5.4**	7.0
Senior secured notes interest paid		**(73.6)**	(53.0)
Interest element of lease liability payments		**(51.7)**	(49.9)
Issue costs and early repayment charges on borrowings		**(0.7)**	(20.3)
Interest received on bond issue (see note 19)		**3.2**	-
Corporation tax refund received		**0.1**	0.5
Net cash generated from operating activities		**133.8**	116.5
Cash flows from investing activities			
Purchase of trade & assets (see note 30)		**(96.7)**	-
Purchase of property, plant & equipment		**(101.4)**	(89.1)
Purchase of intangible assets		**(10.0)**	(10.1)
Proceeds from disposal of property, plant & equipment		**2.9**	1.9
Net cash used in investing activities		**(205.2)**	(97.3)
Cash flows from financing activities			
Issue of senior secured notes (see note 19)		**149.3**	804.1
Premium received on bond issue (see note 19)		**6.5**	-
Repayment of senior secured notes		**-**	(854.3)
Capital element of lease liability payments		**(63.0)**	(65.2)
Outflows from intercompany loan payables		**-**	(0.1)
Net cash generated from / (used in) financing activities		**92.8**	(115.5)
Net increase / (decrease) in cash and cash equivalents		**21.4**	(96.3)
Cash and cash equivalents at start of year		**108.2**	204.6
Effect of exchange rate changes on cash held		**(1.0)**	(0.1)
Cash and cash equivalents at end of year		**128.6**	108.2

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Share capital £m	Share premium £m	Translation reserve £m	Accumulated losses £m	Total £m
Balance as at 1 January 2023	2.8	271.2	7.4	(596.2)	(314.8)
Loss for the year	-	-	-	**(73.5)**	**(73.5)**
Other comprehensive income for the year	-	-	**4.0**	**0.2**	**4.2**
Total comprehensive expense for the year	**-**	**-**	**4.0**	**(73.3)**	**(69.3)**
Credit to equity for equity settled share-based payments (note 9)	-	-	**-**	**0.2**	**0.2**
Balance as at 31 December 2023	**2.8**	**271.2**	**11.4**	**(669.3)**	**(383.9)**
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)**

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 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 £89 million in the year ended 31 December 2024 and had net current liabilities of £107 million and net liabilities of £469 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 2026) 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 2025 to a 5% reduction by July 2025 and for the rest of the forecast period;
- An increase in forecasts costs, rising from a 1% increase in all costs in April 2025 to a 5% increase by July 2025 and for the rest of the forecast period; and
- A mitigating reduction in forecast capital expenditure, increasing from a 5% reduction in June 2025 to a reduction of 50% in maintenance and refurbishment capital expenditure and 70% in growth capital expenditure by May 2026 and for the rest of the forecast period.

The Group had cash reserves at 31 December 2024 of £129 million, plus an additional £33 million in cash held by the Group's parent, Pinnacle Topco Limited which is available for use by the Group as necessary. Combining this with the available RCF gives a total liquidity position of £337 million at 31 December 2024. Under the severe but plausible downside scenarios modelled, the Group would maintain a minimum liquidity of £202 million for the entire forecast period to June 2026.

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.

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 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

The below new or amended standards have been adopted for the first time in these financial statements and are relevant to the Group, but are not expected to have a material impact on the Group's financial statements:

- Amendments to IAS 1 – classification of liabilities as current or non-current, and non-current liabilities with covenants
- Amendments to IFRS 16 – Lease liability in a sale and leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier financing arrangements

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% (2023: 5% to 11%). Details of the lease liabilities recognised are included in note 18.

(b) Recoverability of deferred tax assets

The Group recognises deferred tax assets only if it can be regarded as more likely than not that there will be taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Management makes an estimate of the future taxable profits of the Group and compares this to the available losses, taking into account applicable tax laws in the relevant geographies. In making the estimate, management-approved budgets for a 5 year period after the end of the reporting period are used. It is then assumed that no further growth in profits will occur beyond this point, in the absence of detailed budgets for that period. Estimation uncertainty increases in later years of the forecast period due to the inherent uncertainty in forecasting future profits.

At 31 December 2024, the Group has recognised a deferred tax asset of £65.1m (2023: £60.3m) on carried forward losses of £266.4m (£248.7m). Of the deferred tax asset of £65.1m, £44.9m is expected to be utilised within the 4 year period for which there are management-approved budgets. The remaining £20.2m 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 5 year forecast, the time taken to utilise carried forward losses would increase. Of the deferred tax asset on losses, £1.1m is expected to be utilised within 12 months. Further detail of the tax charge and deferred tax asset are set out in note 11.

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.

During the year ending 31 December 2024, the Group acquired the option to enter into some leases in the USA as part of the acquisition of Blink Fitness. This option gave the Group the unilateral ability to either reject or adopt acquired leases. At the time of the acquisition, management exercised significant judgement in determining which leases management were reasonably certain to adopt and therefore recognise as a liability under IFRS 16.

