

Registration number: 11385914

Deuce Midco Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2025

Deuce Midco Limited

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Company Information

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Registered Number	11385914
Bankers	Barclays Bank PLC Leicester Leicestershire LE87 2BB
Auditor	Deloitte LLP Statutory Auditor 1 New Street Square London United Kingdom EC4A 3HQ

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

The directors present the Strategic Report of Deuce Midco Limited ("the Company") and its subsidiaries (together, "the Group") for the year ended 31 December 2025.

The Company serves as the holding company for David Lloyd Leisure Limited ("DLL") and its subsidiaries, which operate under the David Lloyd Clubs ("DLC") brand. The Group is Europe's leading premium health and wellness operator, and as at 31 December 2025 managed 137 clubs across 108 locations in the United Kingdom and 29 across mainland Europe.

This Strategic Report provides a detailed overview of the Group's financial performance, strategic direction and principal risks for the year ended 31 December 2025. It incorporates disclosures required under the non-financial and sustainability information statement and the Section 172(1) statement of the UK Companies Act 2006.

Key Highlights

- Membership reached a record 822,000, an increase of 4.7% year-on-year, representing a net gain of 37,000 members.
- Member experience score of 84.7% and a Net Promoter Score of +44, reflecting the continued strength of the Group's premium proposition.
- Strong member engagement, with 62.3 million annual club visits, up 8.5% year-on-year, and average attendance of 6.5 visits per member per month.
- Four new clubs opened during the year, comprising Boadilla in Spain and Colliers Wood, Harlow and Herne Bay in the United Kingdom.
- Revenue of £971.5m (2024: £860.8m), up 13% on the prior year.
- Adjusted EBITDA of £280.9m (2024: £230.6m), up 21.8% on the prior year.
- Operating profit of £205.7m (2024: £193.4m).
- Refinancing successfully completed on 20 November 2025, as described on page 8.
- On 6 November 2025, TDR Capital successfully closed a newly formed continuation vehicle, which acquired majority control of the Group, as described on page 8.

The Group's non-financial key performance indicators (KPIs) are discussed in detail on pages 4 to 6, while financial KPIs are presented on page 19.

Chief Executive's Commentary

I am very pleased with the Group's performance over the year, which reflects strong execution across the business and continued momentum in member engagement. We saw record levels of usage across our clubs, supported by ongoing investment in our premium proposition and the strength of our increasingly scaled estate.

The successful completion of the continuation vehicle and refinancing provides a strong platform to support our next phase of growth. With a robust pipeline of new clubs and projects, and a disciplined approach to investment, the Board remains confident in the outlook for FY26 and beyond.

Business Model

The Group operates a portfolio of premium health and lifestyle clubs, predominantly situated in affluent suburban catchments across the United Kingdom and mainland Europe. Each club is strategically positioned to serve high-income demographics and is designed to deliver a comprehensive, family-focused proposition, combining physical activity, well-being and social interaction.

Club facilities typically include heated indoor and outdoor swimming pools, high-quality racquet courts, group exercise studios, boutique fitness and wellness classes, state-of-the-art gyms, spa retreats, family clubrooms, creches, kids play areas, landscaped outdoor spaces and dedicated workspaces. Members benefit from food and beverage offerings including lounges, restaurants and bars, alongside a fully integrated digital platform that enhances engagement and supports a seamless member experience.

The breadth and quality of the Group's facilities drive extended dwell times, increased ancillary spend and strong market penetration within each catchment area. The premium nature of the proposition, combined with the Group's scale and significant capital investment requirements, creates meaningful barriers to entry: relatively few locations can sustain multiple clubs of comparable standard. These structural characteristics underpin the resilience and defensibility of the Group's competitive position.

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Strategic Report for the Year ended 31 December 2025

Growth Strategy

The Group aims to achieve robust growth by offering an unrivalled premium product, improving its offering to members (we call this “premiumisation”) and building new clubs in new markets. It offers a distinctive and comprehensive health and wellness experience designed to appeal to individuals, couples, and families across all age groups. This approach fosters high levels of member satisfaction, which in turn fuels growth in both membership numbers and spending per member.

The Group is steadily growing its footprint across the UK and Europe. As of the date of this report, it operates 40 locations spanning Ireland, Spain, Italy, the Netherlands, Germany, France, Switzerland, and Belgium.

Through this strategy, the Group has built a well-established track record of profitable growth and consistent cash generation.

Revenue Model

The Group operates a predominantly subscription-based model, with more than 80% of total revenue derived from recurring membership fees. The membership base comprises affluent consumers who prioritise health and wellbeing, providing a stable, high-quality and predictable income stream.

