

LifeFit Group MidCo GmbH

Group quarterly interim unaudited report

Q2/FY2023 report

as of and for the interim period started 1 November 2022 ended 30 April 2023















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1 Key Figures / Financial Summary

	,	Apr-23 LTM		G	2/FY2023		Q2/FY2023 REPORTED
	AC	Impact of	AC	AC	Impact	AC	AC
EURm	pre IFRS16		under IFRS16	pre IFRS16		under IFRS16	IFRS16
KPIs							
# of Clubs ¹	120			120			
Members ['000]	315.3			315.3			
Joiner Yield [EUR]	39.8			43.2			
ARPM [EUR]	43.6			45.6			
Retention % (annualised)	71.9			71.9			
Profit/Loss							
Revenue	151.1			42.2			42.2
EBITDA ²	5.8	28.9	34.7	4.7	5.9	10.6	10.1
- Adjustments	2.2			0.5			
Adjusted EBITDA	8.0			5.2			
Depreciation & amortisation	-18.1	-20.9	-39.0	-4.2	-4.0	-8.2	-8.1
Exceptionals/One-off charges	-2.9			-0.4			
Operating Profit/Loss	-15.2		-7.2	0.0		1.9	1.9
Income from at equity investments	-0.2			0.0			0.0
Total Finance costs	-11.1	-18.7	-29.8	-3.5	-4.3	-7.8	-7.8
Total Tax	2.8			0.5			0.5
Net Profit/Loss	-23.8		-34.5	-3.0	_	-5.4	-5.4
Cash Flow							
EBITDA ²	5.4			4.7			
Working capital	-6.3			-2.7			
Exceptionals & provisions	-3.9			-1.0			
Interest paid	-4.5			-1.5			
Tax	0.0			0.0			
OPERATING CASH FLOW	-9.3			-0.5			-0.5
Cash flow from investing activities	-23.6			-0.5			-0.5
FREE CASH FLOW	-32.9			-1.0			-1.0
Cash flow from financing activities	21.0			-1.2			-1.2
NET CASH FLOW	-11.8			-2.2			-2.2

For the reason for using pro forma information we refer to section 2.3. Pro forma considers the period of 12 months from May 1, 2022 to Apr 30, 2023 and the business activities of all group companies regardless of the acquisition date.

















¹ excluding franchise clubs

² exluding exceptionals/one-off charges

	Apr-23 LTM				Q2/FY2023							
EURm	LifeFit Group	Fitness First	elbgym	smile X	In Shape	Fitness LOFT	LifeFit Group	Fitness First	elbgym	smile X	In Shape	Fitness LOFT
# of Clubs1 Members ['000] Joiner Yield [EUR] ARPM [EUR] Retention % (annualised)	120 315.3 39.8 43.6 71.9	60 194.2 50.1 49.7 76.6	7 5.4 71.9 82.1 59.9	13 30.9 32.5 29.6 77.7	13 18.3 41.5 52.2 63.0	27 66.5 27.4 27.6 60.1	120 315.3 43.2 45.6 71.9	60 194.2 50.6 52.0 76.6	7 5.4 71.8 105.3 59.9	13 30.9 30.6 32.0 77.7	13 18.3 45.8 48.4 63.0	27 66.5 26.1 27.9 60.1
Profit/Loss Revenue EBITDA ² - Adjustments Adjusted EBITDA	151.1 5.8 2.2 8.0	104.3 1.4 2.2 3.6	5.1 -0.1 0.0 -0.1	10.5 0.9 0.0 0.9	10.6 1.4 0.0 1.4	20.5 2.1 0.0 2.1	42.2 4.7 0.5 5.2	29.4 2.9 0.5 3.5	1.7 0.3 0.0 0.3	2.9 0.7 0.0 0.7	2.6 0.1 0.0 0.1	5.6 0.7 0.0 0.7
Depreciation & amortisation Exceptionals/One-off charges Operating Profit/Loss	-18.1 -2.9 -15.2	-9.0 -4.1 -11.7	-0.7 0.0 -0.8	-2.3 1.3 -0.2	-2.8 0.0 -1.4	-3.3 0.0 -1.1	-4.2 -0.4 0.0	-1.7 -0.4 0.8	-0.2 0.0 0.1	-0.6 0.0 0.1	-0.3 0.0 -0.2	-1.5 0.0 -0.8
Income from at equity investments Total Finance costs Total Tax Net Profit/Loss	-0.2 -11.1 2.8 -23.8	-0.2 -10.7 <u>1.6</u> -21.1	0.0 0.0 0.0 -0.8	0.0 0.0 0.6 0.4	0.0 -0.1 0.7 -0.8	0.0 -0.4 0.0 -1.5	-3.5 0.5 -3.0	-3.4 -0.0 -2.6	0.0 0.0 0.0 0.1	0.0 0.0 0.1 0.3	0.0 0.0 0.1 -0.1	0.0 -0.1 0.3 -0.6
Cash Flow EBITDA ² Working capital Exceptionals & provisions Interest paid Tax OPERATING CASH FLOW	5.4 -6.3 -3.9 -4.5 -0.0	1.4 -7.7 -3.9 -4.5 0.0	-0.1 -0.1 0.0 0.0 0.0	0.9 1.7 0.0 0.0 0.0 2.6	1.4 0.0 0.0 0.0 0.0 1.4	1.7 -0.2 0.0 0.0 0.0	4.7 -2.7 -1.0 -1.5 -0.0	2.9 -2.1 -1.0 -1.5 -0.0 -1.6	0.3 -0.1 0.0 0.0 0.0	0.7 -0.2 0.0 0.0 0.0	0.1 0.0 0.0 0.0 0.0 0.0	0.7 -0.3 0.0 0.0 0.0 0.0
Cash flow from investing activities FREE CASH FLOW Cash flow from financing activities NET CASH FLOW	-23.6 -32.9 21.0 -11.8	-30.2 -44.8 21.5 -23.4	-0.2 -0.2 -0.1 -0.2	-0.2 2.4 -0.2 2.2	1.5 2.9 -0.1 2.8	5.3 6.8 0.0 6.8	-0.5 -1.0 -1.2 -2.2	-0.3 -1.9 -1.0 -2.9	0.2 0.2 0.0 0.2	0.0 0.5 -0.1 0.4	0.0 0.0 0.0	-0.2 0.2 0.0 0.0

Notes















¹ excluding franchise clubs

² exluding exceptionals/one-off charges

2 Management Commentary

2.1 Business overview and strategy

LifeFit Group ("LFG") with its different brands owns market leading positions with high barriers to entry. LFG is among the leading fitness offering operators in Germany, with a portfolio of brands that are market leaders in their respective segments and regions. The Group operates a subscription-based business model which results in high customer stickiness and revenue visibility; the average member stays with the Group for more than 4 years. The multi-brand portfolio creates operational flexibility and allows for club rebranding to react to e.g. changes in customer preference.

