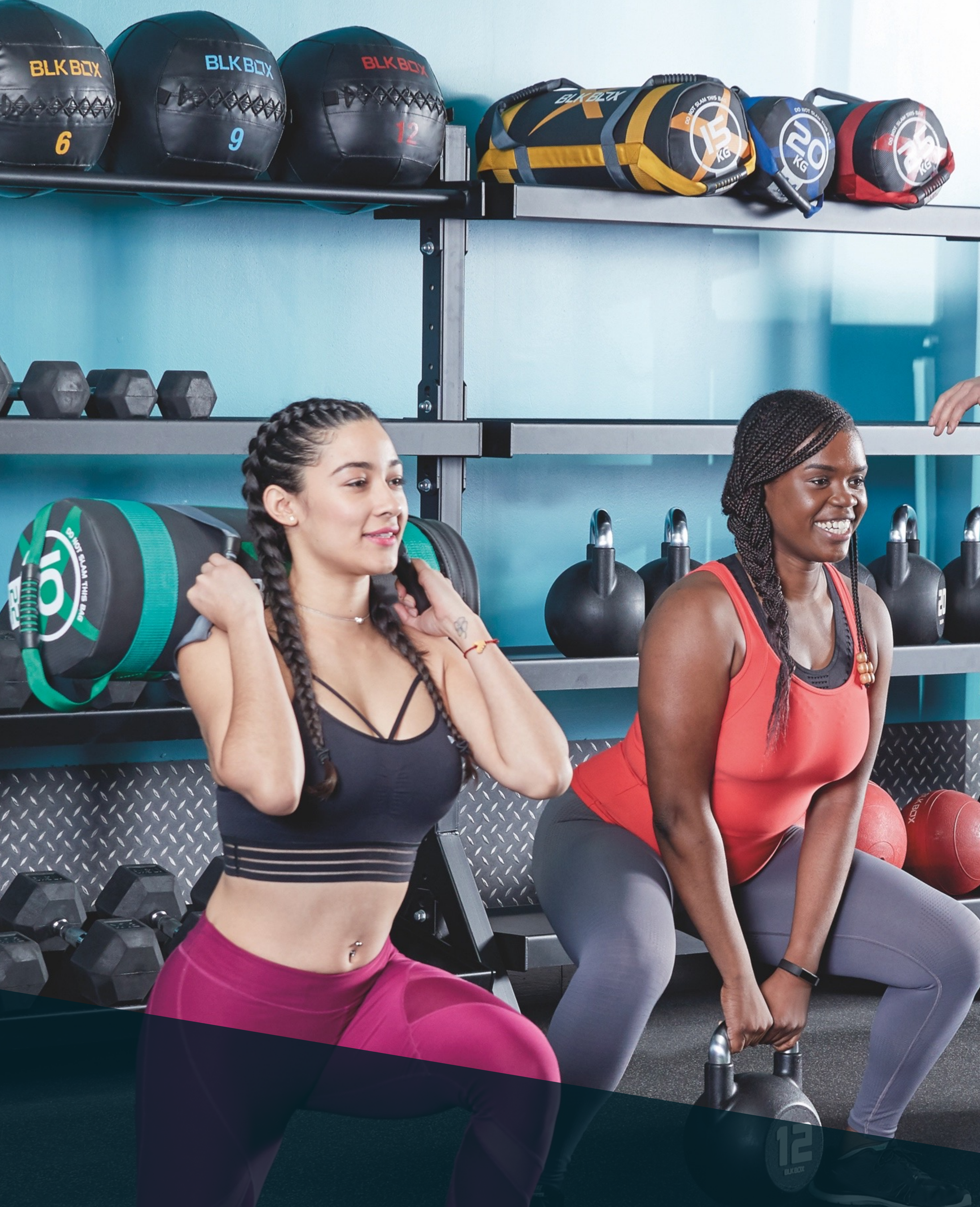


Pinnacle Bidco PLC

Interim Financial Report for the nine months ended 30 September 2024

PUREGYM

Contents

Business Overview

The PureGym Group ("the Group", being Pinnacle Bidco plc and its subsidiaries) is the second largest gym and fitness operator in Europe and, as at 30 September 2024, has over 600 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 sites in the UK, Denmark and Switzerland – all now operating under the PureGym brand. Alongside these, the Group is rolling out a successful franchise model, working with carefully selected partners who now operate 22 sites in the Middle East.

On 29 November 2024, the Group acquired the corporate operations of Blink Fitness and up to 67 of its operating sites in the New York and New Jersey areas of $121 million (£94 million) acquisition price, payable in cash. This acquisition provides a transformational opportunity to expand on the Group's existing base of 3 sites in the US.

The current macro-economic environment continues to be a challenging time for all, but the business has continued to perform well against this backdrop and has made significant progress against its strategic objectives.

The Group has a robust capital and liquidity position with £259m of cash on the balance sheet at the end of the quarter which contributes towards £435m of available liquidity (including the Revolving Credit Facility of £175.5m), 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 (providing total liquidity of £468m). This, coupled with the strong support of its key shareholders, Leonard Green & Partners LP ("LGP") and Kohlberg Kravis Roberts & Co LP ("KKR"), puts the Group in a good position to finance the US acquisition described above, as well as funding expansion and investment in the existing estate, and taking advantage of any other market opportunities as they arise.

Strategy and business model

The core vision is to provide members with affordable access to the benefits that activity and exercise can offer. The business does this by focusing investment on what most people want and use in gyms and by using innovative technology that makes the process of being a member and the experience of activity as easy and straightforward as possible. This focus on affordable, flexible, and "value-for-money" membership has fundamentally changed the gym industry over the past few years and opened up increased access to activity, fitness and exercise for hundreds of thousands more people worldwide. We are proud of the environment we have created with our inclusive philosophy and the diversity of our membership across all our gyms.

The Group has a powerful and highly disruptive customer proposition, which is differentiated from traditional gym operators and appeals to a broad range of consumers. The Group's strategy is to occupy market leading positions in the value segment, whilst delivering profitable growth for our stakeholders. Key elements of the proposition include low

United Kingdom

PureGym is the UK's largest private gym operator, both by number of gyms and members. As at 30 September 2024 the Group operated 392 UK gyms (Q3 2023: 362 gyms) with 1,551,000 members (Q3 2023: 1,465,000).

Denmark

Having rebranded from Fitness World in 2023, PureGym is also the leading operator in Denmark, both by number of gyms and members. As at 30 September 2024, with a programme of estate optimisation under way, the Group operated 151 gyms in Denmark (Q3 2023: 167 gyms) with 352,000 members (Q3 2023: 364,000).

Switzerland

As at 30 September 2024, PureGym operated 43 gyms in Switzerland (Q3 2023: 44 gyms) with 83,000 members (Q3 2023: 83,000 members) and is one of the largest operators and the leading high value, low cost operator in the country.

United States of America

The Group opened its first three gyms in the USA during 2022, operating under the Pure Fitness brand. As at 30 September 2024, the Group had 3 gyms and 11,000 members in the USA (Q3 2023: 3 gyms and 10,000 members).

