

Pure Gym Denmark A/S
Torveporten 2, 4.
DK-2500 Valby
CVR no. 25 65 29 91

Annual report for 2023

Adopted at the annual general meeting on 31
May 2024

Alexander Basil John Wood
chairman

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Statement by management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of Pure Gym Denmark A/S for the financial year 1 January - 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

We recommend that the annual report be approved at the annual general meeting.

Valby, 31 May 2024

Executive board

Morten Nørdum Bentzen

Board of Directors

Alexander Basil John Wood
chairman

Morten Nørdum Bentzen

Zelda Hansson

Independent auditor's report

To the shareholder of Pure Gym Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Pure Gym Denmark A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent auditor's report

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 31 May 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Bo Schou-Jacobsen
State Authorized Public Accountant
MNE no. mne28703

Sune Christensen Bjerre
State Authorized Public Accountant
MNE no. mne47832

Company details

The company

Pure Gym Denmark A/S
Torveporten 2, 4.
DK-2500 Valby

Website: www.puregym.dk

CVR no.: 25 65 29 91

Reporting period: 1 January - 31 December 2023

Domicile: Copenhagen

Board of Directors

Alexander Basil John Wood, chairman
Morten Nørdum Bentzen
Zelda Hansson

Executive board

Morten Nørdum Bentzen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|-----------|-----------|-----------|-----------|-----------|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Key figures | | | | | |
| Revenue | 1,195,178 | 1,189,258 | 768,149 | 914,953 | 1,366,239 |
| Gross profit | 421,945 | 434,704 | 292,758 | 316,654 | 607,162 |
| Profit/loss before amortisation/depreciation, impairment losses and special items | 156,023 | 137,825 | (250,318) | (159,589) | 302,151 |
| Profit/loss before net financials | (47,428) | (67,214) | (270,645) | (342,928) | 122,182 |
| Net financials | (6,583) | (4,716) | (8,070) | (42,084) | (11,314) |
| Profit/loss for the year | (49,362) | (23,064) | (221,453) | (329,534) | 78,731 |
| Balance sheet total | 639,903 | 593,292 | 660,809 | 698,359 | 816,345 |
| Investment in property, plant and equipment | 105,166 | 158,086 | 17,014 | 115,327 | 117,267 |
| Equity | 75,821 | 25,183 | (201,753) | 19,700 | 349,235 |
| Number of employees | 630 | 678 | 795 | 772 | 672 |
| Financial ratios | | | | | |
| Gross margin | 35.3 % | 36.6 % | 38.1 % | 34.6 % | 44.4 % |
| EBIT margin | (4.0)% | (5.7)% | (35.2)% | (37.5)% | 8.9 % |
| Solvency ratio | 11.8 % | 4.2 % | (30.5)% | 2.8 % | 42.8 % |
| Return on equity | (97.7)% | 0.0 % | 0.0 % | (178.6)% | 20.4 % |

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Profit/loss before amortisation/depreciation, impairment losses and special items is calculated as Profit/loss before amortisation/depreciation and impairment losses adjusted for special items.

Management's review

Business review

Pure Gym Denmark A/S (the "Company") is Denmark's largest gym chain and is part of the Pure Gym Group. The Pure Gym Group is one of the largest gym and fitness operators in Europe (by number of sites) with over 600 gyms as at 31 December 2023, £231 million of Reported EBITDA on an IFRS16 basis (up 26.2% versus 2022), £140 million of cash on its Balance Sheet and £315 million of liquidity available to support growth and investment across all its geographies. The Pure Gym Group delivered very strong growth in 2023 and is backed by two of the World's largest private equity investors, KKR and Leonard Green & Partners. The Group's full consolidated Annual Report and financial results for 2023 can be found at the following URL address:

https://s28.q4cdn.com/583314398/files/doc_financials/2023/ar/PureGym-2023-Annual-Report.pdf

2023 was a year of integration for the Company and strategic development, where good progress was made. The Company successfully rebranded from "Fitness World" to "Pure Gym" in May 2023 and there were several important improvements made in systems and operational infrastructure, which is expected to benefit the business performance in 2024 and beyond. In addition, significant investment from the Pure Gym Group to increase estate quality commenced in the year and 5 poor performing sites were closed.

Financial review

Result for the year

Management consider the results for the year satisfactory and in line with their strategy. The Company demonstrated resilience against a challenging economic backdrop and made solid progress against both its strategic objectives and in its key financial trading metrics.

Full year Revenue of DKK 1,195 million was up by +0,5% when compared to the prior year despite operating 5 less sites, representing a solid like-for-like revenue performance.

Gross profit was DKK 422 million versus DKK 435 million in 2022 reflecting the impact of an additional DKK 27 million of special items in the year. Underlying gross profit, before special items, increased from DKK 456 million in 2022 to DKK 470 million in 2023. This growth highlights the benefits of the operational investment and strong cost control, which have successfully limited the underlying impact of macro inflation.