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.

Following the acquisition of Blink Fitness, management determined that they were reasonably certain to adopt 50 leases at the time of the acquisition and therefore recognised Lease Liabilities and Right of use Assets at the acquisition date of 29 November 2024 of £160.0m (see note 30, Business combinations).

(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 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:

	2024				
	United Kingdom £m	**Denmark £m**	**Switzerland £m**	**Other £m**	**Total £m**
Revenue	**414.2**	**134.3**	**42.4**	**13.7**	**604.6**
Adjusted EBITDA	**124.0**	**24.5**	**6.4**	**(0.6)**	**154.3**

	2023				
	United Kingdom £m	Denmark £m	Switzerland £m	Other £m	Total £m
Revenue	366.5	139.6	37.9	5.0	549.0
Adjusted EBITDA	109.6	20.6	2.5	(0.5)	132.2

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).

Notes to the consolidated financial statements (continued)

4 Operating segments (continued)

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.

5 Revenue

Revenue is analysed by service or product as follows:

	2024 **£m**	2023 £m
Member income	**544.4**	491.1
Vending and consumables income	**24.3**	25.0
Other revenue	**35.9**	32.9
	604.6	549.0

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:

	2024 **£m**	2023 £m
Acquisition of Blink Fitness	**3.9**	-
Site closure costs	**3.1**	**-**
Integration, transition and restructuring costs	**-**	**2.1**
Legal costs	**-**	**1.5**
Exceptional administrative expense	**7.0**	**3.6**

£3.9m was incurred in 2024 in relation to the acquisition of Blink Fitness, primarily related to professional fees. A further £3.1m was incurred in 2024 in relation to the closure of sites. These were primarily incurred in Denmark in line with the strategic plan to optimise the Danish estate. The expense relates to the costs of closing the gyms and costs incurred after gyms were closed. Of the £3.1m, £1.2m relates to a payment to exit one site in the UK.

Integration, transition and restructuring costs of £2.1m in 2023 relate to the rebranding of the Danish Fitness World business to PureGym. Exceptional legal costs in 2023 relate to one-off costs expected to be incurred on litigation relating to the Group's gym estate.

Notes to the consolidated financial statements (continued)

7 Operating profit

	2024 £m	2023 £m
Operating profit is stated after charging / (crediting):		
Amortisation of intangibles (note 12)	**22.5**	**20.9**
Depreciation of property, plant & equipment (note 13)		
- owned assets	**71.0**	**50.3**
- right of use property assets	**65.0**	**61.2**
- right of use equipment assets	**2.2**	**2.2**
Loss on disposal of property, plant & equipment	**2.3**	**2.2**
Impairment of property, plant and equipment (note 13)	**10.4**	**5.1**
Profit on lease modifications	**(5.8)**	**(0.8)**
Exceptional administrative expense (note 6)	**7.0**	**3.6**

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.

	2024 £m	2023 £m
Operating profit	**81.3**	86.8
Amortisation of intangibles (note 12)	**22.5**	20.9
Depreciation of property, plant & equipment (note 13)	**138.2**	113.7
Loss on disposal of property, plant and equipment	**2.3**	2.2
Impairment of property, plant and equipment (note 13)	**10.4**	5.1
Profit on lease modifications	**(5.8)**	(0.8)
Exceptional administrative expense (note 6)	**7.0**	3.6
Group EBITDA [1]	**255.9**	231.5
Other adjustments [2]	**7.0**	3.6
Pre-opening costs [3]	**4.1**	4.5
Cash rent adjustment [4]	**(112.5)**	(107.6)
Share based payment charge [5]	**(0.2)**	0.2
Adjusted EBITDA[6]	**154.3**	132.2

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 2024, £3.8 million of costs recognised within Group EBITDA and the 2024 statement of comprehensive income have been categorised as non-recurring and added back to Adjusted EBITDA in 2024 as they relate 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 (2023: £1.9 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 (2023: £0.3 million).

Also in 2024, £0.1 million (2023: £1.4 million) of costs have been incurred in relation to a management "lock-in" bonus scheme. This amount is added back in reaching Adjusted EBITDA because it has not been incurred in the ordinary course of business, relating to the impact of COVID-19 on the business during 2020 and 2021.

[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. See 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:

	2024 **£m**	2023 £m
Audit of the parent company and Group financial statements	**0.2**	0.1
Audit of subsidiary financial statements	**0.5**	0.7
Audit-related assurance services	**-**	0.5
	0.7	1.3

Audit-related assurance services of £10,000 were received during 2024 (2023: £527,000).

Notes to the consolidated financial statements (continued)

9 Employees and directors

	2024 £m	2023 £m
Wages and salaries	**112.1**	106.1
Social security costs	**7.6**	7.8
Other pension costs	**4.0**	4.1
	123.7	118.0

The Group operates defined contribution pension schemes in the United Kingdom and Denmark for all employees in those countries using master trust (occupational trust based) pension schemes. The total cost expensed in the year was £3.6m (2023: £3.6m) and outstanding pension contributions at the year-end were £0.4m (2023: £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 2024 is £0.3m (2023: £nil).