After the end of this reporting period, the Group completed on an acquisition of up to 67 further sites in the USA, with the right to reject a number of these if suitable deals with landlords are not forthcoming.

The Middle East

As at 30 September 2024, there are 22 franchised gyms in operation in the Middle East (Q3 2023: 19 gyms) with a total of 51,000 members (Q3 2023: 47,000). The franchise model brings the Group's affordable, accessible gym proposition to a number of exciting new markets and provides a platform for expanding the franchise offering to other territories in the future.

Business Overview (continued)

cost membership fees, no obligation to sign a 'locked in' contract, excellent standards of hygiene and cleanliness and "24x7" access to high quality, well maintained gyms.

The proposition is underpinned by the Group's differentiated capital efficient and technology-enabled gym operating model, which enables our gyms to support high levels of membership, operate on low costs, and generate strong unit economics, cash flow conversion, and average return on investment ("ROCE").

Whilst driving the operational and financial performance of our existing gym estate across all our geographies, we will continue to roll out new corporate-owned gyms in the UK and Switzerland in a measured and controlled way, where we can achieve our targeted return on capital, and will continue to progress our estate optimisation programme in Denmark, while exploring franchise opportunities and acquisitions in untapped markets.

In the USA, the recent acquisition of up to 67 high quality sites provides a strong foothold in the New York and New Jersey areas and a meaningful platform to facilitate future growth in the world's largest fitness market.

The PureGym business and brand is now established consistently worldwide, giving a very robust base for further development.

Our ability to deliver on this strategy is underpinned by a strong business model:

- The world's population is more aware than ever of the importance of looking after physical and mental health, avoiding conditions such as obesity and ensuring a good immune system. We therefore believe that there will continue to be attractive and resilient fitness markets with significant growth opportunities in the value segment.
- The merit to consumers of having access to a fully-equipped, conveniently-located, always-open, well-maintained, safe and secure, shared use facility is very considerable and this merit is very hard for most consumers to replicate at home or in any other way.
- Clear benefits from being a diversified, scale operator with sites spread across countries and continents.
- Strong, differentiated customer proposition supported by technology which both improves the effectiveness from a consumer point of view and reduces operating costs.
- Low cost, capital efficient, technology-enabled operating model.
- A strong and experienced leadership team.
- Significant financial capacity to support ongoing expansion and estate rollout.

The fitness market

The Group operates in the value segment of the fitness market, which has grown quickly over the past several years. The expanding footprint of value gyms has increased the availability of fitness facilities to a larger proportion of the population.

The value gym market has demonstrated resilience during periods of economic decline in the past and can also support growth in these conditions as cost-conscious consumers consider alternatives. Whilst it's clear that the current macro-economic environment and cost of living crisis is challenging for consumers and for operators, we firmly believe the long-run outlook for our business remains bright; we have the right business model, operating in the most attractive segment, to be highly successful.

Q3 2024 Financial Review

Presentation of financial information

The Group has prepared consolidated financial statements as of and for the 9 months ended 30 September 2024 in accordance with IAS 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board.

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 amounts include an additional £45 million and €125 million of Senior Secured 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. The funds raised were used for the US 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 30 September 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.

Q3 2024 Financial Review (continued)

- Performance in Q3 was in line with expectations with **Adj EBITDA of £35m** (+£2m vs Q3 2023)
- Steady, ongoing growth with **RR Adj EBITDA increasing to £165m** (+£26m vs Q3 2023)
- 6 new corporate sites opened in the quarter – on track to deliver 40-45 for the full year
- Continued progress in the Danish reinvestment programme with over 20 kit drops in the quarter
- Successful issuance of £150m equiv. Senior Secured Notes in September, primarily to fund the acquisition of Blink
- SS Net Leverage reduced to 4.0x RR Adj EBITDA in Q3 2024 (vs 4.6x at Q3 2023)

Q3 2024 Financial Review (continued)

Operating results

£m	For the three months ended 30 September 2024	2023	For the nine months ended 30 September 2024	2023
Revenue	144.3	137.7	443.9	409.3
Operating expenses (exc. separately disclosed items)	(83.2)	(78.7)	(253.6)	(239.6)
Group Reported EBITDA	**61.1**	**59.0**	**190.3**	**169.7**
Depreciation, amortisation and impairment	(38.9)	(35.4)	(116.6)	(104.9)
(Loss)/profit on disposal of PPE	(0.8)	0.1	(0.6)	(0.9)
Profit on lease modifications	0.5	0.4	1.4	1.0
Exceptional items	(1.5)	(0.5)	(2.2)	(1.6)
Operating profit	**20.3**	**23.6**	**72.3**	**63.4**
Net finance cost	(43.6)	(44.3)	(126.6)	(109.5)
Loss before tax	(23.2)	(20.7)	(54.3)	(46.2)
Income tax credit	3.5	4.0	5.2	3.6
Loss for the period	**(19.7)**	**(16.7)**	**(49.1)**	**(42.6)**

Revenue

Revenue increased by 5% to £144 million for the three months ended 30 September 2024, as compared to £138 million for the three months ended 30 September 2023, due to a combination of a 4% increase in average members and a 1% increase in the average revenue per member resulting from measured price increases in existing gyms and the opening of 13[1] new corporate owned gyms in the period from 1 October 2023 to 30 September 2024.

Revenue increased by 8% to £444 million for the nine months ended 30 September 2024 as compared to £409 million for the nine months ended 30 September 2024, due to a combination of a 7% increase in average members and a 1% increase in the average revenue per member resulting from measured price increases in existing gyms, the maturation of existing immature gyms and the opening of 13[1] new corporate owned gyms in the period from 1 October 2023 to 30 September 2024.

Operating Expenses (exc. separately disclosed items)

Operating expenses increased by 6% to £83 million for the three months ended 30 September 2024 as compared to £79 million for the three months ended 30 September 2023, and by 6% to £254 million for the nine months ended 30 September 2024 as compared to £240 million for the nine months ended 30 September 2023. These increases were primarily due to an increase in the number of corporate owned gym sites and well controlled inflationary uplifts.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment increased by 10% to £39 million for the three months ended 30 September 2024, as compared to £35 million for the three months ended 30 September 2023, and by 11% for the nine months ended 30 September 2023. These increases were due to the development of 34 new corporate owned gyms in the period from 1 October 2023 to 30 September 2024.

Net finance costs

Net finance costs for the three months ended 30 September 2024 are in line with those of the three months ended 30 September 2023. Whilst the ongoing interest cost on the Senior Secured Notes increased from October 2023 as part of the refinancing, Q3 2023 finance costs included one-off early repayment charges that reduce the year on year variance.

Net finance costs increased to £127 million for the nine months ended 30 September 2024, an increase of £17 million, or 16%, as compared to £110 million for the nine months ended 30 September 2023. These increases primarily relate to the increased interest rates on the Group's Euro and GBP denominated Senior Secured Notes following the refinancing on 11 October 2023.

Tax charge

The income tax credit of £4 million for the three months ended 30 September 2024 and £5 million for the nine months ended 30 September 2024 is a result of the unwind of deferred tax balances acquired on acquisition of the PureGym group.