Management focus on Adjusted EBITDA as a key measure of cash profitability for the Company when running the business, which is not a statutory defined measure. However a sensible proxy equates to "Profit/loss before amortisation/depreciation, impairment losses and special items". Against this measure the Company delivered DKK 156 million in 2023, an increase of DKK 18 million (13%) on the DKK 138 million achieved in 2022.

Loss before net financials (EBIT) amounted to DKK -47 million compared to DKK -67 million in 2022, an improvement of DKK 20 million despite the investment in an additional DKK 20 million of special items in 2023. The result for the year was -49 million versus DKK -23 million in 2022 due to material tax credits received in 2022 that did not repeat in 2023.

Management's review

Equity at end of 2023 was DKK 76 million (DKK 51 million higher than in 2022), corresponding to a solvency ratio of 11,8%. During 2023 DKK 100 million was converted from intercompany debt to equity and the Balance Sheet total at the end of 2023 was DKK 640 million, up +47 million versus the prior year.

The Company invested DKK 105 million in tangible assets in 2023, mainly relating to refurbishment of existing gyms and upgrading of gym equipment to support the strategic aim of strengthening the Company's position as market leader, enhancing the brand and investing in improving the member experience and offering.

Expectations for 2024 and follow-up on expectations expressed last year

In 2024, Management expects further significant investment into the estate and a positive improvement in profitability. Management expects the Profit before amortisation/depreciation, impairment losses and special items to be in the range of DKK 170 and 200 million for the year ending 31 December 2024. In 2023, the development in revenue and earnings was in line with Management's expectations. Management expectations for the year 2023 were to achieve DKK 125-150 million EBITDA and management is satisfied with the delivery of DKK 148 million EBITDA before special items.

Capital resources

The Company is fully supported by the Pure Gym Group parent company, which has significant resources at its disposal. Management therefore considers that the Company has ample funds to carry out future operations as planned. See note 1 for further description of the capital resources.

Management's review

Corporate governance

The Board of Directors is responsible for ensuring the overall strategic management and for ensuring that the financial and managerial control of the company is carried out in an appropriate manner.

The Board of Directors constitutes a highly qualified dialogue partner for the Executive Board in relation to strategic initiatives and continuously monitors the company's financial conditions, risk management and business activities.

The Board of Directors consists of three members:

- Alexander Basil John Wood since 2020
- Morten Nørdum Bentzen since 2020
- Zelda Hansson since 2023

Management is responsible for the day-to-day operation of Pure Gym Denmark. The management level consists of Managing Director Morten Nørdum Bentzen and Finance Director Zelda Hansson.

By the end of 2023, Pure Gym Denmark had a total number of employees, including part time employees, of approximately 2,675.

Statutory report on corporate social responsibility

In accordance with section 99a (7) in the Danish Financial Statement Act, Pure Gym Denmark A/S refers to Pinnacle Bidco PLC's Annual Report for the company's statutory reporting on corporate social responsibility. The consolidated financial statements can be requested at the following address: Town Centre House, Merrion Centre, Leeds LS2 8LY, Pure Gym Ltd, UK

The group report of Pinnacle Bidco PLC can also be obtained at the following URL address:
https://s28.q4cdn.com/583314398/files/doc_financials/2023/ar/PureGym-2023-Annual-Report.pdf#page=26

Uncertainty in relation to recognition and measurement

Reference is made to note 4.

Management's review

Statutory report on gender equality

Pure Gym Denmark has a policy of offering all employees equal opportunities and will continue to employ the best-qualified candidate regardless of gender, or political, religious or personal orientation.

Looking at our Board of Directors, we had a balanced gender representation with one female and two males in 2023. This is in line with our target of 33% of members being female.

Looking at our other management referring to the board of directors, we had a balanced gender representation with five females and four males in 2023. Our ambition is to continue the balanced gender representation.

| Leadership | 2023 | | Target |
|--------------------|-------|--------|--------|
| | % F/M | Number | 2024 |
| Board of directors | 33/67 | 3 | 33/64 |
| Other Management | 56/44 | 9 | 56/44 |

Statutory report on data ethics

Introduction

The Company has a data ethics policy pursuant to section 99 d of the Danish Financial Statements Act, and we comply with all legal requirements in our use of data

Data collection is important to fulfil our business purpose, is collected through a variety of technology and can cover a range of different types of data, including:

- Personal data about job applicants, employees, users of our website and app, and suppliers.
- Non-personal data about our operating assets and other operations.

We aim to consistently deliver high data ethics standards around the use of both personal and non-personal data and potential risks are managed by adhering to key underlying principles.

Our Data Ethics Principles

The Company commits to the following data ethics principles:

Equality and fairness

We must strike a fair balance when using data in the business. Data processes must not discriminate and must be fair using machine learning and data processing.

Transparency

We uphold transparency and openness concerning our use of data. We ensure that our data ethics principles remain clear, understandable, and easily accessible.

Management's review

Dignity

Human dignity is respected in all data processing. Data is not used to exploit data of individuals. The Company ensures that we have the members prioritized before commercial interests.