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

	2024 No.	2023 No.
Central support	**625**	629
Operations	**6,063**	6,320
	6,688	6,949

Total emoluments relating to Directors are as follows:

	2024 £m	2023 £m
Aggregate emoluments	**2.0**	1.7
Amounts receivable under long term incentive schemes	**0.1**	-
Contributions to defined contribution schemes	**-**	-
	2.1	1.7

Three directors were members of the defined contribution schemes as at 31 December 2024, with total contributions in the year of £16,000 for the period when those individuals were directors (31 December 2023: one with total contributions of £11,000).

The amounts set out above include emoluments in respect of the highest paid director totalling £1.1m (2023: £1.1m).

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:

Notes to the consolidated financial statements (continued)

9 Employees and directors (continued)

	2024 £m	2023 £m
Short-term employee benefits	**2.9**	1.7
Other long-term benefits	**0.3**	-
	3.2	1.7

10 Finance income and costs

	2024 £m	2023 £m
Bank interest received	**5.4**	7.0
Foreign exchange gain	**8.5**	1.8
Total finance income	**13.9**	8.8

	2024 £m	2023 £m
Interest payable on lease liabilities	**51.8**	47.9
Commitment fees	**2.0**	1.7
Unwind of discount on provisions	**0.1**	0.4
Amortisation of capitalised finance costs	**7.7**	9.9
Early repayment charge on senior secured notes	**-**	5.8
Unwind of discount on issue of senior secured notes	**-**	10.4
Interest on senior secured notes	**77.4**	56.3
Interest payable to Group undertakings	**44.1**	40.8
Other interest	**0.6**	-
Total finance costs	**183.7**	173.2

Interest and finance charges paid for financial liabilities not at fair value through profit or loss totalled £183.7m (2023: £173.2m).

Notes to the consolidated financial statements (continued)

11 Income tax credit

	2024 £m	2023 £m
Current tax:		
- Payment received for surrender of losses through group relief	**(5.0)**	-
- Adjustment in respect of prior periods	**0.1**	(0.1)
Total current tax credit	**(4.9)**	(0.1)
Deferred tax:		
- Origination and reversal of timing differences	**(3.9)**	(3.4)
- Adjustment in respect of prior periods	**(1.2)**	(0.6)
Total deferred tax credit	**(5.1)**	(4.0)
Total tax credit in the consolidated statement of comprehensive income	**(10.0)**	(4.1)

The tax credit for the year is lower (2023: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2024 of 25% (2023: 23.5%). The differences are explained below:

	2024 £m	**2023** £m
Loss before tax	**(88.5)**	(77.6)
Tax on loss at standard UK corporation tax rate of 25% (2023: 23.5%)	**(22.1)**	(18.2)
Effects of:		
- Depreciation not deductible for tax purposes	**0.4**	0.3
- Fixed assets permanent differences	**-**	(0.5)
- Other expenses not deductible for tax purposes	**3.6**	1.1
- Adjustment in respect of prior periods	**(1.2)**	(0.7)
- Income not taxable	**(2.1)**	(1.6)
- Impact of rate differences	**-**	(0.1)
- Unrecognised tax losses and other deductions	**3.9**	5.3
- Group relief surrendered at a fair value below the tax rate	**6.4**	9.9
- Overseas tax rate differences	**1.1**	0.4
Total tax credit for the period	**(10.0)**	(4.1)

The standard rate of corporation tax in the UK was 25% throughout 2024 (2023: 19% from 1 January 2023 to 31 March 2023 and 25% from 1 April 2023 to 31 December 2023) and accordingly the Group's profits for this period are taxed 25% (2023: blended rate of 23.5%). 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 Directors have historically assessed that the value of the surrendered tax losses is immaterial. The Payment received for surrender of losses through group relief is in respect of losses surrendered to group companies of Pinnacle Topco Limited in current and prior periods. 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 2023	(2.5)	13.0	2.8	52.5	65.8
Category transfer	0.3	(0.3)	-	-	-
Adjustment in respect of prior periods	0.3	(1.0)	0.5	0.8	0.6
Foreign exchange movement	-	-	-	(0.4)	(0.4)
Income statement (charge) / credit	(5.6)	(1.7)	(0.3)	7.4	(0.2)
At 31 December 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**

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 £43.5m (2023: £42.4m) and the unrecognised deferred tax asset totalled £8.6m (2023: £8.4m). The Group also had restricted interest carried forward for which a deferred tax asset has not been recognised. This restricted interest totalled £95.0m (2023: £85.9m) and the unrecognised deferred tax asset on restricted interest totalled £23.7m (2023: £21.5m). 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.