Notes (1) The total site movement of 13 from 1 October 2023 to 30 September 2024 is net of 21 closures in the period, 10 of which occurred in the 3 months ended 30 September 2024

Q3 2024 Financial Review (continued)

Cashflow and Liquidity

£m	For the three months ended 30 September 2024	2023	For the nine months ended 30 September 2024	2023
Net cash generated from operating activities	**45.7**	**38.6**	**115.1**	**99.7**
Net cash used in investing activities	(19.3)	(22.6)	(70.2)	(73.7)
Net cash generated from / (used in) financing activities	140.1	(14.5)	109.0	(48.6)
Net increase / (decrease) in cash and cash equivalents	**166.5**	**1.5**	**153.9**	**(22.6)**
Cash and cash equivalents on the first day of the period	94.3	180.3	108.2	204.6
Effect of exchange rates on cash held	(1.7)	0.4	(2.9)	0.2
Cash and cash equivalents at end of period	**259.2**	**182.2**	**259.2**	**182.2**
Cash held by Pinnacle Topco	32.9	31.2	32.9	31.2
Available cash at 30 September	**292.1**	**213.4**	**292.1**	**213.4**
Undrawn RCF Facility (including overdraft)	175.5	145.0	175.5	145.0
Availably liquidity at 30 September	**467.6**	**358.4**	**467.6**	**358.4**

Net cash flows from operating activities

Net cash flows from operating activities comprise operating profit before interest, tax, profit/(loss) on disposals, depreciation, amortisation and impairment charges, net of the movement in net working capital and less tax, exceptional costs paid, net interest and debt issuance costs paid.

Net cash flow from operating activities for the three months ended 30 September 2024 was an inflow of £46 million, an increase of £7 million as compared to the three months ended 30 September 2023. This increase arose due to a combination of a £2 million improvement in EBITDA, a £1 million working capital inflow and a £3 million timing difference on payment of interest on the Senior Secured Notes.

Net cash flow from operating activities for the nine months ended 30 September 2024 was an inflow of £115 million, an increase of £15 million as compared to the nine months ended 30 September 2023. This increase arose due to a combination of a £20 million improvement in EBITDA, a £4 million working capital inflow and a £3 million timing difference on payment of interest on the Senior Secured Notes. These were offset by an £8 million increase in interest on the Group's Senior Secured Notes.

Net cash flows used in investing activities

Net cash flows used in investing activities consist of expenditure on property, plant and equipment and intangible assets, less proceeds from disposals plus the portion of any capital expenditure funded through finance leases.

Net cash flow used in investing activities for the three months ended 30 September 2024 was £19 million, compared to £23 million for the three months ended 30 September 2023.

Net cash flow used in investing activities for the nine months ended 30 September 2024 was £70 million compared to £74 million in the nine months ended 30 September 2023. In all periods, these outflows primarily relate to investment in new site developments and refurbishment of the existing estate, and fluctuations are due to timing of expenditure on the estate and invoice payments.

Net cash flows used in financing activities

Net cash flows from financing activities consist of the drawdown and repayment of loans, leases and other shareholder equity.

Net cash flow from financing activities in the three months ended 30 September 2024 was an inflow of £140 million as compared to an outflow of £15 million in the three months ended 30 September 2023. This is as a result of the £149 million raised from the issue of £45 million and €125 million of Senior Secured Notes on 27 September 2024. A further £7 million was received as premium on this issue. This inflow was offset by £16 million of payments for the capital elements of finance leases.

In the nine months ended 30 September 2024, the cash inflow from the September 2024 bond issue is offset by £47 million of capital payments on leases. This is a reduction of £2 million compared to £49 million of payments for the nine months ended 30 September 2023. The decrease is due to the exiting of leases in Denmark.

Cash and liquidity

As at 30 September 2024, the Group had cash and cash equivalents of £292 million (including £33 million held by the parent company, Pinnacle Topco Limited) and access to undrawn facilities of £175.5 million, giving total liquidity of £468 million (30 September 2023: £358 million).

Q3 2024 Financial Review (continued)

6
New corporate owned sites

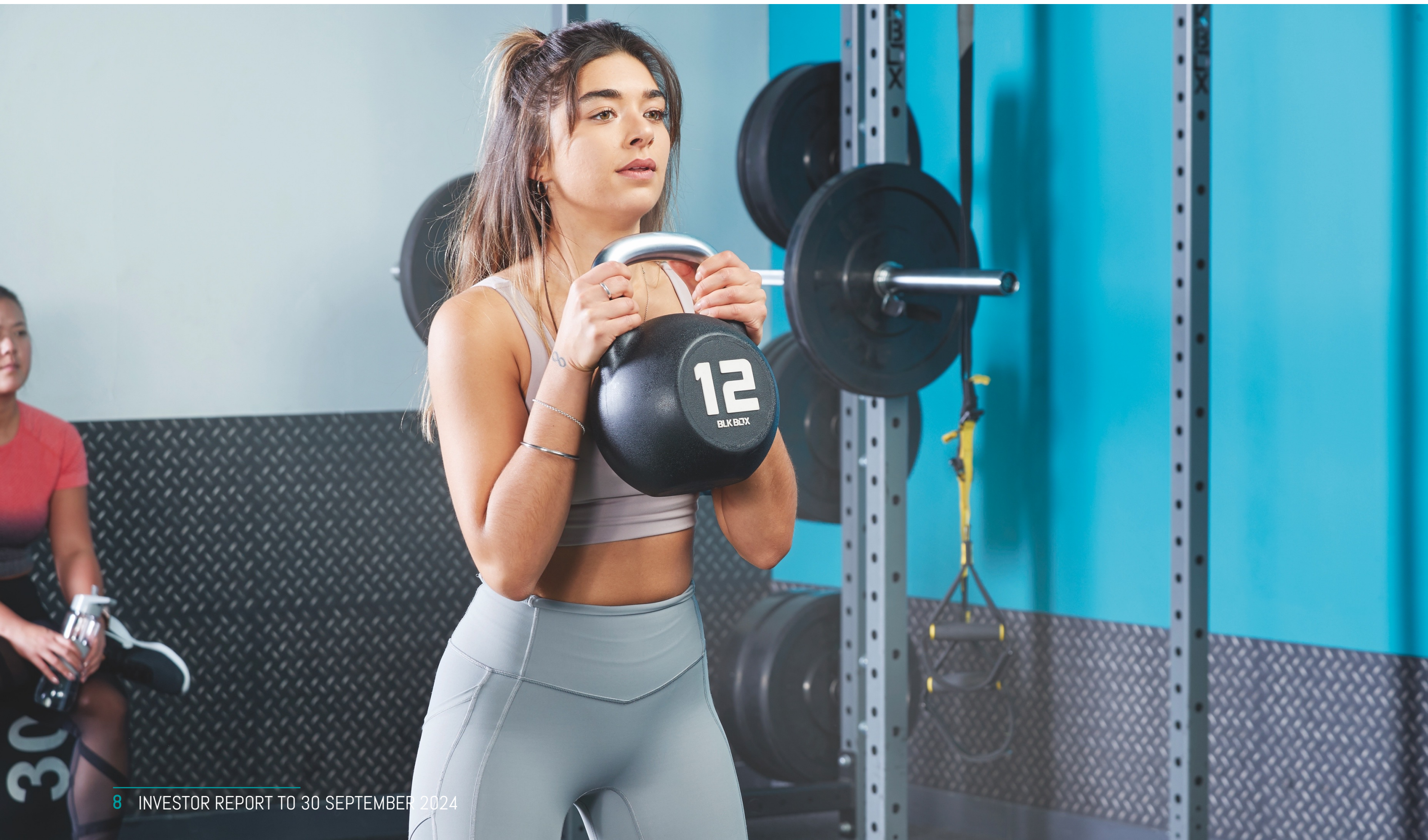
Capital expenditure cashflow

The following table shows our cash flows from capital expenditure for the periods indicated. Expansionary Capital Expenditure for the nine months ended 30 September 2024 mainly comprised investment in the 6 new corporate owned sites opened in the quarter & expenditure on the Danish estate reinvestment plan plus additional expenditure on sites due to open later in the year. In the three months ended 30 September 2023, the Group opened 8 new corporate owned sites.