Self-determination

Every human has a self-determination in all data processes. An individual should have control over their own data, including control of what data is collected, what they are used for and in what contexts.

Accountability

The Company is responsible for the data in our possession and all data collection involves human decisions. Therefore, we apply governance of data processes for all parts of our organization, we assess and document permissible uses of our data and systems and we take measures to avoid impermissible uses.

Governance and reporting

Each year we will account for this policy in accordance with section 99 d of the Danish Financial Statements Act. Processing of data must be done with respect for basic guarantees of legal certainty and the level of legal certainty in society.

Accounting policies

The annual report of Pure Gym Denmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2023 is presented in TDKK.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is included in the consolidated financial statements of Pinnacle Bidco PLC and Pinnacle Topco Limited (the ultimate parent company in 2023).

Pursuant to sections §86.4 of the Danish Financial Statement Act, no cash flow statement has been prepared for the company. The company is consolidated with Pinnacle Bidco PLC and Pinnacle Topco Limited, where a company cash flow statement is included.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Statement of goodwill

Gains or losses on the disposal of subsidiaries and associates are stated as the difference between the selling price and the carrying amount of net assets at the time of sale, including non-amortised goodwill and expected costs to sell.

Accounting policies

Acquisitions of entities are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired entity in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess (goodwill) of the cost over the fair value of the acquired identifiable assets and liabilities, including provisions for restructuring costs, is recognised under intangible assets and amortised systematically in the income statement based on individual assessments of the useful lives of the assets. Goodwill from acquisitions can be adjusted until the end of the year following acquisition.

Intra-group business combinations

The book value method is applied to intra-group business combinations such as acquisition of equity investments and mergers, etc., in which entities controlled by the parent company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures.

Income statement

Revenue

The company is using IFRS 15 as interpretation for recognition of revenue.

The company's principal sources of revenue are membership services (fitness gym memberships, including joining fees and live group lessons). Other revenue includes revenues related to the sale of day passes, nutritional products and personal training sessions.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of discounts, returns and value added taxes. The company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below.

Information on segments is based on the company's activities and its internal financial reporting systems. Revenue is divided in sale of memberships, sale of goods and sale of personal training. All revenue is generated in Denmark.

Sale of services

The company provides fitness gym services for its customers. For sale of services, revenue is recognized in the accounting period in which the services are rendered. Delivery of fitness gym services extends throughout the term of membership.

Joining fees and free trial periods are recognized in full at the beginning of the contract period. Membership revenue is recognized on a monthly basis over the contract term.

Accounting policies

Sale of goods

The sale of goods comprises revenue from sales of nutritional and other fitness-related products, such as ready-to-drink beverages, protein powders, merchandise, etc. Sales of these products are recognized in the income statement, provided that risks and rewards have been transferred to the customer and that the income can be reliably measured and is expected to be received, excluding VAT and taxes charged on behalf of third parties.

Sale of personal training

The sale of personal training comprises revenue from sale of personal training service vouchers. Revenue from sale of personal training services is recognized in the income statement as the services are rendered, excluding VAT and taxes charged on behalf of third parties. Sale of vouchers for personal training sessions not used before year-end is recognized as contract liabilities within deferred revenue and will be recognized as revenue in the following financial years.

Segment information on revenue

Information on business segments and geographical segments is based on the company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Cost of goods sold

Costs of goods sold are consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised gains and losses on securities and foreign currency transactions and allowances under the Danish Tax Prepayment Scheme.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed to be max. 10 years.

Customer base and brand are measured at cost less accumulated amortisation. Customer base and brand are amortised on a straight-line basis over its useful life, which is assessed to be 5 years.

Software acquired is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assessed to be 3-5 years.

The estimated economic life of intangible assets, is determined on the basis of management's assessment based on the individual business areas.

Development projects in progress are measured at cost and amortisation over economic period, when finalised and taken into use.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

| | |
|--|------------|
| Other fixtures and fittings, tools and equipment | 3-10 years |
| Leasehold improvements | 5-8 years |

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Accounting policies

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, in addition to what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries, associates and participating interests are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Pure Gym Denmark A/S is adopted are not taken to the net revaluation reserve.

Acquirees are accounted for using the purchase method, see the above description of consolidated financial statements and calculation of goodwill.

Other investments

Deposits are measured at amortised cost, which essentially corresponds to nominal value.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

Accounting policies

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

The company measures the provision for bad debt for all the trade receivables at each reporting date. The provision for bad debt is based on days past due for groups of customers, as well as an individual assessment. This requires management's judgement.

Prepayments

Prepayments recognised under 'Current assets' comprise expenses incurred relating to future financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities. The reserve cannot be used as dividend or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries, participating interests and associates relative to the cost.

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions comprise expected expenses relating restructuring, dilapidation and onerous contracts. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Accounting policies

Provisions are made for dilapidations of leasehold improvements in leased properties. Management make estimates of the amount and timing of future payments in relation to the restoration of leased properties based on contractual obligations and historic experience. Where it is assessed that the likelihood of an outflow of resources to settle a restoration obligation on leased premises is probable, a provision is made for the expected future outflow, discounted to present value to reflect the time value of money.