Currently LFG is operating seven brands:

- i. The group is built around Fitness First Germany ("FFG") which constitutes the core of operations with its 52 clubs. In the course of a portfolio segmentation in Apr-22, 24 clubs were moved into the FSBP segment (Fitness First Red), 28 remain in the Premium segment (Fitness First Black).
- ii. Hamburg-based premium brand Elbgym with 7 clubs (thereof 1 conversion) was acquired in December 2018 as a first step in developing the Group's multi-brand offering
- iii. Value operator smile X with 21 clubs (of which 6 conversions and 2 franchises) is representing LFG's strategic move into the Full Service Best Price (FSBP) segment
- iv. LFG has an exclusive master franchise agreement with US-based boutique chain Barry's to run clubs in Germany and Austria; Germany's first Barry's opened in Jun 21 in Frankfurt, the second one in Berlin opened in Sep 21, with a total potential of up to 12 clubs
- v. For the Dutch based The Gym Society a first site opened in July 2020 in Cologne (currently relocating)
- vi. In November 2019 LFG and Xponential Fitness, USA, set up a strategic cooperation within a joint venture in order to set up selected boutique fitness concept in Germany with the brands Club Pilates and YogaSix. A first club site (Club Pilates) opened in Frankfurt in May 23.
- vii. LifeFit Group has acquired the 13 club strong network In Shape in the south-west of Germany in May 22, which will strengthen the metro area Stuttgart and will create more opportunities in that region
- viii. In December 2022 LFG acquired FitnessLOFT, a 27 club (+ 1 franchise) strong group, a leading operator in the FSBP segment with high quality interior design focused on northern Germany

LFG is headed by Martin Seibold, who was appointed CEO in 2017 after he successfully repositioned Fitness First UK from 2011 to 2016, subsequently driving its sale to DW Sports.

The Group is present in all major German cities and metropolitan areas, including Berlin, Munich, Frankfurt, Hamburg, Duesseldorf/Cologne and Stuttgart; its long-term leases in prime inner city locations act as a significant barrier to entry for competitors. Through a number of targeted measures, the new management has been able to increase retention rates from 68% in FY17 to 73% in FY19 (best in class levels in the industry being approximately 70%); new joiner yield has been lifted by 9% over the same period and another 8% the year after. Following the above mentioned acquisitions and after full recovery of the membership base, the Group now has around 330,000 members across more than 120 clubs.

The group's strategy is to enable attractive ROI in growth segments of the German fitness market utilising best in class brands. The 120+ corporate owned & managed clubs are at the core of the proposition in the full service best price and premium segments whereas franchise will play the main role in the high end boutique studio market. In the segregated fitness landscape regional M&A represents the dominant opportunity to further strengthen the network.





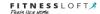












2.2 Current market situation

Following a total of 10 years economic growth for the German economy, the longest growth phase in the history of post-reunified Germany, both the global and the German economic output fell drastically in 2020, primarily driven by the COVID-19 economic crisis.

According to the last industry study of German fitness market (Deloitte "The German fitness market", 16th edition), by the end of last year, average annual growth in revenue stood at 3.2% and average growth in memberships at 5.1% over the last five years.

The German fitness market has grown at a 3.2% CAGR since 2014 until 2018, driven by chains and studios at the expense of the large base of independent operators. The growth within the studio category is driven by a shift in preference towards varied, specialized fitness experiences (e.g. cycling, boxing, yoga). Fitness chains have experienced strong growth in recent years due to increased consolidation among centers and consumers seeking out established chains with a reputable brand. Independent operators have struggled to match the larger chains' value proposition and have thus seen their base erode. This development continued in 2019.

The German fitness market is the largest in Europe and has grown in line with other markets, following a global health and wellness trend. Despite increasing by nearly half since 2010, fitness center penetration (# of centers/population) in Germany remains low compared to other developed markets such as the UK and Scandinavia. New concept and center development, persistent interest in health and wellness and social media provide a strong basis for further growth.

Once the COVID-19 health crisis reached Germany, the entire fitness, leisure and cultural industry experienced a bitter setback. Globally this crisis raises severe social and economic challenges. In order to mitigate the health risks by the Corona-virus and to avoid a collapse of health care systems, governments adopt a strategy of social isolation. As a consequence all fitness clubs were officially closed from mid of March until June and from the beginning of November 2020. LifeFit Group had immediately set up a special task force lead by the CEO and initiated a broad set of actions to ease the adverse operating and financial impact.

During the lockdown periods LFG sent staff into short-time work to keep costs low until the first news of easing the lockdown would appear. The remaining teams focused on digitalization of customer related processes and to prepare the club portfolio for operating under restricted Corona conditions (comply with sophisticated hygiene standards and capacity limitations).

Until mid of June 2020 all LifeFit studios were re-opened again with limited members allowed per sqm. Online booking was mandatory in the beginning of the reopening phase, but government eased restrictions following infection numbers going down.

As a result of the second nation-wide lockdown, all clubs were closed again from 2nd of November 2020. LifeFit quickly responded with prepared measures (e.g. short-time work in all clubs, simplified compensation tools etc.) and the industry-wide cooperation accelerated. After a dozen of clubs (primary in Hessen) were able to reopen for some weeks in March/April 2021 before they had to close again, all of our studios have been operated again since mid of June 2021, including the first Barry's in Germany / Frankfurt and the second one in Berlin (opened in Sep 21).

Due to the fourth covid wave the fitness sector has been faced with further restrictions once again since autumn 2021. All clubs had to introduce 2G (vaccinated, recovered access only) and partly 2G+ (additionally tested) depending on the regional hospitalisation rate.







Since Apr 22 restrictions have been largely lifted and market recovery has been clearly visible with strong numbers throughout the winter season 2022/23. The negative financial impact of covid-19, changed framework conditions as a result of the war in Ukraine (e.g. increased energy cost) and inflation will now probably lead to a consolidation phase in the fitness industry.