In total, 26 new corporate owned sites have been opened in the nine months ended 30 September 2024, compared to 35 in the nine months ended 30 September 2023. 2024 openings are weighted towards Q4.

Maintenance and Refurbishment Capital Expenditure primarily relates to the Group's programme of site refurbishment.

	For the three months ended 30 September		For the nine months ended 30 September	
£m	**2024**	2023	**2024**	2023
Expansionary Capital Expenditure	12.3	12.1	46.9	49.0
Maintenance and Refurbishment Capital Expenditure	6.8	10.6	23.7	25.1
Total Capital Expenditure Cash Flow	**19.1**	**22.7**	**70.6**	**74.1**



Key Performance Indicators

	For the three months ended 30 September		For the nine months ended 30 September	
	2024	2023	**2024**	2023
Total number of owned gyms	589	576	589	576
Franchised gyms	22	19	22	19
Total number of gyms	611	595	611	595
Total number of members ('000s)	1,997	1,923	1,997	1,923
Average number of members ('000s)	1,952	1,873	1,982	1,852
Average number of members per gym	3,290	3,284	3,360	3,301
Average revenue per member per month (£)	24.63	24.49	24.88	24.56
Reported Revenue (£m)	144.3	137.7	443.9	409.3
Reported EBITDA (£m)	61.2	59.0	190.4	169.7
Group Adjusted EBITDA (£m)	35.3	33.5	112.4	96.8
Group Adjusted EBITDA margin	24.4%	24.3%	25.3%	23.7%
Gym Site Adjusted EBITDA[1] (£ million)	50.5	49.3	159.3	145.0
Gym Site Adjusted EBITDA margin	35.0%	35.8%	35.9%	35.4%
Group Run-Rate Adjusted EBITDA (£ million)	164.8	139.3	164.8	139.3
Group Operating Cash Flow (£ million)	35.6	28.5	95.7	74.5
Group Operating Cash Flow Conversion	101.1%	85.3%	85.1%	77.0%
Senior Secured Net Debt[2] (£ million)	655.3	642.8	655.3	642.8
Senior Secured Net Leverage	4.0x	4.6x	4.0x	4.6x
Interest Cover	1.9x	3.1x	1.9x	3.1x

Notes: (1) Represents a blended average including all new & immature sites across the group (2) Senior Secured Net Debt at 30 September 2024 includes £33 million (£31 million at 30 September 2023) cash held by parent, Pinnacle Topco Limited.

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

£m	For the three months ended 30 September		For the nine months ended 30 September	
	2024	2023	**2024**	2023
Loss for the period	**(19.7)**	**(16.7)**	**(49.1)**	**(42.6)**
Income tax	(3.5)	(4.0)	(5.2)	(3.6)
Net finance cost	43.7	44.3	126.7	109.5
Operating profit	20.4	23.6	72.4	63.4
Deprecation and impairment of PPE	33.2	29.1	101.8	88.5
Amortisation and impairment of intangible assets	5.7	6.3	14.9	16.4
Profit / (loss) on disposal of property, plant & equipment	0.8	(0.1)	0.6	0.9
Profit on lease modifications	(0.5)	(0. 4)	(1.4)	(1.0)
Exceptional administrative items	1.5	0.5	2.2	1.6
Group Reported EBITDA[1]	**61.2**	**59.0**	**190.4**	**169.7**
Other adjustments[2]	0.6	0. 4	2.8	2.7
Share based payment charge[3]	(0.1)	0.1	0.1	0.2
Pre-opening costs[4]	0.7	1.0	2.4	3.3
Cash rent adjustment[5]	(27.1)	(27.0)	(83.2)	(79.1)
Adjusted EBITDA	**35.3**	**33.5**	**112.4**	**96.8**
Head office costs	15.2	15.8	46.9	48.2
Gym Site Adjusted EBITDA	**50.5**	**49.3**	**159.3**	**145.0**
LTM Adjusted EBITDA	147.7	119.3	147.7	119.3
Run-Rate Adjustment[6]	17.1	20.0	17.1	20.0
Run-Rate Adjusted EBITDA (LTM)	**164.8**	**139.3**	**164.8**	**139.3**

Notes:

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

(2) Other adjustments includes the net impact of various one-off items not included in “Exceptional items” but which are not reflective of the underlying trade of the Group.

(3) The share based payment charge relates to shares in the ultimate parent company, Pinnacle Topco Limited, issued to directors & certain employees.

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

(5) Under IFRS 16, most lease costs are excluded from Group Reported EBITDA. To produce a comparable & more relevant EBITDA figure, the contractual property rent payments due during the accounting period are deducted & any property rent-related expenses included in Group Reported EBITDA are added back. Management believes that adjusting EBITDA to reflect cash rent is a better reflection of actual earnings.

(6) The Run-Rate Adjustment reflects the impact of those gyms which are less than three years old at the end of the reporting period. These adjustments replace the Adjusted EBITDA earned by these sites in the last twelve month period with the projected Adjusted EBITDA for their third year of operation. Run-Rate Adjusted EBITDA therefore seeks to reflect the anticipated mature Adjusted EBITDA potential of those gyms which were trading at the end of the relevant period. Management forecasts EBITDA on a gym specific basis & regularly updates forecasts based on current & anticipated performance, taking into account seasonality & location-specific factors.

Disclaimers and Further Information for Noteholders

Further information for noteholders

This report was prepared in accordance with the indenture dated 11 October 2023, among Pinnacle Bidco plc, as issuer, the guarantors named therein, Deutsche Trustee Company Limited, as trustee, Deutsche Bank AG, London Branch, as paying agent and security agent and Deutsche Bank Luxembourg SA as transfer agent and registrar.

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

Use of non-IFRS financial information

Certain parts of this report contain non-IFRS measures and ratios. We believe that these measures are useful indicators of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. Because all companies do not calculate these measures on a consistent basis, our presentation of these measures may not be comparable to measures under the same or similar names used by other companies. Accordingly, undue reliance should not be placed on these measures in this report. In particular, Adjusted EBITDA and Run Rate Adjusted EBITDA are not measures of our financial performance or liquidity under IFRS and should not be considered as an alternative to (a) net income/(loss) for the period as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under IFRS. We define our non-IFRS measures as set forth in the glossary on page 11.