Provisions for restructuring are recognised when a detailed, formal plan for the restructuring has been made before or on the reporting date and has been announced to the parties involved.

A provision for onerous contracts is made when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting obligations under the contract.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Accounting policies

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income relating to future financial years.

Financial Highlights

Definitions of financial ratios.

| | |
|--------------------|---|
| Gross margin ratio | $\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$ |
| EBIT margin | $\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$ |
| Solvency ratio | $\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$ |
| Return on equity | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$ |

Income statement 1 January - 31 December

| | <u>Note</u> | <u>2023</u> TDKK | <u>2022</u> TDKK |
|--|-------------|------------------------|------------------------|
| Revenue | 2 | 1,195,178 | 1,189,258 |
| Other operating income | 5 | 997 | 485 |
| Raw materials and consumables | | (80,912) | (77,900) |
| Other external expenses | | <u>(693,318)</u> | <u>(677,139)</u> |
| Gross profit | | 421,945 | 434,704 |
| Staff costs | 7 | <u>(313,685)</u> | <u>(318,034)</u> |
| Profit/loss before amortisation/depreciation and impairment losses | | 108,260 | 116,670 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 8 | (145,299) | (177,726) |
| Other operating costs | 9 | <u>(10,389)</u> | <u>(6,158)</u> |
| Profit/loss before net financials | | (47,428) | (67,214) |
| Financial income | | 2,472 | 5,103 |
| Financial costs | 10 | <u>(9,055)</u> | <u>(9,819)</u> |
| Profit/loss before tax | | (54,011) | (71,930) |
| Tax on profit/loss for the year | 11 | <u>4,649</u> | <u>48,866</u> |
| Profit/loss for the year | | <u>(49,362)</u> | <u>(23,064)</u> |
| Distribution of profit | 12 | | |

Balance sheet 31 December

| | <u>Note</u> | <u>2023</u> TDKK | <u>2022</u> TDKK |
|--|-------------|------------------------------|------------------------------|
| Assets | | | |
| Software | | 4,583 | 2,556 |
| Customer base | | 1,215 | 8,775 |
| Goodwill | | 23,151 | 39,641 |
| Development projects in progress | | 0 | 0 |
| Trademarks | | <u>120</u> | <u>240</u> |
| Intangible assets | 13 | <u>29,069</u> | <u>51,212</u> |
| Other fixtures and fittings, tools and equipment | 14 | 112,490 | 119,267 |
| Leasehold improvements | 14 | 149,834 | 170,396 |
| Leasehold improvements in progress | 14 | <u>8,336</u> | <u>7,592</u> |
| Tangible assets | | <u>270,660</u> | <u>297,255</u> |
| Investments in subsidiaries | 15 | 0 | 0 |
| Deposits | 16 | <u>51,771</u> | <u>48,692</u> |
| Fixed asset investments | | <u>51,771</u> | <u>48,692</u> |
| Total non-current assets | | <u>351,500</u> | <u>397,159</u> |
| Finished goods and goods for resale | | <u>9,392</u> | <u>15,332</u> |
| Stocks | 17 | <u>9,392</u> | <u>15,332</u> |
| Trade receivables | | 11,127 | 19,296 |
| Receivables from Group companies | | 17,499 | 8,678 |
| Other receivables | | 6,106 | 4,876 |
| Deferred tax asset | 18 | 129,869 | 122,460 |
| Joint taxation contributions receivable | | 0 | 508 |
| Prepayments | 19 | <u>19,506</u> | <u>11,315</u> |
| Receivables | | <u>184,107</u> | <u>167,133</u> |
| Cash at bank and in hand | | <u>94,904</u> | <u>13,668</u> |
| Total current assets | | <u>288,403</u> | <u>196,133</u> |
| Total assets | | <u><u>639,903</u></u> | <u><u>593,292</u></u> |

Balance sheet 31 December

| | <u>Note</u> | <u>2023</u> TDKK | <u>2022</u> TDKK |
|---|-------------|-----------------------|-----------------------|
| Equity and liabilities | | | |
| Share capital | | 891 | 891 |
| Reserve for development expenditure | | 0 | 773 |
| Retained earnings | | <u>74,930</u> | <u>23,519</u> |
| Equity | 20 | <u>75,821</u> | <u>25,183</u> |
| Other provisions | 21 | <u>131,334</u> | <u>103,961</u> |
| Total provisions | | <u>131,334</u> | <u>103,961</u> |
| Lease obligations | | 6,270 | 17,227 |
| Payables to Group companies | | 144,813 | 89,409 |
| Other payables | | <u>18,304</u> | <u>19,942</u> |
| Total non-current liabilities | 22 | <u>169,387</u> | <u>126,578</u> |
| Short-term part of long-term debt | 22 | 10,957 | 18,769 |
| Trade payables | | 84,865 | 80,173 |
| Payables to Group companies | | 116,050 | 208,768 |
| Joint taxation contributions payable | | 163 | 0 |
| Other payables | | 40,026 | 17,252 |
| Deferred income | 23 | <u>11,300</u> | <u>12,608</u> |
| Total current liabilities | | <u>263,361</u> | <u>337,570</u> |
| Total liabilities | | <u>432,748</u> | <u>464,148</u> |
| Total equity and liabilities | | <u>639,903</u> | <u>593,292</u> |
| Uncertainty about the continued operation (going concern) | 1 | | |
| Special items | 3 | | |
| Uncertainty in the recognition and measurement | 4 | | |
| Fee to auditors appointed at the general meeting | 6 | | |
| Contingent liabilities | 24 | | |
| Mortgages and collateral | 25 | | |
| Related parties and ownership structure | 26 | | |
| Subsequent events | 27 | | |