2.3 Business development / Financial performance of the period

The result of the second quarter 2022/2023 refers to the period from 1 February 2022 until 30 April 2023. For a better understanding of the financial results of the whole group we present pro forma information considering the 12 months period from 1 May till 30 April and the business activities of all group companies regardless of the acquisition date (especially re In Shape and FitnessLOFT group, which were acquired in May 22, respectively Dec 22).

LTM pro forma revenue of the group amounts to EUR 151.1m. LTM pro forma EBITDA of the group amounts to EUR 8.0m. Considering IFRS 16 effects LTM pro forma EBITDA of the group amounts to EUR 36.9m.

Operational and financial KPIs were significantly impacted by the covid-19 crisis and related club closures from mid of March to mid of June 20 and from November 20 to mid of June 21 which was mitigated by governmental support and monthly recovery. LTM revenues are faced with fade out of governmental support packages (EUR 2.8m remaining in the LTM period). Reopening of all clubs in June 2021 came along with encouraging membership recovery, slowed down in autumn/winter due to stronger restrictions in Germany (2 studios closed) and revenues are now recovering month by month. After consistent monthly additions in the LTM period, current quarter comes along with strong increase of around +15k net members (incl. equivalents), resulting in 332.3k members at the end of Apr 23, which means full membership recovery compared to pre-covid levels (like-for-like). Therefore Total LTM revenues in core business increased by 11.1% compared to FY22 to EUR 151.1m, already reached revenue recovery on a monthly run-rate in Jan-23. Aggregator income continuously improves with month-by-month growth rates at ~10% since reopening. Successful increase of existing member pricing results in EUR +500k add. revenue run-rate from Sep 22 onwards (thereof EUR 100k from Jan-23 onwards and another EUR 100k will be added from May 23 onwards).

Underlying adjusted EBITDA shows strong monthly growth and after returning to break-even in Oct 22, now shows a monthly run-rate of EUR 1.8m in Apr-23, which means EBITDA recovery on a monthly run-rate compared to pre-covid. Initiated business transformation program and cost actions over the last months (esp. reduced electricity consumption) were able to mitigate rent, energy (during peaks) and other cost increase in the short term and will give the chance for sustainable increase in profitability long-term. Adjusted EBITDA in core business increases to EUR 8.0m in the LTM period. From a last three months run-rate perspective, Adjusted EBITDA is already on its way back towards around EUR 20m.

Net Cash Flow for Q2/FY23 was EUR -2.2m, which is primary characterised by monthly increasing EBITDA (EUR +4.7m) and working capital impacts from deferred revenue (EUR -2.7m) as well as final transaction costs re. the FL acquisition (EUR -1.0m). The group's cash position amounts to EUR 13.6m in Apr-23 and stabilises around that level, month-by-month improving free cash flow will be used for earn-outs, net debt redemption and vendor loan repayments.









2.4 Ownership and funding

LifeFit Group MidCo GmbH is a wholly-owned subsidiary of LifeFit Group TopCo GmbH, the parent company of the Group and majority-owned by funds controlled by Oaktree Capital Management, L.P., a global alternative investment management firm with AUM in excess of EUR 100bn. Oaktree has more than 950 employees and offices in Los Angeles (HQ), New York, London, Paris, Frankfurt, Hong Kong, Beijing, Sydney, etc. Oaktree's European Principal group combines special situations investing with more traditional middle-market private equity. Oaktree has owned the global Fitness First operations since 2012. Since then Oaktree has successfully created two multi-brand fitness groups around Fitness First and Barry's Bootcamp: Fitness & Lifestyle Group (the leading multi-brand operator in Australia) and Evolution Wellness (Asia-Pacific's leading multi-brand fitness group). In addition to this, Fitness First UK was successfully repositioned and sold.

On 30 June 2019 Fitness First Germany GmbH, subsidiaries and affiliates (the "Company") were acquired by LifeFit Group MidCo GmbH ("LFM", collectively the "Group"). LFM restructured the Group's finances such that as at 26. July 2019, the Company issued Senior Secured Callable Floating Rate Bonds ("the bond") amounting to EUR 40 million for which LFM and certain subsidiaries are guarantors.

On 6 August 2019, the Group acquired smile X Group. The acquisition was financed through the funds raised from the issuance of the bond and was motivated by smile X's strong operational track record and excellent strategic fit for the Group and offers a complementary service offering and synergy potential in network efficiencies and better purchasing power. The acquisition of smile X will allow the Group to broaden its offering and differentiate itself even more from other middle-market players within the strongly growing value segment.

The Gym Society Germany GmbH ("Gym Society") is a joint venture between MidCo and The Gym Society International B.V. The concept of GymSociety is personalized consultancy for healthy life with a luxurious boutique environment with experienced trainers. The opening of the first studio in Germany is planned for mid-2020.

In November 2019 LifeFit Group and Xponential Fitness, the curator of eight outstanding boutique fitness brands, have announced the signing of a Master Franchise Agreement in order to set up selected boutique fitness concepts in Germany. Starting with Club Pilates and Pure Barre the first studios are set to debut in Germany by next summer. The agreement also includes the flexibility to introduce further brands in Germany.

Xponential Fitness is a thriving franchise organization offering diversified fitness concepts in eight verticals with over 1,325 studio locations open, for a total of more than 3,000 licenses sold, including open studios and international. Xponential's portfolio of brands includes Club Pilates, CycleBar, StretchLab, Row House, AKT, YogaSix, Pure Barre, and Stride, covering key industry verticals and focused on accelerating growth domestically and internationally.

With the acquisition of the two elbgym franchise studios in Munich und Hamburg in Nov 2021, LifeFit is focusing on further growth in the premium performance market and now owns seven elbgym clubs, after another opening in March 2022.

LifeFit Group has acquired the 13 club strong network In Shape in the south-west of Germany in May 22, which will strengthen the metro area Stuttgart and will create more opportunities in that region.

In December 2022 LifeFit Group acquired the 27 club (+ 1 franchise) strong group FitnessLOFT, a leading operator in the FSBP segment with high quality interior design focused on northern Germany.