Risks

The Directors are responsible for the Group's risk management and monitor risks on an on-going basis to ensure these are being appropriately mitigated in line with its risk appetite. The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance over the 2024 financial year remain substantially the same as those stated on pages 17 to 22 of our Annual Report and Accounts for the period ended 31 December 2023, which is available on our website corporate.puregym.com.

Glossary

"Adjusted EBITDA"

The profit or loss for a certain period before income tax expense, net finance cost, depreciation & impairment of property, plant & equipment & right of use assets, amortisation & impairment of intangible fixed assets, profit/loss on disposal of property, plant & equipment, profit/loss on lease modifications, exceptional administrative expenses, & other adjustments, after adding back Pre-Opening Costs & share based payment charges & subtracting the Cash Rent Adjustment.

"Adjusted EBITDA Margin"

Adjusted EBITDA for that period divided by revenue for that period.

"Average Number of Members"

The average of the number of members as at the beginning of the first month & the end of every month in that period.

"Average Revenue Per Member Per Month"

Revenue for that period divided by the number of months in that period & further divided by the average number of members at during that period. The average number of members during that period is calculated as the average of the number of members at corporate gyms as of the beginning of the first month & the end of every month in that period.

"Cash Rent Adjustment"

The deduction of the cash rent payable during the period which otherwise was not reflected in EBITDA (as reported on a post-IFRS 16 basis).

"EBITDA"

The profit or loss for a certain period before income tax expense, net finance cost, depreciation & impairment of property, plant & equipment & right of use assets, amortisation & impairment of intangible fixed assets, profit/loss on disposal of property, plant & equipment, profit/loss on lease modifications & exceptional administrative expenses.

"Expansionary Capital Expenditure"

The initial Capital Investment & the capital costs of expanding corporate-owned gyms incurred in that period, & the capital costs of investments in technology in that period.

"Gym Site Adjusted EBITDA"

Adjusted EBITDA for that period, excluding Head Office Costs.

"Gym Site Adjusted EBITDA Margin"

Gym Site Adjusted EBITDA divided by revenue for that period.

"Head Office Costs"

All non-gym specific costs, other than depreciation & amortisation, related to the operation of head office functions in a given period.

Interest Cover

The ratio of Run-Rated Adjusted EBITDA to Pro Forma Net Interest Expense.

"Large Box Format (LBF)"

Large Box Format (LBF) gyms are gyms that are typically over 12,000 square feet in size.

"Maintenance & Refurbishment Capital Expenditures"

The total capital expenditure incurred in a period less Expansionary Capital Expenditure incurred in that period.

Mature Gyms

Corporate-owned gyms that have been open for two full financial years or more as at the reporting date.

"Medium Box Format (MBF)"

Medium Box Format (MBF) gyms are gyms that are typically 9,000-12,000 square feet in size.

"Net Debt"

Total indebtedness of the Group including finance lease liabilities as reported under IAS17 (excluding property lease liabilities recognised under IFRS 16) less cash and cash equivalents. For the purposes of the leverage calculation, SSND uses average rates of exchange for the last 12 month period

"New Gyms"

Corporate-owned gyms that have been open for less than two full financial years as at the reporting date.

"Number of Gyms"

The total number of gyms that are open & trading as of the specified date or the end date of the relevant period.

"Operating Cash Flow"

Adjusted EBITDA plus Working Capital Cash Flow & less Maintenance & Refurbishment Capital Expenditure cash flows for that period.

"Operating Cash Flow Conversion"

The Operating Cash Flow for that period divided by Adjusted EBITDA for that period.

"Pre-Opening Costs"

The total of all gym site operating costs incurred during the pre-opening periods of gyms in that period. Pre-Opening Costs primarily consist of staff & marketing expenses.

Pro Forma Net Interest Expense

The net interest expense for the Group for the LTM period, giving pro forma effect to the interest on the recently refinanced Senior Secured Notes as if they have been in issue for the full LTM period.

Glossary

Senior Secured Net Leverage

The ratio of Senior Secured Net Debt to Run-Rate Adjusted EBITDA.

"ROCE"

Return on capital employed, calculated as the Initial Capital Investment attributable to that portfolio of gyms divided by Adjusted EBITDA for the relevant portfolio of gyms for that period.

"Run Rate Adjustment"

The adjustment made to both corporate-owned & franchise gyms which are less than three years old at the end of the reporting period. These adjustments replace the Adjusted EBITDA earned by these sites in the last twelve month period with the projected Adjusted EBITDA for their third year of operation.

"Run Rate Adjusted EBITDA"

The Adjusted EBITDA including any Run-Rate Adjustment.

"Senior Secured Net Debt"

The total senior secured indebtedness of the Group (excluding finance lease liabilities), less cash & cash equivalents. For the purposes of the leverage calculation, SSND uses average rates of exchange for the last 12 month period

"Small Box Format (SBF)"

Small Box Format (SBF) gyms are gyms that are typically 6,000-9,000 square feet in size.

"Working Capital Cash Flow"

Cash movements in working capital.

Pinnacle Bidco PLC
Condensed Consolidated Interim Financial Statements for the 9 months ended 30 September 2024

Contents

Condensed Consolidated Statement of Comprehensive Income
for the 9 months ended 30 September 2024

	Note	**9 months ended 30 September 2024 (Unaudited) £m**	9 months ended 30 September 2023 (Unaudited) £m
Revenue	2,3	**443.9**	409.3
Cost of sales		**(13.1)**	(13.2)
Other income		**0.8**	0.3
Other administrative expenses		**(357.1)**	(331.5)
Exceptional administrative expense	5	**(2.2)**	(1.6)
Administrative expenses		**(359.3)**	(333.1)
Operating profit	4	**72.3**	63.3
Finance income	6	**7.7**	8.8
Finance costs	6	**(134.3)**	(118.2)
Loss before income tax		**(54.3)**	(46.1)
Income tax credit	7	**5.2**	3.5
Loss for the period		**(49.1)**	(42.6)

Other comprehensive expense / income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences, net of tax	**(4.8)**	0.7
Total other comprehensive (expense) / income for the period, net of tax	**(4.8)**	0.7
Total comprehensive expense for the period	**(53.9)**	(41.9)

Condensed Consolidated Statement of Financial Position
as at 30 September 2024

	Note	**30 September 2024 (Unaudited) £m**	31 December 2023 (Audited) £m
Non-current assets			
Intangible assets	8	**751.6**	770.5
Property, plant and equipment	9	**753.0**	746.8
Deferred tax assets		**68.2**	65.8
Other receivables		**6.9**	7.2
		1,579.7	1,590.3
Current assets			
Inventories		**5.8**	5.1
Trade and other receivables		**38.1**	37.0
Income taxes receivable		**0.6**	0.3
Cash and cash equivalents		**259.2**	108.2
		303.7	150.6
TOTAL ASSETS		**1,883.4**	1,740.9
Current liabilities			
Trade and other payables		**(167.4)**	(146.3)
Lease liabilities		**(68.6)**	(72.3)
Provisions		**(4.4)**	(5.9)
		(240.4)	(224.5)
Non-current liabilities			
Deferred tax liabilities		**(13.5)**	(15.5)
Other liabilities		**(3.4)**	(2.1)
Lease liabilities		**(489.2)**	(490.6)
Borrowings	10	**(1,560.1)**	(1,376.1)
Provisions		**(14.5)**	(16.0)
		(2,080.7)	(1,900.3)
TOTAL LIABILITIES		**(2,321.1)**	(2,124.8)
NET LIABILITIES		**(437.7)**	(383.9)
Equity			
Share capital		**2.8**	2.8
Share premium		**271.2**	271.2
Translation reserve		**6.6**	11.4
Accumulated losses		**(718.3)**	(669.3)
TOTAL EQUITY		**(437.7)**	(383.9)