Statement of changes in equity

| | Share capital | Reserve for development expenditure | Retained earnings | Total |
|---|---------------|---|----------------------|---------------|
| Equity at 1 January 2023 | 891 | 773 | 23,519 | 25,183 |
| Increase of capital by conversion of debt | 0 | 0 | 100,000 | 100,000 |
| Transfers, reserves | 0 | (773) | 773 | 0 |
| Net profit/loss for the year | 0 | 0 | (49,362) | (49,362) |
| Equity at 31 December 2023 | 891 | 0 | 74,930 | 75,821 |

Notes

1 Uncertainty about the continued operation (going concern)

The Company is dependent on continued liquidity from group companies, including Pinnacle Bidco PLC (“the Group”).

The Company has received a letter of support from Pinnacle Bidco PLC stating that they will support the Company to the extent necessary for the financial year 2024, ie. 31 December 2024.

Based on the above it is the assessment of the Executive Board and Board of Directors that the Company has sufficient capital resources to continue operations until 31 December 2024.

Management therefore submits the Annual Report on the assumption of going concern.

| | <u>2023</u> | <u>2022</u> |
|----------------------|-------------------------|-------------------------|
| | TDKK | TDKK |
| 2 Revenue | | |
| Sales of memberships | 1,068,379 | 1,061,216 |
| Sale of goods | 103,240 | 97,856 |
| Personal training | <u>23,559</u> | <u>30,186</u> |
| Total revenue | <u>1,195,178</u> | <u>1,189,258</u> |

All revenue is generated in Denmark.

Notes

| | <u>2023</u> | <u>2022</u> |
|--|------------------------|------------------------|
| | TDKK | TDKK |
| 3 Special items | | |
| Special items comprise costs, which are special due to their size or nature e.g. restructuring costs, recognition of onerous contracts etc. | | |
| Special items for the year relates to a number of different non-recurring events as shown below and are recognised in the income statement as follows: | | |
| Other external expenses | (47,763) | (21,155) |
| Impairment of tangible and intangible assets | (23,888) | (38,448) |
| Other operating costs | (10,389) | (1,925) |
| Tax on profit/loss for the year | 0 | 21,326 |
| Total | (82,040) | (40,202) |
| Special items consists of: | | |
| Rebranding costs | (16,766) | 0 |
| Restructuring costs | (4,332) | (1,877) |
| Impairment on tangible and intangible assets | (23,888) | (38,448) |
| Onerous contracts | (14,071) | (19,278) |
| Expenses regarding legal disputes | (12,594) | 0 |
| Tax effect of impairment in previous years | 0 | 21,326 |
| Loss on sale of assets | (10,389) | (1,925) |
| | <u>(82,040)</u> | <u>(40,202)</u> |

Notes

4 Uncertainty in the recognition and measurement

The preparation of the Financial Statements requires Management to make estimates and judgements.

These are the basis for recognition and measurement of the Company's income, expenses, assets and liabilities. This means that an estimate can be subject to significant uncertainty. The applied estimates are based on historical data, experience, assumptions concerning future developments and other factors that Management considers appropriate under the given circumstances, but which are inherently uncertain or unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates.

Significant estimates are normally made when estimating the following:

Impairment test

Estimates are applied in the assessment of future revenues, gross profits, operating margins, discount rates and growth expectations in the terminal period in the impairment testing (value-in-use calculation). These are based on an assessment of current and future developments in the cash-generating units and on historical data and assumptions of expected future developments.

The applied value-in-use calculation is based on a numerous of significant estimates including:

- Increase in membership revenue due to price increase
- Rent savings
- Other cost savings
- WACC

Deferred tax

Pure Gym Denmark recognizes deferred tax assets, including the tax base of tax loss carry-forwards, if management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. This judgment is made on an ongoing basis and is based on numerous factors, including actual results, budgets, and business plans for the coming years.

Realization of deferred tax assets is dependent upon a number of factors, including future taxable earnings, the timing and amount of which is uncertain.

For other significant estimates, we refer to the section above regarding impairment test.