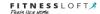












2.5 Significant events after reporting period

Effective as of 30 June 2023 LifeFitGroup MidCoGmbH ("LFG") acquired the 40% stake of Xponential Fitness Brands International LLC ("XPO") in LFG -XPO GmbH. The Master Franchise Agreement of LFG -XPO GmbH with XPO was amended and restated to reflect the new ownership structure in LFG -XPO GmbH and to continue the partnership between LFG and XPO established in 2019.

2.6 Outlook

The whole fitness industry was negatively affected by the Covid-19 outbreak. With having had the studios closed for around 10 months, the LFG has seen implications on financial performance from a short/mid-term perspective. Since clubs are reopen again from mid of 2021 onwards, we have seen consistent recovery, especially in the last two quarters. Membership, Revenue and EBITDA have now fully recovered from a monthly run-rate perspective and last month key drivers generate confidence for further growth. In the long-term LFG is confident that health and fitness will be even more focused in the society.

The negative financial impact of covid-19, changed framework conditions as a result of the war in Ukraine (e.g. increased energy cost) and inflation will probably lead to a consolidation phase in the fitness industry with opportunities for growth via acquisitions. The vast experience in managing different brands in various segments combined with efficient and scalable central services qualifies LFG as a central future player in the German fitness industry. The group's already well-filled M&A pipeline experiences month-by-month growth with great opportunities.

In addition to that LifeFit has opened the first Club Pilates corporate studio in Frankfurt/Germany in May-23, which comes along with overachievement of opening members and franchise growth potential due to a strong lead pool and already signed first franchisees. Moreover negotiations regarding opening the second Xponential concept YogaSix next door in Frankfurt are in full progress.

Finally the planned streamlining of the individual brands provides opportunities to further increase returns in future.



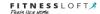












2.7 Other information

Audit

This report has not been subject to review by the Group's auditors.

Contact information

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Financial calendar

The quarterly interim unaudited report for Q3 FY2022/23 is planned to be published on 30 Sep 2023.

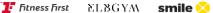
Assurance

The Board of Directors and CEO hereby confirm that this interim report for the second quarter 2022/2023 provides a true and fair overview of the performance of the Group's operations, financial position and earnings, and that it describes the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

Frankfurt am Main, 30 Jun 2023

Martin Seibold Jonathan Kreuter Wolfgang Cyriax CEO and Member of the Board **Director Controlling Director Finance**













3 Condensed Consolidated Financial Statements

3.1 Condensed Consolidated Statement of Comprehensive Income

			2nd Quarter - unaudited -			Year-to-Date - unaudited -			
in EUR k	Note	2022/2023	2021/2022	change	2022/2023	2021/2022	change		
Revenue	3.5.3.1	41.285	23.683	17.603	75.967	46.261	29.706		
State Aid	3.5.3.2	0	5.511	-5.511	0	5.511	-5.511		
Other operating income	3.5.3.2	886	214	672	1.629	655	974		
Cost of materials		1.145	2.800	931	2.058	4.461	-2.403		
Personnel expenses	3.5.3.3	13.483	8.093	10.683	25.663	15.833	9.830		
Other operating expenses		17.415	11.497	5.918	30.256	22.705	7.551		
Amortisation and depreciation	3.5.3.4	8.186	8.578	-392	17.641	17.429	212		
Operating profit		1.943	-1.560	-4.376	1.979	-8.001	9.980		
Income from at-equity		-25	-37	12	-75	-101	26		
Finance income		70	16	54	91	32	59		
Finance costs		7.865	5.630	2.235	15.131	11.526	3.605		
Financial result	3.5.3.5	7.795	5.614	2.181	15.040	11.494	3.546		
Loss before taxes		-5.877	-7.211	-6.545	-13.136	-19.596	6.460		
Income taxes		478	120	358	1.113	294	819		
Net loss for the period		-5.398	-7.091	-6.186	-12.023	-19.302	7.279		

















3.2 Condensed Consolidated Balance Sheet

		-unaudited -	
in EUR k	Note	30.04.2023	31.10.2022
NON-CURRENT ASSETS			
Goodwill	3.5.4.1	47.045	32.943
Intangible assets	3.5.4.1	19.136	8.558
Property, plant and equipment	3.5.4.2	45.032	43.794
Right-of-use-assets	3.5.4.3	104.305	89.535
Non-current trade receivables	0.0.1.0	1.871	1.871
Investments / Joint venture		1	1.0.1
Deferred tax assets		1.531	5.262
		218.921	181.963
CURRENT ASSETS			
Inventories		798	698
Trade receivables		2.430	1.839
Receivables from related parties		750	700
Current income tax assets		171	171
Other non-financial assets		5.774	3.285
Other financial assets		988	988
Cash and cash equivalents	3.5.4.4	13.625	8.404
		24.535	16.085
TOTAL ASSETS		243.456	198.048
EQUITY			
Stammkapital		26	26
Kapitalrücklage		99.521	99.521
Sonstige Rücklagen	0 = 4 =	-208.448	-196.425
EQUITY	3.5.4.5	-108.901	-96.878
NON- CURRENT LIABILITIES			
Financial liabilities	3.5.4.6	64.053	0
Shareholder debt	3.5.4.7	55.430	43.790
Other financial liabilities		12.881	46
Other provisions		2.339	2.639
Lease liabilities	3.5.4.8	122.148	112.651
		256.851	159.126
CURRENT LIABILITIES			
Financial liabilities	3.5.4.6	0	49.853
	3.3.4.0	-	
Trade payables Other non-financial liabilities		10.881	13.789
Other financial liabilities		3.897 58.050	4.457 50.264
		833	719
Other provisions Lease liabilities	3.5.4.8	21.125	16.619
Income tax liabilities	3.3.4.0	720	10.019
income tax nabilities		95.506	135.800
		93.500	133.000
TOTAL EQUITY AND LIABILITIES		243.456	198.048

















3.3 Condensed Consolidated Cash Flow Statement

in EUR k		2nd Quarter - unaudited -			Year-to-Date - unaudited -				
	2022/2023	2021/2022	change	2022/2023	2021/2022	change			
Operating cash flow	-487	26.521	-27.008	6.035	25.664	-19.629			
Investing cash flow	-503	-3.572	3.069	-14.130	-8.686	-5.444			
Financing cash flow	-1.160	-6.726	5.566	13.316	-14.566	27.882			
Cash flow for the period	-2.150	16.223	-18.373	5.221	2.412	2.809			
Beginning cash	15.775	9.229		8.404	23.040				
Closing cash	13.625	25.452		13.625	25.452				

The investing cash flow for the period 01.11.22 – 30.04.23 mainly comprises of EUR 12.5m for the acquisition of FitnessLoft group.