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 2023	2.1	17.1	19.2
Foreign exchange movement	-	(0.1)	(0.1)
Income statement credit	(0.5)	(3.1)	(3.6)
At 31 December 2023	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**

Notes to the consolidated financial statements (continued)

12 Intangible assets

	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)

	Goodwill £m	Brands £m	Customer Relationships £m	Development Projects in Progress £m	Software £m	Total £m
Cost						
31 December 2022	717.0	92.5	78.1	6.3	24.0	917.9
Additions	-	-	-	7.4	2.8	10.2
Transfers	-	-	-	(6.0)	6.0	-
Foreign exchange differences	(1.7)	(0.5)	(0.7)	-	(0.1)	(3.0)
31 December 2023	715.3	92.0	77.4	7.7	32.7	925.1
Accumulated amortisation						
31 December 2022	13.5	48.8	50.1	-	22.2	134.6
Charge for the year	-	2.9	13.8	-	4.2	20.9
Foreign exchange differences	0.1	(0.5)	(0.3)	-	(0.2)	(0.9)
31 December 2023	13.6	51.2	63.6	-	26.2	154.6
Net book value						
31 December 2022	703.5	43.7	28.0	6.3	1.8	783.3
31 December 2023	**701.7**	**40.8**	**13.8**	**7.7**	**6.5**	**770.5**

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 2024, £38.2m relates to the PureGym brand. This had an amortisation period of 20 years from the date acquired and has a remaining amortisation period of 13 years. The remaining £2.6m 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 2024 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. The net book value in relation to Customer Relationships at 31 December 2023 related to the acquisition of the Denmark and Switzerland businesses acquired in 2020. These became fully amortised during 2024.

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:

	2024 £m	2023 £m
United Kingdom	**462.8**	462.8
Denmark	**168.6**	176.3
United States of America	**88.0**	-
Switzerland	**59.0**	62.6
	778.4	701.7

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 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

	31 December 2023			
	UK	Denmark	Switzerland	USA
Long-term growth rate (%)	2.0	2.0	1.5	-
Pre-tax discount rate (%)	10.1	9.0	7.5	-

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 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 the year, 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 has therefore been included in the table above. There is 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)

	Right of use assets £m	Leasehold costs £m	Leasehold improv-ements £m	Assets under constru-ction £m	Fixtures & fittings £m	IT equipment £m	Total £m
Cost							
31 December 2022	616.2	17.6	304.0	8.3	137.3	8.7	1,092.1
Additions	105.7	0.5	31.8	21.4	31.8	3.0	194.2
Transfers	(6.1)	2.0	16.4	(23.0)	10.6	0.1	-
Disposals	(9.2)	(0.1)	(12.1)	(0.3)	(16.0)	(0.6)	(38.3)
Foreign exchange differences	(3.1)	(0.2)	(0.7)	-	0.7	0.1	(3.2)
31 December 2023	**703.5**	**19.8**	**339.4**	**6.4**	**164.4**	**11.3**	**1,244.8**
Accumulated depreciation							
31 December 2022	233.1	4.1	101.4	-	66.8	5.7	411.1
Transfers	(2.8)	-	-	-	2.8	-	-
Charge for the year	63.4	1.1	25.5	-	21.6	2.1	113.7
Impairment	0.5	0.1	3.4	-	1.1	-	5.1
Disposals	(6.3)	(0.1)	(9.2)	-	(14.8)	(0.6)	(31.0)
Foreign exchange differences	(1.3)	-	(0.1)	-	0.4	0.1	(0.9)
31 December 2023	**286.6**	**5.2**	**121.0**	**-**	**77.9**	**7.3**	**498.0**
Net book value							
31 December 2022	383.1	13.5	202.6	8.3	70.5	3.0	681.0
31 December 2023	**416.9**	**14.6**	**218.4**	**6.4**	**86.5**	**4.0**	**746.8**

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment (continued)

Included within right-of-use asset additions during the year was £30.8m 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 (2023: £62.9m).

The below table sets out the amount of impairment charge / (reversal) recognised in each operating segment:

	2024 £m	2023 £m
United Kingdom	**6.9**	9.2
Denmark	**3.5**	5.4
Switzerland	**-**	1.0
Total impairment charge	**10.4**	15.6
United Kingdom	**-**	(5.2)
Denmark	**-**	(3.4)
Switzerland	**-**	(1.9)
Total impairment reversal	**-**	(10.5)
Net impairment	**10.4**	5.1

The impairments and reversals have been allocated proportionately across asset classes. Impairment charges relate to a small number of gyms across the Group that have a value in use below the carrying amount of their non-financial assets. . An impairment indicator was identified during the year for certain gyms which are expected to perform worse than previously expected due to a small range of specific localised factors, such as competitor activity or demographic change. When considering whether there is an indicator of impairment, an assessment has been carried out over whether the fair value less cost of disposal would lead to a higher amount than the value in use. In each case it was determined that the value in use would result in the highest value. The values in use for the CGUs impaired during the year were £8.0m (2023: £12.5m). The values in use for the CGUs which have had impairment reversals total £nil (2023: £93.4m). Impairment reversals arose during the year ending 31 December 2023 due to expected improvements in performance of gyms which had previously been flagged as impaired. The values in use of the impaired gyms, and those with reversals, as at 31 December 2024 are based on estimated cashflows forecast to be generated post 1 January 2025.