Provisions

In accounting for leasehold improvements corresponding dilapidation provisions and provisions for onerous contracts, estimations are applied in determining both the leasehold asset and the dilapidation provision. Estimates include assessment of lease periods, utilisation of extension options and applicable discount rates and disputes.

For other significant estimates, we refer to the section above regarding impairment test.

Notes

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|-----------------------|
| | TDKK | TDKK |
| 5 Other operating income | | |
| Gain on sale of assets | 747 | 389 |
| Other operating income | <u>250</u> | <u>96</u> |
| | <u>997</u> | <u>485</u> |
| | | |
| 6 Fee to auditors appointed at the general meeting | | |
| Audit fee | 2,478 | 1,564 |
| Other assurance engagements | <u>96</u> | <u>82</u> |
| | <u>2,574</u> | <u>1,646</u> |
| | | |
| 7 Staff costs | | |
| Wages and salaries | 292,406 | 298,010 |
| Pensions | 15,718 | 14,074 |
| Other social security costs | <u>5,561</u> | <u>5,950</u> |
| | <u>313,685</u> | <u>318,034</u> |
| | | |
| Number of fulltime employees on average | <u>630</u> | <u>678</u> |
| | | |
| According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed. No remuneration has been paid to the Board of Directors. | | |
| | | |
| 8 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | |
| Depreciation intangible assets | 27,467 | 31,339 |
| Depreciation tangible assets | 93,944 | 107,926 |
| Impairment intangible assets | 174 | 1,016 |
| Impairment tangible assets | <u>23,714</u> | <u>37,445</u> |
| | <u>145,299</u> | <u>177,726</u> |

Notes

| | <u>2023</u> | <u>2022</u> |
|--|------------------------|------------------------|
| | TDKK | TDKK |
| 9 Other operating costs | | |
| Change in lease liability | 0 | 4,233 |
| Loss on sale of assets | <u>10,389</u> | <u>1,925</u> |
| | <u>10,389</u> | <u>6,158</u> |
| 10 Financial costs | | |
| Interest paid to Group companies | 5,405 | 3,820 |
| Other financial costs | 3,480 | 5,727 |
| Exchange loss, net | <u>170</u> | <u>272</u> |
| | <u>9,055</u> | <u>9,819</u> |
| 11 Tax on profit/loss for the year | | |
| Deferred tax for the year | (7,430) | (15,357) |
| Adjustment of tax concerning previous years | 2,618 | (2,269) |
| Adjustment of deferred tax concerning previous years | 0 | (30,732) |
| Joint taxation contribution | <u>163</u> | <u>(508)</u> |
| | <u>(4,649)</u> | <u>(48,866)</u> |
| 12 Distribution of profit | | |
| Retained earnings | <u>(49,362)</u> | <u>(23,064)</u> |
| | <u>(49,362)</u> | <u>(23,064)</u> |

Notes

13 Intangible assets

| | Software | Customer base | Goodwill | Development projects in progress | Trademarks | Total |
|---|---------------------|---------------------|----------------------|--|-------------------|----------------------|
| Cost at 1 January 2023 | 110,569 | 71,375 | 296,318 | 76,176 | 600 | 555,038 |
| Adjustment to opening | 60 | 0 | 0 | 0 | 0 | 60 |
| Additions for the year | 7,093 | 0 | 0 | 0 | 0 | 7,093 |
| Disposals for the year | (1,677) | 0 | 0 | 0 | 0 | (1,677) |
| Cost at 31 December 2023 | <u>116,045</u> | <u>71,375</u> | <u>296,318</u> | <u>76,176</u> | <u>600</u> | <u>560,514</u> |
| Impairment losses and amortisation at 1 January 2023 | 108,013 | 62,600 | 256,677 | 76,176 | 360 | 503,826 |
| Adjustment to opening | 60 | 0 | 0 | 0 | 0 | 60 |
| Impairment losses for the year | 175 | 0 | 0 | 0 | 0 | 175 |
| Amortisation for the year | 3,298 | 7,560 | 16,490 | 0 | 120 | 27,468 |
| Reversal of impairment and amortisation of sold assets | (84) | 0 | 0 | 0 | 0 | (84) |
| Impairment losses and amortisation at 31 December 2023 | <u>111,462</u> | <u>70,160</u> | <u>273,167</u> | <u>76,176</u> | <u>480</u> | <u>531,445</u> |
| Carrying amount at 31 December 2023 | <u>4,583</u> | <u>1,215</u> | <u>23,151</u> | <u>0</u> | <u>120</u> | <u>29,069</u> |