The cash flow from financing for the period 01.11.22 – 31.04.23 includes proceeds from the Bond Top-Up (EUR 13.4m) and an additional shareholder loan (EUR 10.0m). Contrary, EUR 15.7m (prior period: EUR 14.6m) had to be paid for leases.

3.4 Condensed Consolidated Statement of changes in Equity

	Equity attributa	Equity attributable to equity holders of the parent					
	Subscribed capital	Capital reserves	Other reserves	Consolidated equity			
	EUR k	EUR k	EUR k	EUR k			
As of 31 October 2021	26	99.521	-160.029	-60.482			
Profit / loss for the year			-36.394	-36.394			
Total conprehensive income/ loss	0	0	-36.394	-36.394			
As of 31 October 2022	26	99.521	-196.423	-96.878			
Profit / loss for the year			-12.024	-12.024			
Total conprehensive income/ loss	26	99.521	-12.024	-12.024			
As of 30 April 2023	26	99.521	-208.447	-108.902			



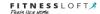












3.5 Explanatory Notes to the Condensed Consolidated Interim Financial Statements

3.5.1 General information

LifeFit Group MidCo GmbH (hereafter the "Company" or "MidCo") was incorporated on 13 March 2019 and organized under the laws of Germany as a "Gesellschaft mit beschränkter Haftung" for an unlimited period. It was acquired by LifeFit Group TopCo GmbH ("TopCo") on 31 May 2019. The parent of MidCo (100% share) is hence LifeFit Group TopCo GmbH, Munich, and the ultimate parent of the group is Fitness First Luxembourg S.C.A., which has its registered office in Luxembourg.

The registered office of the Company was established in Munich and changed to Frankfurt am Main in 2022, the business address is Hanauer Landstraße 148a, 60314 Frankfurt am Main, and the commercial register number is HRB no. 128865 in Frankfurt am Main. The financial year of the Company started on 1 November and ends on 31 October.

These interim consolidated financial statements have been prepared in accordance with the currently applicable International Financial Reporting Standards ('IFRS') of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC); especially in accordance with IAS 34 (Interim Financial Reporting).

3.5.2 Basis of preparation and changes to the Group's accounting policies

3.5.2.1 Basis of preparation

These interim consolidated financial statements of MidCo and its subsidiaries (hereafter the "Group") have been prepared in accordance with the currently applicable International Financial Reporting Standards ("IFRS") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Group financial statements have been prepared on the historical cost basis, except for derivative financial instruments, which have been measured at fair value. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (EUR k) except where otherwise indicated.

3.5.2.2 Basis of consolidation and consolidated companies

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 April 2023 with comparative figures as at 30 April 2022 for the income statement and the cash flow statement and as at 31 October 2022 for the balance sheet. Subsidiaries are all entities over which the Group has control. The comparative "Year-to-Date" figures for the income statement and the cash-flow-statement comprise the time period from 1 November 2021 to 30 April 2023. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.



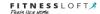












3.5.2.3 Going concern

After making enquiries, and in consideration of the foregoing, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the group continues to adopt the going concern basis in preparing the quarterly financial statements.

Cash balances have been projected out until Oct 2024 and are expected to remain positive based on the current framework conditions.

3.5.3 Results for the year

3.5.3.1 Revenue

Revenue relates wholly to sales in Germany. In the following table, revenue is disaggregated by revenue type and by brand name:

in EUR k		2nd Quarter - unaudited -		Year-to-Date - unaudited -			
Brand Name	2022/2023	2021/2022	change	2022/2023	2021/2022	change	
Fitness First	28.755	20.144	8.611	55.394	39.322	16.072	
SmileX	2.859	2.586	273	5.493	5.089	404	
Elbgym	1.656	953	703	2.880	1.850	1.029	
InShape	2.563	0	2.563	5.019	0	5.019	
FirnessLoft	5.453	0	5.453	7.182	0	7.182	
TOTAL	41.285	23.683	17.602	75.967	46.261	29.706	

As in the prior period over 90% of revenue is attributable to membership fees, joining fees and fees for personal trainers. The remaining revenue is attributable to food and beverages as well as fitnessrelated products.

LFG experiences a small degree of seasonality. The majority of members join at the start of the calendar year, and joiner rates also increase after the summer break. 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.













3.5.3.2 Other operating income and State Aid

in EUR k		2nd Quarter - unaudited -		Year-to-Date - unaudited -			
	2022/2023	2021/2022	change	2022/2023	2021/2022	change	
State Aid	0	5.511	-5.511	0	5.511	-5.511	
Miscellaneous	886	214	672	1.630	655	975	
TOTAL	886	5.725	-4.839	1.630	6.166	-4.536	

Other income mainly comprises of gains on sales of assets, recharges and income from vehicle use.

3.5.3.3 Personnel expenses

in EUR k		2nd Quarter - unaudited -		Year-to-Date - unaudited -			
	2022/2023	2021/2022	change	2022/2023	2021/2022	change	
Salaries and wages	11.056	6.636	4.420	21.043	12.983	8.060	
Social security contributions	2.427	1.457	970	4.619	2.850	1.769	
TOTAL	13.483	8.093	5.390	25.662	15.833	9.829	

The increase in personnel expenses mainly results from the fact that in the FY 22/23 the Group's expenses include InShape and FitnessLoft. In addition, no more Covid-19 effects dilute this expense position.