Discount rates and long-term growth rates applied in the value in use calculations are determined at a country level, and are as disclosed in note 12. Under a reasonably possible downside scenario, where the discount rate used is 50 basis points higher and the operating cash flows included in the value in use calculations are 10% lower than forecast, an additional impairment of £1.5m would have been recognised.

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

	2024 £m	2023 £m
Properties	**571.4**	411.1
Equipment	**2.2**	5.8
Total net book value	**573.6**	416.9

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment (continued)

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

	2024 £m	2023 £m
Properties	**65.0**	61.2
Equipment	**2.2**	2.2
Total	**67.2**	63.4

14 Inventories

	2024 £m	2023 £m
Finished goods and goods for resale	**3.9**	5.1

Inventories recognised as an expense during the year ended 31 December 2024 amounted to £16.2m (2023: £15.4m). These were included in cost of sales. Inventories written off during the year ended 31 December 2024 totalled £0.1m (2023: £0.7m).

15 Cash and cash equivalents

	2024 £m	2023 £m
Bank balances	**128.6**	108.2
Cash and cash equivalents	**128.6**	108.2

16 Trade and other receivables

Current

	2024 £m	2023 £m
Trade receivables	**8.2**	9.1
Loss allowance	**(2.5)**	(0.8)
Trade receivables – net	**5.7**	8.3
Prepayments	**20.0**	18.9
Other debtors (gross and net)	**20.4**	9.8
	46.1	37.0

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

Notes to the consolidated financial statements (continued)

16 Trade and other receivables (continued)

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 2024 is £2.5m (2023: £0.8m). Trade receivables written off in the year totalled £nil (2023: £nil).

Non-current

	2024 £m	2023 £m
Other debtors (gross and net)	**5.7**	6.0
Amounts owed by group undertakings	**6.2**	1.2
	11.9	7.2

17 Trade and other payables

	2024 £m	2023 £m
Trade payables	**41.5**	26.6
Other taxation and social security	**2.2**	4.1
Other liabilities	**6.0**	1.6
Accrued expenses	**74.5**	59.2
Interest and commitment fee accruals	**0.5**	17.3
Contract liabilities – membership income	**40.0**	29.4
VAT payable	**9.0**	8.1
	173.7	146.3

Interest accruals of £20.2m have been classified under current borrowings in 2024 (see note 19).

Revenue recognised during 2024 that was included in the contract liabilities balance at the beginning of the period totalled £26.7m (2023: £23.4m). The amounts included in contract liabilities at 31 December 2024 are expected to be recognised in revenue during the next reporting period.

18 Lease liabilities

	2024 £m	2023 £m
Current lease liabilities	**86.2**	72.3
Non-current lease liabilities	**637.3**	490.6
	723.5	562.9

Notes to the consolidated financial statements (continued)

18 Lease liabilities (continued)

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 £114.7m (2023: £115.1m).

Amounts recognised in the statement of comprehensive income in relation to lease liabilities total £51.8m, and are included within interest expense (2023: £47.9m). 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 of analysis of lease liabilities as at the end of the year is included in note 22.

19 Borrowings

Non-current

	2024 £m	2023 £m
£520m 10.000% Senior Secured Notes (2023: £475m)	**520.0**	475.0
€505m 8.250% Senior Secured Notes (2023: €380m)	**418.5**	329.6
Unamortised transaction costs	**3.7**	(13.1)
Senior Secured Notes held at amortised cost	**942.2**	791.5
Amounts owed to Group undertakings	**628.7**	584.6
	1,570.9	1,376.1

Current

	2024 £m	2023 £m
Interest accruals	**20.2**	-

Interest accruals have been classified under current borrowings in 2024. An amount of £16.8m was included within Trade and other payables in the financial statements for the year ended 31 December 2023 (see note 17) but should have been presented within current borrowings. The Directors do not consider the effect on the prior period financial statements to be material and therefore have not made an adjustment to the 2023 statement of financial position.

Of the amounts owed to Group undertakings, £507.5m (2023: £468.6m) accrue interest at 8% and £121.2m (2023: £116.0m) accrue interest at 4.375%. These amounts are repayable on 11 April 2029.

The Senior Secured Notes are stated net of unamortised transaction costs. The amount is a liability at 31 December 2024, as compared to an asset at 31 December 2023. The change is as a result of the premium received on issue of additional notes in September 2024 as described in the Financing section below.

Notes to the consolidated financial statements (continued)

19 Borrowings (continued)

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").

