

Pure Gym Denmark Holding A/S
Torveporten 2, 4.
DK-2500 Valby
CVR no. 36 70 03 86

Annual report for 2022

Adopted at the annual general meeting on 19
June 2023

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 Holding A/S for the financial year 1 January - 31 December 2022.

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 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

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

Valby, 19 June 2023

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 Holding 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Pure Gym Denmark Holding A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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.

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.

Independent auditor's report

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.
- 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.

Independent auditor's report

Hellerup, 19 June 2023

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 Holding A/S
Torveporten 2, 4.
DK-2500 Valby

CVR no.: 36 70 03 86

Reporting period: 1 January - 31 December 2022

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

Accounting policies

The annual report of Pure Gym Denmark Holding A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

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

The annual report for 2022 is presented in TDKK.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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.

Income statement

Other operating income

Other operating income includes income from management fee.

Other external expenses

Other external expenses include expenses related to administration.

Accounting policies

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.

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, realised and unrealised gains and losses on 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

Investments in subsidiaries

Investment in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to reduce the investment value to the recoverable amount.

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.

Prepayments

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

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.

Accounting policies

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.

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.

Income statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Revenue		0	0
Other operating income		84	2,818
Other external expenses		(114)	(385)
Gross profit		(30)	2,433
Staff costs	3	(36)	(2,818)
Profit/loss before net financials		(66)	(385)
Financial income	4	15,646	4,462
Financial costs	5	(74,638)	(59,748)
Profit/loss before tax		(59,058)	(55,671)
Tax on profit/loss for the year	6	4,009	6,459
Profit/loss for the year		(55,049)	(49,212)
Recommended appropriation of profit/loss			
Retained earnings		(55,049)	(49,212)
		(55,049)	(49,212)

Balance sheet 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Assets			
Investments in subsidiaries	7	<u>2,186,972</u>	<u>1,936,972</u>
Fixed asset investments		<u>2,186,972</u>	<u>1,936,972</u>
Total non-current assets		<u>2,186,972</u>	<u>1,936,972</u>
Receivables from Group companies		476,240	523,719
Other receivables		0	302
Deferred tax asset		7,388	6,013
Joint taxation contributions receivable		<u>2,544</u>	<u>42</u>
Receivables		<u>486,172</u>	<u>530,076</u>
Cash at bank and in hand		<u>2,873</u>	<u>38</u>
Total current assets		<u>489,045</u>	<u>530,114</u>
Total assets		<u><u>2,676,017</u></u>	<u><u>2,467,086</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Equity and liabilities			
Share capital		200,000	200,000
Retained earnings		<u>673,794</u>	<u>728,843</u>
Equity		<u>873,794</u>	<u>928,843</u>
Payables to Group companies		1,801,375	1,537,320
Other payables		<u>745</u>	<u>745</u>
Total non-current liabilities	8	<u>1,802,120</u>	<u>1,538,065</u>
Other payables		<u>103</u>	<u>178</u>
Total current liabilities		<u>103</u>	<u>178</u>
Total liabilities		<u>1,802,223</u>	<u>1,538,243</u>
Total equity and liabilities		<u><u>2,676,017</u></u>	<u><u>2,467,086</u></u>
Uncertainty about the continued operation (going concern)	1		
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Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2022	200,000	728,843	928,843
Net profit/loss for the year	0	(55,049)	(55,049)
Equity at 31 December 2022	200,000	673,794	873,794

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 Pinnacle Bidco PLC will support the Company to the extent necessary for the financial year 2023, ie. 31 December 2023.

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 year-end 2023.

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

2 Main activity

The Company's only activity is ownership of shares in a subsidiary undertaking.

	2022 TDKK	2021 TDKK
3 Staff costs		
Wages and salaries	27	2,627
Pensions	6	183
Other social security costs	3	8
	36	2,818
Average number of employees	0	1

Employees are employed by the subsidiary Pure Gym Denmark A/S. Remuneration agreement has been made between Pure Gym Denmark Holding A/S and Pure Gym Denmark A/S to cover staff cost and other operational cost paid by Pure Gym Denmark A/S. Those cost are included as other external costs. Remuneration of executive management is disclosed in the financial statements of Pure Gym Denmark A/S.