3.5.3.4 Amortization, depreciation and impairment charges of intangible assets, property, plant and equipment and right-of-use-assets

in EUR k		2nd Quarter - unaudited -		Year-to-Date - unaudited -		
	2022/2023	2021/2022	change	2022/2023	2021/2022	change
Depreciation of property, plant and equipment	2.547	2.494	53	6.685	5.327	1.358
Amortisation of other intangible assets	1.644	579	1.065	2.297	1.092	1.205
Amortisation of right-of-use assets	3.994	5.505	-1.511	8.659	11.010	-2.351
TOTAL	8.185	8.578	-393	17.641	17.429	212



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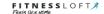












3.5.3.5 Finance costs

The table below shows the breakdown of finance costs:

in EUR k	2nd Quarter - unaudited -			Year-to-Date - unaudited -		
	2022/2023	2021/2022	change	2022/2023	2021/2022	change
Interest expenses from leases (IFRS 16)	4.309	3.968	342	8.169	7.945	224
Interest expenses for shareholder loan	1.017	891	126	2.036	1.789	247
Coupon on bond	2.389	734	1.655	4.149	1.517	2.632
Other	80	21	59	687	243	444
TOTAL	7.795	5.614	2.182	15.041	11.494	3.547

3.5.4 Balance Sheet

3.5.4.1 Business Combinations

Acquisition of In Shape

In May 2022 (effective January 2022) LifeFit Group Midco GmbH acquired Shape InterCo GmbH, which then acquired 8 club operating companies from the original founders of the In Shape group. The fix purchase price amounted to EUR 4.0m and EUR 2.7m were deferred as "ear-out". The difference between purchase price and net assets amounted to EUR 7.1m. It was allocated to EUR 1.1m (net of taxes) to customer contracts and EUR 6.0m goodwill.

The In Shape Group operates 13 clubs in the Stuttgart metropolitan area.

For IFRS accounting although economic transfer was already guaranteed to MidCo beginning January 2022 first-time consolidation according to IFRS accounting rules was to be placed as at 1st May 2022.

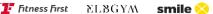
Acquisition of FitnessLoft

In December 2022 LifeFit Group Midco GmbH acquired LOFT Holding GmbH. The FitnessLoft group operates 27 (+1 franchise) clubs in the north-western area.

The fix purchase price amounted to EUR 7.3m, EUR 1.1m were deferred as loan and EUR 15.1m were deferred as "ear-out". The difference between purchase price and net assets amounted to EUR 22.5m. It was allocated to EUR 8.5m (net of taxes) to customer contracts and EUR 14.5m goodwill.

The first-time consolidation was placed as at 1st January 2023.





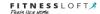












3.5.4.2 Intangible assets

The movement in intangible assets during the current fiscal period was as follows:

	Goodwill EUR k	Customer bases and contracts/ brand name EUR k	Licenses, software and other EUR k	Total EUR k
Cost	LONK	LONK	LONK	
as of 1 November 2022 Additions from business	33.843	13.276	3.192	50.311
combinations	14.102	12.420	455	26.977
Additions	0	0	0	0
Costs as of 30 April 2023	47.945	25.696	3.647	77.288
Amortization and impairment losses				
as of 1 November 2022	900	6.741	1.170	8.810
Additions during the period	0	2.187	110	2.297
Amortization and impairment				
losses as of 30 April 2023	900	8.928	1.280	11.107
Net carrying amounts				
1 November 2022 Net carrying amounts	32.943	6.535	2.022	41.501
30 April 2023	47.045	16.768	2.367	66.181

Additions of intangible assets in the amount of approx. EUR 27.0m are due to the first-time consolidation of the FitnessLoft group. They mainly relate to EUR 12.4m customer lists and EUR 14.1m goodwill.

3.5.4.3 Property, plant and equipment

The movement in property, plant and equipment of the current fiscal year was as follows:

	Leasehold improvements	Other equipment, furniture and fixtures	Prepayments and assets under construction	Total
	EUR k	EUR k	EUR k	EUR k
Cost				
as of 1 Novemer 2022	39.962	24.984	8.436	73.382
Additions Additions from business	555	100	0	655
combinations	4.700	2.568	0	7.268
Reclassifications	0	0	0	0
Disposals	0	0	0	0
Costs as of 30 April 2023	45.217	27.652	8.436	81.305
impairment losses as of 1 November 2022	18,381	11,207	0	29.587
	18.381 3.558	11.207 3.126		
Additions during the period			0	6.685
Disposals Depreciation and impairment	0	0	0	0
losses as of 30 April 2023	21.939	14.333	0	36.272
Net carrying amounts				
1 November 2022	21.581	13.777	8.436	43.794
Net carrying amounts 30 April 2023	23.277	13.319	8.436	45.032
		the ca		















Additions of property, plant and equipment in the amount of approx. EUR 10.3m are due to the firsttime consolidation of the FitnessLoft group.

3.5.4.4 Right-of-use- assets

We refer to section 3.5.4.9 Leases of the explanatory notes.

3.5.4.5 Cash and short-term deposits

The composition of cash and cash equivalents is as follows:

	As of 30 April 2023	As of 31 October 2022
	EUR k	EUR k
Cash in bank and on hand	13.620	8.390
Cash in transit	5	14
Total	13.625	8.404

3.5.4.6 Equity

See the presentation in the consolidated statement of equity for information on the development of total equity.

Subscribed capital

The fully paid in share capital is held in full by LifeFit Group TopCo GmbH, Munich, and in form of 26,416 single shares.

Capital reserves

On 30 April 2023, the capital reserve amounted to EUR 99,521k. There were no movements during the periods.

Group Reserves

The group reserves attributable to the owners of the parent amount to EUR -208,448k (31 October 2022: EUR -196,425k).

Total equity

In total, the consolidated equity of the group is negative. The equity position of the group has no legal impact. With approx. EUR 30m the equity of LifeFit Group MidCo GmbH (German GAAP) is positive. If the shareholder debt of EUR 55.4m were classified as equity, the consolidated equity of the group would amount to EUR -53.5m.

Besides the accumulated losses until 30 April 2023 the negative consolidated equity of the group results from the difference of the purchase price of the acquisition of shares in Fitness First Germany GmbH, Elbgym GmbH and Barry's Bootcamp GmbH by LifeFit Group MidCo GmbH and Fitness First Germany GmbH's book value of net assets. The transaction had to be accounted for as a "transaction under common control" and no hidden reserves of Fitness First Germany GmbH, such as brand name, customer contracts or goodwill were considered. Had the transaction happened under third parties, the consolidated equity of the group would be substantially positive.