These amounts include an additional £45 million of the Sterling Notes and €125 million of the Euro Notes issued on 27 September 2024. These additional notes were issued at a premium of 104.5 and 104.25 respectively and on the same terms as the existing notes. It has been determined that the issuance does not constitute a substantial modification to the Notes as there are no changes to the terms of the Notes as a result of this issuance. Cash proceeds received on issue totalled £149.3 million principal, £6.5 million premium on issue and a further £3.2 million of interest received in respect of interest payable to bondholders for the pre-issuance period. The funds raised were used for the acquisition of certain of the trade and assets of Blink Fitness in the USA, as completed on 29 November 2024 and to provide capital for further investment in the existing estate.

The Notes are listed on The International Stock Exchange, for which the 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 2024 and 31 December 2023, the facility was undrawn.

Other than as described above, the Notes and the RCF were issued on 11 October 2023 (the "Refinancing"), replacing the pre-existing £430 million and €490 million of Senior Secured Notes ("the Previous Notes") and £145 million revolving credit facility (the "Previous RCF"). The Refinancing represented an extinguishment of the Previous Notes and issuance of new notes and did not represent a substantial modification of the Previous Notes The Previous RCF was undrawn throughout 2023.

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.

20 Provisions

	Non-current		Current	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Dilapidations provision	**15.0**	16.3	**3.7**	4.4
Legal provisions	**1.4**	-	**-**	1.5
Defined pension benefits	**0.1**	(0.3)	**-**	-
Total	**16.5**	16.0	**3.7**	5.9

Notes to the consolidated financial statements (continued)

20 Provisions (continued)

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 2023	19.2	-	19.2
Additions during the year	4.5	1.5	6.0
Unwind of discount	0.4	-	0.4
Release during the year	(3.0)	-	(3.0)
Utilisations during the year	(0.5)	-	(0.5)
Foreign exchange movements	0.1	-	0.1
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 31 December 2024	**18.7**	**1.4**	**20.1**

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.

	2024 £m	2023 £m
Expected timing of outflows:		
Within 1 year	**3.7**	4.4
2 to 5 years	**6.8**	8.2
6 to 10 years	**5.4**	5.7
11 to 15 years	**2.6**	2.2
Over 15 years	**0.2**	0.2
Carrying amount at 31 December	**18.7**	20.7

Legal provisions relate to legal costs as described in note 6.

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.

Notes to the consolidated financial statements (continued)

21 Financial instruments

	2024 £m	2023 £m
Financial assets measured at amortised cost		
Cash and cash equivalents	**128.6**	108.2
Trade receivables	**5.7**	8.3
Other debtors (current and non-current)	**26.1**	15.8
Amounts owed by Group undertakings	**6.2**	1.2
	166.6	133.5

	2024 £m	2023 £m
Financial liabilities measured at amortised cost		
Trade payables	**41.5**	26.6
Other liabilities (current and non-current)	**9.9**	3.7
Accrued expenses	**74.5**	59.2
Interest and commitment fee accruals	**20.7**	17.3
Amounts owed to Group undertakings	**628.7**	584.6
Senior secured notes	**938.5**	804.6
	1,713.8	1,496.0

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	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Financial liabilities				
£520m / £475m 10.00% Senior Secured Notes	**520.0**	475.0	**548.1**	491.6
€505m / €380m 8.25% Senior Secured Notes	**418.5**	329.6	**443.2**	342.5

Notes to the consolidated financial statements (continued)

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. Financial instruments affected by exchange rate risk include the Euro Notes. At 31 December 2024, the €505 million Euro Notes had a carrying amount of £418.5m (2023: €380m Euro Notes had a carrying amount of £329.6m) based on an exchange rate of 0.829 (2023: 0.867). Had the exchange rate at 31 December 2024 been 10% higher, then the Group's loss for the year would have increased by £41.8m (2023: £33.0m). Foreign exchange risk on the Group's Euro Notes is partially mitigated through the cash flows and value of the Group's investments in subsidiaries denominated in Danish Krone. Danish Krone is pegged against the Euro. The effectiveness of this mitigation depends on the relative value of the Group's Danish operations.

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 2024 and 31 December 2023, 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 (2023: £175.5m) revolving credit facility with floating interest rates but was not drawn down on this facility at the end of the period.

Notes to the consolidated financial statements (continued)

22 Financial risk management objectives and policies (continued)

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:

	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**

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

Credit risk

The Group's principal financial assets are bank balances and cash, and trade receivables. The Group's credit risk is minimised due to exposure being spread over a large number of customers who generally pay by direct debit in advance. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Quantitative data is included in the consolidated statement of financial position and in note 16.

23 Share capital

	2024 £m	**2024 No.**	2023 £m	2023 No.
Allotted, authorised, called up and fully paid				
Ordinary shares of £0.01	**2.8**	**275,000,002**	2.8	275,000,002

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.