Notes

14 Tangible assets

| | Other fixtures and fittings, tools and equipment | Leasehold improvements | Leasehold improvements in progress | Total |
|---|---|---------------------------|--|-----------------------|
| Cost at 1 January 2023 | 564,835 | 666,057 | 7,592 | 1,238,484 |
| Adjustment to opening | (10,294) | 0 | 0 | (10,294) |
| Additions for the year | 56,641 | 40,140 | 8,385 | 105,166 |
| Scrapped and disposals for the year | (93,845) | (60,738) | 0 | (154,583) |
| Transfers for the year | 12 | 7,629 | (7,641) | 0 |
| Cost at 31 December 2023 | <u>517,349</u> | <u>653,088</u> | <u>8,336</u> | <u>1,178,773</u> |
| Impairment losses and depreciation at 1 January 2023 | 445,568 | 495,661 | 0 | 941,229 |
| Adjustment to opening | (10,294) | 0 | 0 | (10,294) |
| Impairment losses for the year | 11,385 | 12,328 | 0 | 23,713 |
| Depreciation for the year | 43,726 | 50,218 | 0 | 93,944 |
| Impairment and depreciation of scrapped assets for the year | (85,526) | (54,953) | 0 | (140,479) |
| Impairment losses and depreciation at 31 December 2023 | <u>404,859</u> | <u>503,254</u> | <u>0</u> | <u>908,113</u> |
| Carrying amount at 31 December 2023 | <u>112,490</u> | <u>149,834</u> | <u>8,336</u> | <u>270,660</u> |
| Value of leased assets | <u>30,148</u> | <u>0</u> | <u>0</u> | |

Notes

| | <u>2023</u> | <u>2022</u> |
|--|-----------------|-----------------|
| | TDKK | TDKK |
| 15 Investments in subsidiaries | | |
| Cost at 1 January 2023 | <u>12,940</u> | <u>12,940</u> |
| Cost at 31 December 2023 | <u>12,940</u> | <u>12,940</u> |
| Revaluations at 1 January 2023 | <u>(12,940)</u> | <u>(12,940)</u> |
| Revaluations at 31 December 2023 | <u>(12,940)</u> | <u>(12,940)</u> |
| Carrying amount at 31 December 2023 | <u><u>0</u></u> | <u><u>0</u></u> |

Investments in subsidiaries are specified as follows:

| <u>Name</u> | <u>Registered office</u> | <u>Ownership interest</u> | <u>Equity</u> | <u>Profit/loss for the year</u> |
|-----------------------|--------------------------|-------------------------------|---------------|-------------------------------------|
| Fitness Institute ApS | Denmark | 100 % | (619) | 641 |

16 Fixed asset investments

| | <u>Deposits</u> |
|--|----------------------|
| Cost at 1 January 2023 | 48,692 |
| Additions for the year | 5,079 |
| Disposals for the year | <u>(2,000)</u> |
| Cost at 31 December 2023 | <u>51,771</u> |
| Impairment losses at 31 December 2023 | <u>0</u> |
| Carrying amount at 31 December 2023 | <u><u>51,771</u></u> |

17 Stocks

| | | |
|-------------------------------------|---------------------|----------------------|
| Finished goods and goods for resale | <u>9,392</u> | <u>15,332</u> |
| | <u><u>9,392</u></u> | <u><u>15,332</u></u> |

Notes

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------------|--------------------------------|
| | TDKK | TDKK |
| 18 Deferred tax asset | | |
| Deferred tax asset at 1 January 2023 | (122,460) | (76,371) |
| Deferred tax recognised in income statement | <u>(7,409)</u> | <u>(46,089)</u> |
| Deferred tax asset at 31 December 2023 | <u><u>(129,869)</u></u> | <u><u>(122,460)</u></u> |
| | | |
| Intangible assets | 986 | 1,875 |
| Property, plant and equipment | 7,122 | 15,227 |
| Prepayments | 2,006 | 1,199 |
| Provisions | (30,151) | (23,818) |
| Liabilities | (3,790) | (7,919) |
| Tax loss carry-forward | (106,042) | (109,024) |
| Transferred to deferred tax asset | <u>129,869</u> | <u>122,460</u> |
| Deferred tax asset | | |
| Calculated tax asset | <u>129,869</u> | <u>122,460</u> |
| Carrying amount | <u><u>129,869</u></u> | <u><u>122,460</u></u> |

19 Prepayments

Prepayments comprise mainly of prepaid expenses regarding rent, IT licenses and other external costs.

20 Equity

The share capital consists of 891,103 shares of a nominal value of TDKK 0.001. No shares carry any special rights.

Notes

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| | TDKK | TDKK |
| 21 Other provisions | | |
| Balance at beginning of year at 1 January 2023 | 103,961 | 60,073 |
| Reversal of provision | (6,937) | (36,609) |
| Provision in year | 54,405 | 92,606 |
| Applied in the year | <u>(20,095)</u> | <u>(12,109)</u> |
| Balance at 31 December 2023 | <u>131,334</u> | <u>103,961</u> |

The expected due dates of other provisions are:

| | | |
|-----------------------|-----------------------|-----------------------|
| Within one year | 34,984 | 41,197 |
| Between 1 and 5 years | 46,289 | 24,865 |
| Over 5 years | <u>50,061</u> | <u>37,899</u> |
| | <u>131,334</u> | <u>103,961</u> |

Other provisions mainly consist of provision related to dilapidation costs of DKK 82 million (2022: DKK 79 million), provision for restructuring of DKK 4 million (2022: DKK 6 million), provision for onerous contracts of DKK 33 million (2022: DKK 19 million) and disputes of DKK 12 million (2022: DKK 0 million).