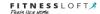












3.5.4.7 Borrowings

	Interest rate	Maturity	As of 30 April 2023 kEUR	As of 31 October 2022 kEUR
Current interest-bearing loans and borrowings				
Lease liabilities	5% - 15%	2023 (PY.: 2022)	21.125	16.619
	3% +EURIBOR + (1,5% PIK	, ,		
Revolving credit facility	from Feb 2021)	(PY.: 2023)	0	10.263
	7,5% + 3-Monats-			
	EURIBOR + (2,0% PIK from			
Bond	Jan 2023)	(PY.: 26 July 2023)	0	39.590
Total current interest-bearing loans and borrowings			21.125	66.472
Non-compact interest because leave				
Non-current interest-bearing loans and borrowings				
Lease liabilities	4.45% - 7.20%	2023 - 2036	122.148	112.651
	3% +EURIBOR + (1,5% PIK			
Revolving credit facility	from Feb 2021)	20 Sept 2024	10.300	0
	7.5% + 3M EURIBOR +			
Bond	(2,0% PIK)	26 Jan 2025	53.753	0
Total non-current interest-bearing loans				
and borrowings			186.201	112.651

Revolving credit facility

On 7 February 2020, Lifefit Group MidCo GmbH and Oldenburgische Landesbank Aktiengesellschaft concluded a "Super-Senior Revolving Facility Agreement", which can be used for general business and operational purposes including investments. The facility provides for a total commitment of EUR 10.0 million and ends on 26 July 2023 (in accordance with the repayment date of the bond). The company must pay interest of 3% (plus EURIBOR) on all amounts that are drawn. If the EURIBOR goes negative, the rate is contractually fixed to 0.0%.

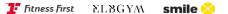
Since management expected that the Financial Covenants in the credit agreement with Oldenburgische Landesbank regarding a minimum EBITDA (calculated for the "last twelve months") were unlikely to be achieved in the 2021 fiscal year, it acted quickly to start discussions with the finance providers and to request a so-called "Waiver Letter". In the context of an amendment dated 26 February 2021, the originally agreed Financial Covenants regarding the testing were suspended until 30 April 2022 and replaced with a "Minimum Cash Covenant". Under the covenant, the company must maintain a minimum amount of cash; this requirement was met at all times during the reporting period.

In the event of a breach of the loan agreements, the creditors could call in the relevant loans under certain conditions, regardless of the contractually agreed term.

In addition, an additional "PIK interest" of 1.5% was agreed in addition to the existing fixed interest rate of 3.0% p.a., with the accumulated amount becoming due on 31 October 2022.

As part of an amendment dated 15 December 2022, the credit line with an original end date of 31 October 2022, as well as the PIK interest that was due by 31 October 2022, were extended until 30 September 2024. The interest was adjusted to 4.5%. Interest must be paid quarterly.

Since the extension was only signed with legally binding effect in December 2022, the credit line was shown under short-term liabilities for the reporting year as of 31 October 2022.





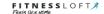












Bond

Terms on the balance sheet date:

Prior to prolongation, the bond (prior-ranking, secured, callable and variable interest bond) had to be repaid in full by 26 July 2023 (see supplementary report). The Group is required to make quarterly interest payments. Quarterly interest consists of a fixed margin of 7.50% p.a. plus the 3-month EURIBOR that applies at the beginning of the interest period. If the 3-month EURIBOR is below 0%, an interest floor applies, so that the variable portion is set at 0%.

After the original issue, the company has the option of increasing the nominal value of the bond once or several times up to kEUR 120,000. Such a subsequent bond issue would be completed at the same terms, but it is dependent on certain criteria and is only available for some investments. No commitment fee is charged for the non-issued bond portion. The company also has the option to repay the entire or part of the bond before final maturity, whereby the strike price of this option does not roughly correspond to the amortised costs of the underlying contract on each exercise date.

The option granted to the company (which could lead to a higher issue volume), as well as the option to repay the already issued volume, are not closely tied to the underlying contract due to the design of the contract's terms and conditions, therefore they are stated separately from the contract. The recognition of these options as well as the lower interest threshold agreement regarding the 3-month EURIBOR (to zero) were classified and reported as a derivative component or a financial derivative liability measured at the fair value, since these were not determined by different risks.

The underlying contract for the bond is entered as a financial liability and measured at amortised cost in subsequent periods. On 31 October 2022, the book value of the financial liability amounted to kEUR 39,590 (previous year: kEUR 38,644).

Accordingly, the interest rate used for the measurement consisted entirely of the margin of 7.5%. Since the sum was negative, the embedded derivatives were entered as a financial liability and measured at the fair value in subsequent periods. The initial measurement resulted in an amount of kEUR 805.

During the reporting period, the fair value of the embedded derivatives changed by kEUR 291 (previous year: kEUR 333), resulting in a book value of kEUR 0 (previous year: kEUR 291) on the balance sheet date.

In December 2022, an agreement for extending the term to 26 January 2025 was reached with the majority of the investors. In this context, the bond was increased by another EUR 15.0 million.

Since the extension was only signed with legally binding effect in December 2022, the bond was shown under short-term liabilities for the reporting year as of 31 October 2022.









3.5.4.8 Shareholder debt

	As of 30 April 2023 kEUR	As of 31 October 2022 kEUR
Principal Shareholder Loan (FFL to MidCo), nominal	22.164	22.164
Recognition in equity of the portion bearing		
interest at a below-market rate	-3.214	-3.214
Accrued interest (effective interest method)	8.299	7.049
	27.249	25.999
Principal Shareholder Loan (TopCo to MidCo)	10.000	10.000
Recognition in equity of the portion bearing		
interest at a below-market rate	-1.419	-1.419
Accrued interest (effective interest method)	3.662	3.098
,	12.243	11.679
Principal Shareholder Loan (TopCo to MidCo) Recognition in equity of the portion bearing	2.716	2.716
interest at a below-market rate	-386	-386
Accrued interest (effective interest method)	996	842
	3.326	3.172
Principal Shareholder Loan (TopCo to MidCo) Recognition in equity of the portion bearing	12.004	2.004
interest at a below-market rate	-400	0
Accrued interest (effective interest method)	- 	0
Accided interest (ellective interest method)	11.676	2.004
	11.076	2.004
Loan from FFGH to Barrry's Bootcamp	936	936
Total	55.430	43.790

Effective 30 June 2019 Fitness First Luxembourg S.C.A., Luxemburg granted MidCo a subordinated loan in the amount of EUR 23,548k. The loan has a term until the expiry of 31 January 2024. The loan is repayable at the end of its term. Repayments and/or interest payments before the end of the term are not permitted. The loan bears interest at a rate of 7% p.a. interest is payable retroactively at the end of the term with the repayment of the loan. The interest itself does not create additional interest.