Condensed Consolidated Cash Flow Statement

for the 9 months ended 30 September 2024

	Note	**9 months ended 30 September 2024 (Unaudited)**	9 months ended 30 September 2023 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	13	**197.5**	172.7
Exceptional expenses paid		**(0.1)**	(1.6)
Bank interest and similar charges paid		**(2.1)**	(1.5)
Bank interest received		**3.6**	5.7
Senior secured notes interest paid		**(47.6)**	(39.2)
Interest element of lease liability payments		**(39.4)**	(36.8)
Interest received on bond issue (see note 10)		**3.2**	-
Corporation tax refund received		**-**	0.5
Net cash generated from operating activities		**115.1**	99.8
Cash flows from investing activities			
Purchase of property, plant & equipment		**(64.2)**	(66.7)
Purchase of intangible assets		**(6.4)**	(7.4)
Proceeds from disposals of property, plant and equipment		**0.4**	0.4
Net cash used in investing activities		**(70.2)**	(73.7)
Cash flows from financing activities			
Issue of bonds		**149.3**	-
Premium received on bond issue		**6.5**	-
Capital element of lease liability payments		**(46.8)**	(48.5)
Outflows from intercompany receivables		**-**	(0.1)
Net cash generated from / (used in) financing activities		**109.0**	(48.6)
Net increase / (decrease) in cash and cash equivalents		**153.9**	(22.5)
Cash and cash equivalents at beginning of the period		**108.2**	204.6
Effect of exchange changes on cash held		**(2.9)**	-
Cash and cash equivalents at end of period		**259.2**	182.1

Of the £259.2m of cash and cash equivalents at 30 September 2024, £8.0m is defined as restricted cash, being a deposit held in escrow in relation to the acquisition of certain trade and assets of Blink Fitness (see note 15).

Condensed Consolidated Statement of Changes in Equity
for the 9 months ended 30 September 2024

	Share capital £m	Share premium £m	Translation reserve £m	Accumulated losses £m	Total Equity £m
Balance as at 1 January 2023 (Audited)	2.8	271.2	7.4	(596.2)	(314.8)
Loss for the period	-	-	-	(42.6)	(42.6)
Other comprehensive income for the period	-	-	0.7	-	0.7
Total comprehensive expense for the period	**-**	**-**	**0.7**	**(42.6)**	**(41.9)**
Credit to equity for equity settled share-based payments	-	-	-	0.2	0.2
Balance as at 30 September 2023	**2.8**	**271.2**	**8.1**	**(638.6)**	**(356.5)**
Balance as at 1 January 2024 (Audited)	2.8	271.2	11.4	(669.3)	(383.9)
Loss for the period	-	-	-	(49.1)	(49.1)
Other comprehensive expense for the period	-	-	(4.8)	-	(4.8)
Total comprehensive expense for the period	**-**	**-**	**(4.8)**	**(46.2)**	**(53.9)**
Credit to equity for equity settled share-based payments	**-**	**-**	**-**	**0.1**	**0.1**
Balance as at 30 September 2024	**2.8**	**271.2**	**6.6**	**(718.3)**	**(437.7)**

All balances presented above are unaudited unless stated otherwise.

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

The principal activity of the Group during the period 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, LS2 8LY, United Kingdom. The condensed financial statements are unaudited and were approved by the Board of Directors on 2 December 2024.

This financial information for the 9 months ended 30 September 2024, including comparative financial information for the 9 months ended 30 September 2023, has been prepared on the basis of the accounting policies set out in the last annual report and accounts and in accordance with UK adopted IAS 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board. This report does not include all the notes of the type normally included in an annual financial report and accordingly should be read in conjunction with the annual report for the year ended 31 December 2023.

In preparing the condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 31 December 2023.

Going concern assumption

In preparing these financial statements, the Directors have carefully evaluated the Going Concern basis of preparation. The Group meets its day to day working capital requirements, capital expenditure and funding of new sites through its cash reserves and credit facilities, being a revolving credit facility ("RCF") of £175.5 million which includes an overdraft of £10 million. The Group's cash reserves at 30 September 2024 totalled £259 million, and it has an additional £33 million of cash available in its parent company, Pinnacle Topco Limited. Of the £259 million, £8 million is defined as restricted cash, being a deposit held in escrow in relation to the acquisition of certain trade and assets of Blink Fitness (see note 15). Combining these with the available RCF gives total available liquidity for the Group at 30 September 2024 of £302 million.

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. The Group is not expected to breach its covenants.

The Group's forecasts and projections taking account of reasonably possible changes in trading performance and the acquisition of the trade and assets of Blink Fitness (as described in note 15), showed that the Group should be able to operate within its existing facilities. Based on this review, 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.

Information extracted from 2023 Annual Report

The financial figures for the year ended 31 December 2023, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 31 December 2023 were prepared under IFRS and have been delivered to the Registrar of Companies. They are available to download from corporate.puregym.com. The audit report was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

2 Operating segments

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker, identified as the Group's Group Management Board. The Group Management Board primarily consider 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 Group Management Board use 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 below. The Group's material reportable segments as at 30 September 2024, are the United Kingdom, Denmark and Switzerland. The results from other segments in which the Group operates (US and Franchising) are included in "All other segments", as they are deemed to be individually immaterial.

Segmental information presented to the Executive Management Team for the 9 months ended 30 September 2024 is presented in the below tables, alongside comparative information:

	9 months ended 30 September 2024 (Unaudited)				
	United Kingdom £m	**Denmark £m**	**Switzerland £m**	**All other segments £m**	**Total £m**
Revenue	**307.0**	**102.0**	**31.2**	**3.7**	**443.9**
Adjusted EBITDA	**91.7**	**18.4**	**3.8**	**(1.5)**	**112.4**

	9 months ended 30 September 2023 (Unaudited)				
	United Kingdom £m	Denmark £m	Switzerland £m	All other segments £m	Total £m
Revenue	272.1	105.2	28.2	3.8	409.3
Adjusted EBITDA	80.2	15.6	1.2	(0.2)	96.8

All operating segments derive revenue from all of the services and products included within note 3. All revenue included in the table above derives from external customers.

Adjusted EBITDA is a non-IFRS measure derived by adjusting operating profit for depreciation, amortisation, profit/loss on disposal of property, plant and equipment, profit/loss on lease modifications, impairment of property, plant and equipment, exceptional costs, share based payment charges, pre-opening costs, other adjustments and the cash rent adjustment.