22 Long term debt

| | Debt at 1 January 2023 | Debt at 31 December 2023 | Instalment next year | Debt outstanding after 5 years |
|-----------------------------|------------------------------|--------------------------------|-------------------------|--------------------------------------|
| Lease obligations | 35,996 | 17,227 | 10,957 | 0 |
| Payables to Group companies | 89,409 | 144,813 | 0 | 0 |
| Other payables | <u>19,942</u> | <u>18,304</u> | <u>0</u> | <u>18,304</u> |
| | <u>145,347</u> | <u>180,344</u> | <u>10,957</u> | <u>18,304</u> |

23 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years, related to personal training offerings and prepaid memberships subscriptions.

24 Contingent liabilities

The company is taxed jointly with the Danish companies in the Group. Together with the other companies in the Group the company is jointly liable for corporate taxes and withholding taxes on dividends, interests and royalties within the joint taxation scheme.

Notes

24 Contingent liabilities (continued)

Operating leases have been concluded with an annual rent and lease payment of DKK 278 million (2022: DKK 288 million). The lease contracts have a residual maturity of up to 12 years with a total nominal residual lease payment of DKK 869 million (2022: DKK 1,047 million).

The company is a guarantor of the financing facilities held by its parent company, Pinnacle Bidco PLC, which holds financing facilities on behalf of the PureGym group ("the Group").

The Group, of which the Company is a part, has £475 million of Senior Secured Notes ("the Sterling Notes") and €380 million of Senior Secured Notes ("the Euro Notes") in issue (together, "the Notes")

The Notes are listed on The International Stock Exchange, for which Pinnacle Bidco PLC is the Issuer and certain subsidiaries of the Group are guarantors. Interest on the Sterling Notes accrues at a rate of 10.00% and interest on the Euro Notes accrues at a rate of 8.25% both payable at half-yearly intervals. The Notes are due to be repaid in full on 11 October 2028.

In addition, the Group has a revolving credit facility of £175.5 million (the "RCF") with five international institutions, repayable 11 July 2028. The RCF replaced the Group's previous revolving credit facility of £145 million (the "previous RCF") on 11 October 2023. Included within the total RCF is a £10 million overdraft facility.

As at 31 December 2023 and 31 December 2022, the RCF and the previous RCF respectively were undrawn.

The RCF is subject to financial covenant condition of a maximum leverage ratio of 8.8x when the RCF is more than 40% drawn, tested on the last day of March, June, September and December each year.

The Group has been in compliance with all covenants of the RCF and the previous RCF since its inception and up to the end of the financial year.

The company acts as guarantor towards Sydbank for its sister company Functional Supply A/S in any outstanding balance between Sydbank and Functional Supply A/S in the event of default.

The company acts in solidarity with Pure Gym Denmark Holding A/S as guarantor towards Sydbank for its sister company PureGym AG in any outstanding balance between Sydbank and PureGym AG in the event of default.

Notes

25 Mortgages and collateral

Tangible assets with a carrying amount of DKK 30 million at 31 December 2023, see note 14, are financed by finance leases. The lease liability totals DKK 18 million at 31 December 2023.

Guarantees on rent obligations constitute DKK 49 million at 31 December 2023. (2022: DKK 51 million).

26 Related parties and ownership structure

Controlling interest

Pure Gym Denmark Holding A/S holds the share capital in the company.
Forward Topco A/S holds the share capital in Pure Gym Denmark Holding A/S.
Pinnacle Europe Holdings Limited holds the share capital in Forward Topco A/S.
Pure Gym Limited holds the share capital in Pinnacle Europe Holdings Limited.
Gym Bidco Limited holds the share capital in Pure Gym Limited.
Gym Midco 2 Limited holds the share capital in Gym Bidco Limited.
Gym Midco Limited holds the share capital in Gym Midco 2 Limited.
Gym Topco Limited holds the share capital in Gym Midco Limited.
Pinnacle Bidco PLC holds the share capital in Gym Topco Limited.
Pinnacle Midco 2 Limited holds the share capital in Pinnacle Bidco PLC.
Pinnacle Midco 1 Limited holds the share capital in Pinnacle Midco 2 Limited.
Pinnacle Topco Limited holds the share capital in Pinnacle Midco 1 Limited.
Green Equity Investors Side VII, LP. holds the largest proportion of the share capital in Pinnacle Topco Limited.

Transactions

The company's intercompany transactions and normal management remuneration has during the year been entered into at arm's length.

Consolidated financial statements

The company is reflected in the consolidated financial statements of the parent company.

The group report can be obtained at the following address:

<https://corporate.puregym.com/investors/results-reports-and-presentations/default.aspx>

27 Subsequent events

No events have occurred after the balance sheet date that would influence the evaluation of these financial statements.