In addition, effective 27 July 2019 TopCogranted MidCo a further subordinated loan in the amount of EUR 10,000k. The loan has a term until the expiry of 31 January 2024. The loan is repayable at the end of its term. Repayments and/or interest payments before the end of the term are not permitted. The loan bears interest at a rate of 7% p.a. Interest is payable retroactively in full at the end of the term with the repayment of the loan. The interest itself does not create additional interest.

Effective 6 August 2019 TopCo granted MidCo a further subordinated loan in the amount of EUR 1,332k. This loan was settled through an assignment of the vendor loan by the Smile X shareholders. The loan has a term until the expiry of 31 January 2024. The loan is repayable at the end of its term. Repayments and/or interest payments before the end of the term are not permitted. The loan bears interest at a rate of 7% p.a. Interest is payable retroactively in full at the end of the term with the repayment of the loan. The interest itself does not create additional interest.









The above-mentioned loans constitute loans that were granted due to the shareholder relationship. This has the following effects on the statement of financial position and the statement of comprehensive income:

For accounting purposes, the loans are split into a loan granted on regular terms and a shareholder contribution. The present value of the interest benefit is transferred to the capital reserves. These differences are subsequently charged to the financial result using the effective interest method over the original term of the loans (until 31 January 2024). As of inception date the market interest rate was determined at 9.83% which was used for discounting purposes and now reflects the EIR. The difference between nominal amount and present value calculated in an amount of EUR 5,024k has been recorded in equity as contribution.

The lender steps back with all its claims against the borrower under and in connection with the shareholder loan, in particular with its claims for repayment and interest payments and its other accessory claims (the "Subordinated Claims"), behind all claims under the "Senior Secured Callable Bond".

In FY 21/22 the loans of EUR 23,548k and EUR 1,332 were reframed within its nominal amounts affecting also accrued interest and their respective equity portion. Combing these two together there was no effect on the principal, equity and interest expense.

With the contract dated 22 February 2023, the aforementioned shareholder loans were extended until 28 February 2025.

In addition EUR 2.0m and EUR 10.0m were granted in October 2022 and in December 2022 by the shareholder.

3.5.4.9 Leases

Regarding the reported period the company applies IFRS 16 Leases. IFRS 16 Leases supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

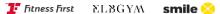
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has lease contracts for various items of buildings (studios, offices, and warehouses), vehicles and fitness equipment. Leases of buildings generally have a non-cancelable lease term of 15 to 20 years, while vehicle and machinery leases have a lease term of 3 to 5 years.

Lease accounting

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets (details further discussed below). The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated













depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section(s) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. The recognition exemption for leases of low value assets is adopted on a lease-by-lease basis.

Lease payments on short- term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

iv) Non-lease components

Contracts often combine different kinds of obligations of the supplier, which might be a combination of lease components or a combination of lease and non-lease components. For a contract that contains a lease component and additional lease and non-lease components, such as the lease of an asset and the provision of a maintenance service, the Group has decided that the components do not need to









be separated, except for Building Lease contracts. No service related components have to be included in the calculation of the Lease liability for the asset class of Buildings.

v) Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

vi) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its building leases, to lease the assets for additional terms of five years (sometimes, several 5 years extension options exist). The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group assessed the renewal period for leases of buildings within the next five years according to the profitability and significance stated in their business plan. The renewal options for leases of fitness equipment and vehicles were not included as part of the lease term because the Group has a policy of leasing vehicles for not more than five years and hence not exercising any renewal options.

Impact on Financials

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:











		Other equipment,	
	Leasehold	furniture and	T
	improvements EUR k	fixtures EUR k	Total EUR k
As of 31 October 2021	90.675	4.133	94.808
Additions from business			
combinations	10.288	0	10.288
Additions / disposals	1.768	1.946	3.714
Amortization expense	-14.202	-2.144	-16.346
Reversals of impairments	2746	0	2.746
Impairments	-5675	0	-5.675
As of 31 October 2022	85.600	3.935	89.535
Additions from business			
combinations	19.500	1.000	20.500
Additions / disposals	2.729	200	2.929
Amortization expense	-7.709	-950	-8.659
As of 30 April 2023	100.120	4.185	104.305

Additions of right-of-use assets in the amount of approx. EUR 10.1m are due to the first-time consolidation of the In-Shape group in the financial year 2022/23. Additions of right-of-use assets in the amount of approx. EUR 20.5m are due to the first-time consolidation of the FitnessLoft group in 2023.

Lease Liability of leased assets per asset class, as follows:

	As of 30 April 2023 EUR k	As of 31 October 2022 EUR k
Leasehold improvements	138.423	124.488
•		
Other equipment, furniture and fixtures	4.850	4.782
	143.273	129.270
	As of 30 April	As of 31

	AS OI SU API II	A3 01 3 1
Maturity of lease liabilities	2023	October 2022
Current (within one year)	21.125	16.619
Non-current (more than one year)	122.148	112.651

The leasing liability at the time of initial recognition was calculated using an average incremental borrowing rate of 15.2%. New contracts and contract adjustments are entered with an interest on capital of 8.0% - 13.3%, depending on the term.

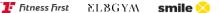
The main part of the difference between the carrying amount of right-of-use assets and the lease liability results from deferred rent-free periods, landlord contributions and impairments which are included in the business acquired.

The Group had total cash outflows for leases of EUR 15.7m for the period from 01.11.2022 until 30.04.2023 (01.11.2021 until 30.04.2022 EUR 14.6m).

Leases not yet commenced

Before 30 April 2023, the Group did not enter into new leasing contracts that only start after the balance sheet date.



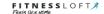












Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management so that the portfolio of leased assets can be managed with a level of flexibility, and so it can be aligned to the Group's business requirements. A determination of whether the exercise of these extension options is reasonably certain requires a lot of discretionary decisions by management (see Note 2.4). The amount of non-discounted, potential future lease payments for periods after extension options have been exercised is rather immaterial as virtually all extension options were assumed to be exercised.

Extension options

As of 30 April 2023 deferred taxes contain deferred tax assets amounting to EUR 42.7m resulting from lease liabilities as well as deferred tax liabilities amounting to EUR 33.3m resulting from right-of-use assets.

3.5.5 Financial risk management objectives and policies

Regarding the risk factors, both general risks pertaining to the Group's business operations and material risks relating to the Bonds as financial instruments, we refer to our descriptions in the audited management report, which is part of the consolidated financial statements as of 31 October 2022.