Notes

	2022 TDKK	2021 TDKK
4 Financial income		
Interest received from Group companies	2,429	709
Other financial income	7	0
Exchange adjustments	0	3,753
Exchange gains	13,210	0
	<u>15,646</u>	<u>4,462</u>
5 Financial costs		
Financial expenses, group entities	74,055	59,647
Other financial costs	47	101
Percentage surcharge, corporation tax	536	0
	<u>74,638</u>	<u>59,748</u>
6 Tax on profit/loss for the year		
Deferred tax for the year	(1,375)	(6,013)
Adjustment of tax concerning previous years	(90)	(404)
Joint taxation contribution	(2,544)	(42)
	<u>(4,009)</u>	<u>(6,459)</u>

Notes

	2022 TDKK	2021 TDKK
7 Investments in subsidiaries		
Cost at 1 January 2022	1,936,972	1,936,972
Additions for the year	250,000	0
Cost at 31 December 2022	2,186,972	1,936,972
Carrying amount at 31 December 2022	2,186,972	1,936,972

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Pure Gym Denmark A/S	Denmark	100 %	25,183	(23,064)
Functional Supply A/S	Denmark	100 %	39,578	9,171
Fitness Institute ApS (subsidiary of Pure Gym Denmark A/S)	Denmark	100 %	(1,260)	234
PureGym AG	Switzerland	100 %	(158,731)	(188,030)

8 Long term debt

	Debt at 1 January 2022	Debt at 31 December 2022	Instalment next year	Debt outstanding after 5 years
Payables to Group companies	1,537,320	1,801,375	0	1,801,375
Other payables	745	745	0	745
	1,538,065	1,802,120	0	1,802,120

Notes

9 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, interest and royalties within the joint taxation scheme.

The Company acts as guarantor towards Sydbank for its subsidiary Functional Supply A/S in any outstanding balance between Sydbank and Functional Supply A/S in the event of default. The guarantee is limited to DKK 20 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").

At the start of the year, the Group, of which the Company is a part, had £430 million of Senior Secured Notes ("the Sterling Notes") and €490 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 6.375% and interest on the Euro Notes accrues at a rate of 5.500% both payable at half-yearly intervals. The Notes are due to be repaid in full on 15 February 2025.

In addition, the Group has a revolving credit facility (the "RCF") with eight international institutions (Barclays Bank PLC, Jefferies Finance LLC, Royal Bank of Canada, Credit Suisse International, ING Bank N.V. Lloyds Bank plc and Danske Bank A/S, collectively "the Lenders"), repayable 15 August 2024. Included within the total RCF is a £10 million overdraft facility.

As at 31 December 2022 and 31 December 2021, the facility was undrawn.

Following amendments to the terms of the RCF on 18 September 2020, and further amendments on 7 January 2021, the Lenders granted a waiver of the pre-existing financial covenants on the RCF for the remainder of the term. The financial covenant is replaced with a £30 million minimum liquidity test on the last day of March, June, September and December each year.

The Group has been in compliance with all such covenants and tests during the current and previous financial years.

Furthermore, the Company has offered a share pledge over its shares in the subsidiary Pure Gym Denmark A/S. The pledge is offered in connection with the issue of the EUR Senior Secured Notes as described above. The pledge is offered to Deutsche Bank AG, London Branch, acting as a security agent.

Notes

10 Subsequent events

Due to restructuring in the Group, Pure Gym Denmark Holding A/S plan to sell PureGym AG in 2023. The buyer will be Pinnacle Europe Holdings Limited.

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

11 Related parties and ownership structure

Consolidated financial statements

Pure Gym Denmark Holding A/S is included in the consolidated financial statements of Pinnacle Bidco PLC and Pinnacle Topco Limited. The consolidated financial statements can be requested at the following address:

Town Centre House, Merrion Centre, Leeds LS2 8LY, Pure Gym Ltd, UK.