Notes to the consolidated financial statements (continued)

24 Reconciliation of loss before tax to cash generated from operations

	2024 £m	2023 £m
Loss before income tax	**(88.5)**	(77.6)
Adjustments for:		
Net finance cost	**169.8**	164.4
Depreciation	**138.2**	113.7
Amortisation	**22.5**	20.9
Impairment of property, plant and equipment	**10.4**	5.1
Share based payments charge	**(0.2)**	0.2
Loss on disposal of property, plant and equipment	**2.3**	2.2
Profit on lease modifications	**(5.8)**	(0.8)
Exceptional administrative expense	**7.0**	3.6
Changes in working capital		
Decrease / (increase) in inventories	**1.0**	(0.1)
Increase in trade and other receivables	**(6.1)**	(5.6)
Increase in trade and other payables	**8.8**	9.0
Decrease in provisions	**(1.5)**	(0.2)
Cash generated from operations	**257.9**	234.8

25 Changes in liabilities arising from financing activities

	Lease liabilities £m	Borrowings £m	Total £m
Liabilities arising from financing activities at 1 January 2023	529.6	1,397.3	**1,926.9**
Financing cash flows	(65.2)	(50.3)	**(115.5)**
New leases and lease modifications	102.0	-	**102.0**
Foreign exchange adjustments	(1.5)	(9.0)	**(10.5)**
Interest expense	47.9	51.2	**99.1**
Interest payments (presented as operating cash flows)	(49.9)	-	**(49.9)**
Liabilities arising from financing activities at 31 December 2023	**562.9**	**1,389.2**	**1,952.1**
Reclassification of interest accruals at 31 December 2023 into borrowings (see notes 17 and 19)	-	16.8	**16.8**
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**

Notes to the consolidated financial statements (continued)

26 Capital and other commitments

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

	2024 £m	2023 £m
Contracts for future capital expenditure not provided	**11.9**	4.1

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 2024 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.

28 Interests in other entities

In the opinion of the directors, the Group has four principal subsidiaries at 31 December 2024 and 31 December 2023 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 2024, amounts owed to fellow Group companies includes £628.7m owed to the immediate parent company, Pinnacle Midco 2 Limited, repayable on 11 April 2029 (2023: £584.6m), and £6.2m owed by the ultimate UK parent company, Pinnacle Topco Limited (2023: £1.2m). Associated interest charged to the income statement in the year totalled £44.1m (2023: £40.8m).

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), and is repayable at the earlier of 10 years from issue date, or upon an exit event.

30 Business combinations

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 £89.2m 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.

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 2024

	Note	2024 £m	2023 £m
Non-current assets			
Investments	6	**748.6**	578.2
Other receivables	7	**1,255.0**	1,032.9
TOTAL ASSETS		**2,003.6**	1,611.1
Current liabilities			
Borrowings	9	**(146.4)**	-
Other payables	8	**(0.6)**	(17.4)
		(147.0)	(17.4)
Non-current liabilities			
Borrowings	9	**(1,892.8)**	(1,610.8)
		(1,892.8)	(1,610.8)
TOTAL LIABILITIES		**(2,039.8)**	(1,628.2)
NET LIABILITIES		**(36.2)**	(17.1)
Equity			
Called up share capital	10	**2.8**	2.8
Share premium account		**271.2**	271.2
Accumulated losses		**(310.2)**	(291.1)
TOTAL EQUITY		**(36.2)**	(17.1)

Loss and total comprehensive expense for the year is £19.1m (2023: profit and total comprehensive income of £198.5m).

The notes on pages 85 to 93 are an integral part of these financial statements. The financial statements of Pinnacle Bidco plc, registered number 11038859, on pages 83 to 93 were approved by the board of directors and authorised for issue on 29 April 2025 and were signed on its behalf by:

A Wood

Director

Company statement of changes in equity
for the year ended 31 December 2024

	Share capital £m	Share premium £m	Accumulated losses £m	Total £m
Balance as at 1 January 2023	2.8	271.2	(489.6)	**(215.6)**
Profit and total comprehensive income for the year	-	-	198.5	**198.5**
Balance as at 31 December 2023	**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)**

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 £19.1m (2023: profit of £198.5m).

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 £89 million in the year ended 31 December 2024 and had net current liabilities of £107 million and net liabilities of £469 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 2026) 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 2025 to a 5% reduction by July 2025 and for the rest of the forecast period;
- An increase in forecasts costs, rising from a 1% increase in all costs in April 2025 to a 5% increase by July 2025 and for the rest of the forecast period; and
- A mitigating reduction in forecast capital expenditure, increasing from a 5% reduction in June 2025 to a reduction of 50% in maintenance and refurbishment capital expenditure and 70% in growth capital expenditure by May 2026 and for the rest of the forecast period.

The Group had cash reserves at 31 December 2024 of £129 million, plus an additional £33 million in cash held by the Group's parent, Pinnacle Topco Limited which is available for use by the Group as necessary. Combining this with the available RCF gives a total liquidity position of £337 million at 31 December 2024. Under the severe but plausible downside scenarios modelled, the Group would maintain a minimum liquidity of £202 million for the entire forecast period to June 2026.