The cash rent adjustment includes an add back of any property rent related expenses charged in the statement of comprehensive income and a deduction of contractual property rent payments due in the period (whether or not paid in cash in the period).

The Adjusted EBITDA KPI is typically used within the industry as it is more effective than operating profit in representing the performance of the business and, as such, is a key focus of our stakeholders, including our investors, our bondholders and our banking partners. A reconciliation from operating profit to Adjusted EBITDA is included in note 4.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

3 Revenue

Revenue is analysed below segregated by service or product.

	9 months ended 30 September 2024 (Unaudited) £m	9 months ended 30 September 2023 (Unaudited) £m
Member income	**400.5**	365.4
Vending and consumables income	**18.3**	18.8
Other revenue	**25.1**	25.1
	443.9	409.3

The Group experiences a small degree of seasonality. The majority of members join in January, February and March, and joiner rates also increase in September and October. Seasonality is generally positively driven by consumers' desire to improve their fitness at the start of the year and the start of new university and school terms and is negatively driven by Christmas and summer holidays. Marketing expenditure is generally focused around peak joining periods, particularly the January/February period.

4 Operating profit

A reconciliation from operating profit to EBITDA and Adjusted EBITDA is as follows:

	9 months ended 30 September 2024 (Unaudited) £m	9 months ended 30 September 2023 (Unaudited) £m
Operating profit	**72.3**	63.3
Depreciation (note 9)	**101.8**	86.1
Amortisation (note 8)	**14.9**	16.4
Loss on disposal of property, plant and equipment	**0.6**	0.9
Impairment of property, plant and equipment	**-**	2.4
Profit on lease modifications	**(1.4)**	(1.0)
Exceptional expense (note 5)	**2.2**	1.6
Group EBITDA	**190.4**	169.7
Other adjustments	**2.8**	2.7
Share based payment charge	**0.1**	0.2
Pre-opening costs	**2.4**	3.3
Cash rent adjustment	**(83.2)**	(79.1)
Adjusted EBITDA	**112.4**	96.8

Notes to the Condensed Consolidated Interim Financial Statements (continued)

5 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:

	9 months ended 30 September 2024 (Unaudited) £m	9 months ended 30 September 2023 (Unaudited) £m
Costs relating to the rebrand of the Danish business to PureGym	**-**	1.6
Costs relating to the acquisition of Blink Fitness (see note 15)	**2.2**	-
Exceptional administrative expense	**2.2**	1.6

6 Finance income and costs

	9 months ended 30 September 2024 (Unaudited) £m	9 months ended 30 September 2023 (Unaudited) £m
Bank interest received	**3.7**	5.7
Foreign exchange gain	**4.0**	3.1
Total finance income	**7.7**	8.8
Interest on bank loans and overdrafts	**0.2**	0.3
Interest payable on lease liabilities	**37.9**	35.5
Commitment fees	**1.6**	1.2
Unwind of discount on provisions	**0.3**	0.1
Amortisation of capitalised finance costs	**5.8**	3.1
Early redemption fee on the Senior Secured Notes	**-**	6.1
Unwind of discount on issue of the Senior Secured Notes	**-**	3.5
Interest on the Senior Secured Notes	**55.7**	38.1
Interest payable to group undertakings	**32.8**	30.3
Total finance costs	**134.3**	118.2

Notes to the Condensed Consolidated Interim Financial Statements (continued)

7 Income tax

	9 months ended 30 September 2024 (Unaudited) £m	9 months ended 30 September 2023 (Unaudited) £m
Deferred tax:		
- Origination and reversal of temporary differences	**5.2**	3.5
- Adjustment in respect of prior periods	**-**	-
Total deferred tax credit	**5.2**	3.5
Total tax credit on loss after tax	**5.2**	3.5

8 Intangible assets

	Goodwill £m	**Brands £m**	**Customer Relationships £m**	**Development Projects in Progress £m**	**Software £m**	**Total £m**
Cost						
1 January 2024	715.3	92.0	77.4	7.7	32.7	925.1
Additions	-	-	-	6.1	0.5	6.6
Transfers	-	-	-	(9.6)	9.6	-
Disposals	-	-	-	(0.1)	(0.1)	(0.2)
Foreign exchange differences	(10.6)	(1.4)	(2.9)	(0.3)	(0.3)	(15.5)
30 September 2024	704.7	90.6	74.5	3.8	42.4	916.0
Accumulated amortisation						
1 January 2024	13.6	51.2	63.6	-	26.2	154.6
Charge for the period	-	2.2	10.1	-	2.6	14.9
Foreign exchange differences	(0.6)	(1.4)	(2.6)	-	(0.5)	(5.1)
30 September 2024	13.0	52.0	71.1	-	28.3	164.4
Net book value						
1 January 2024	701.7	40.8	13.8	7.7	6.5	770.5
30 September 2024	**691.7**	**38.6**	**3.4**	**3.8**	**14.1**	**751.6**

Notes to the Condensed Consolidated Interim Financial Statements (continued)

8 Intangible assets (continued)

	Goodwill £m	Brands £m	Customer Relationships £m	Development Projects in Progress £m	Software £m	Total £m
Cost						
1 January 2023	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						
1 January 2023	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						
1 January 2023	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**

Brands represents the PureGym brand acquired as part of a business combination and valued at fair value at the date of acquisition. Development Projects in Progress and Software consist of capitalised development costs, being an internally generated intangible asset.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

9 Property, plant and equipment

	Right of use assets £m	Leasehold costs £m	Leasehold improvements £m	Assets under construction £m	Fixtures & fittings £m	IT equipment £m	Total £m
Cost							
1 January 2024	703.5	19.8	339.4	6.4	164.4	11.3	1,244.8
Additions	51.5	0.9	16.8	14.1	33.1	1.0	117.4
Disposals	(6.2)	(0.1)	(6.4)	(0.1)	(3.8)	-	(16.6)
Transfers	-	0.6	6.3	(14.3)	7.4	-	-
Foreign exchange differences	(12.1)	(0.2)	(1.3)	-	(2.2)	(0.3)	(16.1)
30 September 2024	**736.7**	**21.0**	**354.8**	**6.1**	**198.9**	**12.0**	**1,329.5**
Accumulated depreciation							
1 January 2024	286.6	5.2	121.0	-	77.9	7.3	498.0
Charge for the period	49.5	1.0	24.3	-	25.3	1.7	101.8
Disposals	(6.2)	(0.1)	(5.7)	-	(3.3)	(0.2)	(15.5)
Foreign exchange differences	(6.3)	-	(0.5)	-	(0.7)	(0.3)	(7.8)
30 September 2024	**323.6**	**6.1**	**139.1**	**-**	**99.2**	**8.5**	**576.5**
Net book value							
1 January 2024	416.9	14.6	218.4	6.4	86.5	4.0	746.8
30 September 2024	**413.1**	**14.9**	**215.7**	**6.1**	**99.7**	**3.5**	**753.0**

Notes to the Condensed Consolidated Interim Financial Statements (continued)

9 Property, plant and equipment (continued)

	Right of use assets	Leasehold costs	Leasehold improv-ements	Assets under construction	Fixtures & fittings	IT equipment	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
1 January 2023	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							
1 January 2023	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							
1 January 2023	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**

10 Borrowings

Non-current

	30 September 2024 (Unaudited) £m	31 December 2023 (Audited) £m
£520m (2023: £475m) 10.000% Senior Secured Notes	**520.0**	475.0
€505m (2023: €380m) 8.250% Senior Secured Notes	**421.0**	329.6
Unamortised transaction costs	**1.7**	(13.1)
Senior secured notes held at amortised cost	**942.7**	791.5
Amounts owed to Group undertakings	**617.4**	584.6
	1,560.1	1,376.1

Amounts owed to Group undertakings relate to the parent company, Pinnacle Midco 2 Limited. Of the amounts owed to Group undertakings, £497.4m (2023: £468.6m) accrue interest at 8% and £120.0m (2023: £116.0m) accrue interest at 4.375%.