Membership revenue is driven by three principal levers: Yield (pricing), New Member Sales and Attrition. These levers are interdependent and directly influenced by member satisfaction and perceived value. Sustained investment in facilities, club programming and team capability enhances the member experience, supporting retention, pricing flexibility and new member acquisition.

In addition to subscription revenue, the Group generates ancillary income from food and beverage, personal training, swimming and tennis lessons, spa services, franchise rental income and other in-club expenditure. These diversified revenue streams increase average revenue per member, enhance overall club economics and strengthen the resilience of the Group's earnings profile.

The Group's ability to manage pricing, optimise membership growth and sustain industry-leading retention rates underpins a robust earnings profile and supports long-term cash generation and shareholder value creation.

Our Purpose and Values

Purpose and mission

The Group's purpose is “To inspire people to live happier, healthier lives”. The Group's mission is to provide high-quality destinations for the whole family, catering to all age ranges. Through exceptional facilities, expert delivery of a diverse range of products and services, and an unwavering commitment to quality, the Group seeks to create a strong sense of belonging and meaningfully enhance members' lives.

Vision

The Group's vision “My Club for My Life” is defined as follows: "Nobody builds a sense of belonging like David Lloyd Clubs. We can be your me-time and your together-time, your work, rest and play time. Just your workout or your home away from home. However you use us, we can improve your life for all of your life and you will feel part of your Club."

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Values

The successful execution of the Group's vision is underpinned by six core values:

- **Passion To Serve** — We all have genuine passion, enthusiasm and energy to serve our members and make a real difference. We lead the business by seeing it through our customers' eyes and actively seeking opportunities to listen and take action.
- **Will To Win** — We work together to deliver stunning results, and by bringing our A-game every day we find ways to make winning happen.
- **Freedom To Succeed** — We make the best decisions for the business close to the customer. We give each other the confidence, trust and support to succeed and fail.
- **Edge** — We do the right thing, not the easiest thing.
- **We Play** — We create a positive, energetic environment and actively seek out ways to have fun whilst working with each other and with members.
- **Thank You** — We recognise great performance and team members who have gone the extra mile. We thank our teams and individuals personally and we celebrate success.

Strategies and Key Performance Indicators (“KPIs”)

The Group is focused on delivering sustainable and profitable growth through the consistent execution of its premium, family-focused club proposition. Central to this strategy is the creation of exceptional member experience, supported by a well-invested estate, a differentiated product offering and disciplined reinvestment across the portfolio.

This approach creates a virtuous cycle: continued investment enhances member satisfaction, which in turn supports retention, pricing strength and new member acquisition, thereby driving recurring revenue growth and enabling further reinvestment in clubs, people and innovation.

To deliver the Group's vision of “My Club for My Life”, the Group has established a set of clear strategic priorities supported by defined key performance indicators (“KPIs”). These KPIs enable the Board and management to monitor performance, assess progress against strategic objectives and drive accountability across the organisation.

1. Live Life Better

Objective: Help every member live life better by expanding our wellness expertise and use of personalised data.

Target KPIs: In-club attendance >75%; App penetration of 85% by 2025.

During the year, members made 62.3 million club visits, representing year-on-year growth of 8.5%, with average attendance of 6.5 visits per member per month. In-club engagement, measured by average monthly unique member gate swipes, averaged 74.9% for the year - an improvement of 0.8 percentage points compared with the prior year. This growth demonstrates sustained member activity levels and continued strength in utilisation across the estate.

Digital engagement remained strong. As at 31 December 2025, mobile app penetration - defined as the proportion of members aged 14 and over who have downloaded the Group's app reached 78% (2024: 77%), equivalent to approximately 533,000 unique users (2024: 498,000). The app maintains an average member satisfaction rating of 4.7 out of 5, and facilitates 1.8 million online class bookings per month, demonstrating the depth of digital integration within the Group's overall member experience.

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Strategic Report for the Year ended 31 December 2025

Strategies and Key Performance Indicators (“KPIs”) (Continued)

2. Do Good

Objective: Become positively integrated in the local community and put sustainability at our heart.

Target KPI: Carbon Net Zero (as defined under the Greenhouse Gas Reporting Protocol).

In 2025, the Group delivered a gross reduction of 6,000 tonnes of CO₂e across Scope 1 and Scope 2 emissions through targeted decarbonisation initiatives. After accounting for growth-related emissions of approximately 2,000 tonnes, the net reduction for the year was 3,814 tonnes, exceeding the original 3,000-tonne target. Key sustainability initiatives completed during 2025 and independent reassessment of the target KPI have been outlined on pages 11 to 12.