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. 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 (2023: £0.1m). 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 (2023: 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 (2023: 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

	2024 £m	2023 £m
Cost		
At 1 January	**578.2**	578.2
Acquisition of additional shares in Gym Topco Limited	**170.4**	-
At 31 December	**748.6**	578.2
Impairment		
At 1 January	**-**	(269.0)
Reversal of impairment of investment	**-**	269.0
At 31 December	**-**	-
Net book value		
At 1 January	**578.2**	309.2
At 31 December	**748.6**	578.2

During the year ended 31 December 2023, the Company recognised a reversal of the £269.0m impairment of its investment in Gym Topco Limited, which had originally been recognised in 2022.

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

Notes to the company financial statements (continued)

6 Investments (continued)

Company name	Principal activity	Registered office address
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
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	Egegårdsvej 61, 2610 Rødovre, Denmark
Pure Gym Denmark Holding A/S	Intermediate holding company	Egegårdsvej 61, 2610 Rødovre, Denmark
Pure Gym Denmark A/S	Provision of physical fitness facilities	Egegårdsvej 61, 2610 Rødovre, Denmark
Functional Supply A/S	Development and resale of sports nutrition products	Egegårdsvej 61, 2610 Rødovre, Denmark
PureGym AG	Provision of physical fitness facilities	Grabenwisstrasee 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

	2024 **£m**	2023 £m
Amounts due from group undertakings	**1,256.8**	1,092.9
Loss allowance	**(1.8)**	(60.0)
Amounts due from group undertakings - net	**1,255.0**	1,032.9

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

	2024 **£m**	2023 £m
8% loan repayable 30 November 2027	**586.7**	541.8
8.25% loan repayable on demand	**104.3**	-
4.375% loan repayable 14 January 2030	**558.8**	490.9
Interest free and repayable on demand	**5.2**	0.2
Amounts due from group undertakings	**1,255.0**	1,032.9

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 £439.3m due from Pinnacle Europe Holdings Limited ("Pinnacle Europe") was determined to have a probability of default of 10% and an expected lifetime credit loss of 0.4%. A loss allowance of £1.8m has therefore been recognised.

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

	2024 £m	2023 £m
Accruals	**0.6**	17.3
Other liabilities	**-**	0.1
	0.6	17.4

Interest accruals of £20.2m have been classified under current borrowings in 2024 (see note 9).

9 Borrowings

Non-current

	2024 £m	2023 £m
£520m / £475m 10.000% Senior Secured Notes	**520.0**	475.0
€505m / €380m 8.250% Senior Secured Notes	**418.5**	329.6
Unamortised transaction costs	**3.7**	(13.1)
Senior Secured Notes held at amortised cost	**942.2**	791.5
Amounts owed to group undertakings	**950.6**	819.3
	1,892.8	1,610.8

Current

	2024 £m	2023 £m
Interest and commitment fee accruals	**20.2**	-
Amounts owed to group undertakings	**126.2**	-
	146.4	-

Interest accruals have been classified under current borrowings in 2024. An amount of £16.8m was included within Other payables in the financial statements for the year ended 31 December 2023 (see note 8) but should have been presented within current borrowings. The Directors do not consider the effect on the prior period financial statements to be material and therefore have not made an adjustment to the 2023 statement of financial position.

Notes to the company financial statements (continued)

9 Borrowings (continued)

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

	2024 £m	2023 £m
8% loan repayable 30 November 2027	**322.0**	234.7
8% loan repayable 11 April 2029	**507.5**	468.6
4.375% loan repayable 11 April 2029	**121.1**	116.0
8.25% loan repayable on demand	**126.2**	-
Amounts owed to group undertakings	**1,076.8**	819.3

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").

These amounts include an additional £45 million of the Sterling Notes and €125 million of the Euro Notes issued on 27 September 2024. These additional notes were issued at a premium of 104.5 and 104.25 respectively and on the same terms as the existing notes. Cash proceeds received on issue totalled £149.3 million principal, £6.5 million premium on issue and a further £3.2 million of interest received in respect of interest payable to bondholders for the pre-issuance period. The funds raised were used for the acquisition of certain of the trade and assets of Blink Fitness in the USA, as completed on 29 November 2024 and to provide capital for further investment in the existing estate.

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 2024 and 31 December 2023, the facility was undrawn.

Other than as described above, the Notes and the RCF were issued on 11 October 2023 (the "Refinancing"), replacing the pre-existing £430 million and €490 million of Senior Secured Notes ("the Previous Notes") and £145 million revolving credit facility (the "Previous RCF"). The Refinancing represented an extinguishment of the Previous Notes and issuance of new notes and did not represent a substantial modification of the Previous Notes The Previous RCF was undrawn throughout 2023.

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 company financial statements (continued)

10 Called up share capital

	2024 £m	**2024 No.**	2023 £m	2023 No.
Allotted, authorised, called up and fully paid				
Ordinary shares of £0.01	**2.8**	**275,000,002**	2.8	275,000,002

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 2024 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.

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