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. 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 are to be used for the acquisition of certain of the trade and assets of Blink Fitness in the USA, as completed on 29 November 2024 (see note 15) 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.

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 30 September 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 Previous RCF was undrawn throughout 2023. As part of the Refinancing, the Group paid down £50 million equivalent of the Previous Notes using cash on balance sheet.

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 period and previous financial year.

The Notes are stated net of unamortised transaction costs. The amount is a liability as at 30 September 2024, as compared to an asset at 31 December 2023, due to the timing of receipt and payment of the premium on issue and interest in relation to the additional note issue in September 2024.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

11 Financial instruments

	30 September 2024 (Unaudited) £m	31 December 2023 (Audited) £m
Financial assets measured at amortised cost		
Cash and cash equivalents	**259.2**	108.2
Trade receivables	**5.8**	8.3
Other debtors (current and non-current)	**19.5**	15.8
Amounts owed by Group undertakings	**1.2**	1.2
	285.7	133.5
Financial liabilities measured at amortised cost		
Trade creditors	**31.4**	26.6
Other liabilities (current and non-current)	**6.1**	3.7
Accrued expenses	**65.7**	59.2
Interest and commitment fee accruals	**25.1**	17.3
Amounts owed to Group undertakings	**617.4**	584.6
Senior secured notes	**941.0**	804.6
	1,686.7	1,496.0

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 are no Level 3 valuations.

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 finance leases, 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 is calculated by discounting the future cash flows at prevailing market interest rates, categorised as a Level 2 valuation. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 September 2024.

There were no transfers between levels throughout the period under review.

	Carrying Value		**Fair Value**	
	30 September 2024 (Unaudited) £m	31 December 2023 (Audited) £m	**30 September 2024 (Unaudited) £m**	31 December 2023 (Audited) £m
Financial liabilities				
€505m (2023: €380m) 8.250% Senior Secured Notes	**421.0**	329.6	**445.2**	342.5
£520m (2023: £475m) 10.000% Senior Secured Notes	**520.0**	475.0	**551.7**	491.6

Notes to the Condensed Consolidated Interim Financial Statements (continued)

12 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 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 30 September 2024, the €505.0m Euro Notes had a carrying amount of £421.0m based on an exchange rate of 0.834.

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. During the period, the Group's exposure to the risk of changes in market interest rates related primarily to the Group's bank borrowings with floating interest rates.

As at 30 September 2024 and 31 December 2023, the Group had 100% of its borrowings in fixed rate instruments by way of senior secured loan notes, amounts owed to group undertakings and lease liabilities. The Group has access to a £175.5m revolving credit facility with floating interest rates but was not drawn down on this facility at the end of the period.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and operational liabilities and by maintaining adequate cash reserves.

The table below summaries the maturity profile of the Group's financial liabilities and includes contractual future interest payments:

	30 September 2024 (Unaudited)				
	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	124.9	3.4	-	**128.3**	**128.3**
Lease liabilities	108.4	376.8	347.0	**832.2**	**557.8**
Borrowings	62.2	2,110.2	-	**2,172.4**	**1,558.4**
Total financial liabilities	**295.5**	**2,490.4**	**347.0**	**3,132.9**	**2,244.5**

Notes to the Condensed Consolidated Interim Financial Statements (continued)

12 Financial risk management objectives and policies (continued)

	31 December 2023 (Audited)				
	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	117.7	2.1	-	119.8	119.8
Lease liabilities	105.2	341.1	368.6	814.9	534.6
Borrowings	38.5	1,664.1	-	1,702.6	1,422.1
Total financial liabilities	261.4	2,007.3	368.6	2,637.3	2,067.5

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. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

13 Reconciliation of loss before tax to cash generated from operations

	9 months ended 30 September 2024 (Unaudited) £m	9 months ended 30 September 2023 (Unaudited) £m
Loss before income tax	**(54.3)**	(46.1)
Adjustments for:		
Finance income	**(7.7)**	(8.8)
Finance costs	**134.3**	118.2
Depreciation	**101.8**	86.1
Amortisation	**14.9**	16.4
Impairment of property, plant and equipment	**-**	2.4
Share based payments	**0.1**	0.2
Loss on disposal of property, plant and equipment	**0.6**	0.9
Profit on lease modifications	**(1.4)**	(1.0)
Exceptional expense	**2.2**	1.6
Changes in working capital		
Inventories	**(0.9)**	(0.8)
Trade and other receivables	**(1.7)**	(22.3)
Trade and other payables	**11.6**	26.2
Provisions	**(2.0)**	(0.3)
Cash generated from operations	**197.5**	172.7

Notes to the Condensed Consolidated Interim Financial Statements (continued)

14 Changes in liabilities arising from financing activities

	Lease liabilities £m	Borrowings £m	Total £m
Liabilities arising from financing activities at 1 January 2024	**562.9**	**1,389.2**	**1,952.1**
Financing cash flows	(46.8)	149.3	**102.5**
New leases and lease modifications	50.1	-	**50.1**
Foreign exchange adjustments	(6.9)	(12.9)	**(19.8)**
Interest expense	37.9	32.8	**70.7**
Interest payments (presented as operating cash flows)	(39.4)	-	**(39.4)**
Liabilities arising from financing activities at 30 September 2024	**557.8**	**1,558.4**	**2,116.2**

	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	(48.5)	(0.1)	**(48.6)**
New leases and lease modifications	59.2	-	**59.2**
Foreign exchange adjustments	(4.4)	(8.9)	**(13.3)**
Interest expense	35.5	33.8	**69.3**
Interest payments (presented as operating cash flows)	(36.8)	-	**(36.8)**
Liabilities arising from financing activities at 30 September 2023	**534.6**	**1,422.1**	**1,956.7**

15 Events after the end of the reporting period

On 29 November 2024, the Group acquired the corporate operations of Blink Fitness LLC ("Blink Fitness") and the trade and assets of up to 67 of its sites for consideration of USD 121 million (£90 million). The acquisition sites are located across New York and New Jersey, USA, and provide a transformational opportunity to expand the Group's US operations from the existing 3 sites in the Washington DC area. Blink Fitness is a market leading operator in the US high value, low price space, with an operating model and format closely aligned to that of the Group. The acquisition was funded through an issue of additional Senior Secured Notes as described in note 10.

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