As described on page 12, our goal is to be meaningfully embedded in the communities where we operate. We pursue this by improving access to health and wellbeing for those who might otherwise go without; tackling social disadvantage through job creation and opportunity; and engaging our staff and members to get behind causes that make a difference at a local level.

3. Belonging

Objective: Create a sense of belonging for our members so that they never want to leave.

Target KPI: Member Attrition Turnover ("MAT") of 33% by 2025.

MAT measures the rate of membership turnover over a rolling 12-month period and provides an indicator of long-term retention. MAT is calculated as the total number of members leaving during the previous 12 months divided by the opening membership base for the same period.

For the year ended 31 December 2025, the Group's MAT rate was 34.1%, representing an improvement of 0.7 percentage points compared with the prior year. Total member attrition during the period was 267,450.

The Group takes a proactive approach to reducing member attrition by implementing initiatives that drive greater engagement and more frequent use of its clubs. This is underpinned by ongoing innovation and the continued enhancement of its facilities, programmes and service delivery, ensuring members consistently enjoy a premium experience.

Members who remain with the Group typically visit approximately six times per month or more. Retention improves materially with tenure; members who remain beyond 18 months have an average membership duration of approximately seven years, demonstrating the strength of the Group's community-led proposition and long-term member loyalty.

4. Premiumisation

Objective: Continually innovate and improve our product quality, physically and digitally, inside and outside.

Target KPI: Member experience score of 85% by 2025.

Member experience remains a key strategic focus and is measured through app-based satisfaction scores, which track the proportion of 'good' and 'very good' responses relative to total feedback received.

For the financial year, the Group achieved an average member experience score of 84.7%, representing an increase of 0.9 percentage points year-on-year and the highest score recorded since the introduction of app-based feedback in 2019.

The Group achieved a Net Promoter Score of +44, an improvement of four points on the prior year, reflecting continued strength of the premium proposition. This score is measured internally on a scale of -100 to 100, and represents the difference between the proportion of members who actively promote the brand and those who express dissatisfaction.

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Strategies and Key Performance Indicators (“KPIs”) (Continued)

4. *Premiumisation (continued)*

External brand perception also remains strong, with a Trustpilot rating of 4.4 as at 31 December 2025, positioning the Group among the highest-rated premium gym brands in the United Kingdom.

5. *Effortless service*

Objective: Develop 5-star, personalised customer service that’s supported by digitally intuitive systems and removes barriers for our members and our team.

Target KPI: Mystery shop score of 90% by 2025.

Each club undergoes a minimum of six independent mystery shop assessments annually, evaluated across 40 questions and 14 service and operational categories. For the year ended 31 December 2025, the Group achieved an average mystery visit score of 78.2% (2024: 84.3%).

The year-on-year reduction reflects revisions to the assessment framework, including increased question complexity and stricter evaluation criteria. Management continues to implement targeted improvement initiatives to ensure consistent service quality aligned with the Group's premium positioning.

6. *The Best People Choose Us*

Objective: We attract and keep the best people through our market-leading standards, forward-thinking work environment and the values that guide us.

Target KPI: Employee engagement score of 86% by 2025.

Employee engagement measures the extent to which colleagues feel committed to the Group, aligned with its values and motivated to contribute to its success. Engagement is assessed twice annually through an online survey comprising six core questions. The Board monitors this metric against a target engagement score of 86%.

In the most recent biannual survey, the Group delivered an outstanding employee engagement score of 86% (2024: 87%), remaining firmly in line with the Group's target. As outlined on page 13, the Group fosters this high level of engagement through a compelling employee benefits package and a strong commitment to training and development. Further testament to this, David Lloyd Clubs was proudly ranked among the Top 10 in The Sunday Times' Best Very Large Places to Work in the UK for the third consecutive year, providing powerful external validation of the Group's culture and its exceptional employee proposition.

Operational review

Financial Year 2025 was characterised by continued investment and sustained growth, supported by resilient market demand and disciplined execution of the Group’s strategy. This delivered improved yields and returns across the portfolio, alongside growth in key performance metrics including membership, yield, member experience, revenue and Adjusted EBITDA, as defined on page 20.

The Group ended the year with a closing membership of 822,000, representing an increase of 4.7% during the year. Growth was driven by a combination of like-for-like (“LFL”) membership increases and the successful opening of four new clubs in Boadilla, Colliers Wood, Herne Bay and Harlow. These additions further strengthened the Group’s presence in attractive and established catchment areas.

Member engagement remained robust, with 62.3 million annual club visits and average monthly attendance of 6.5 visits per member, alongside consistently strong member experience and advocacy scores.

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Capital Expenditure and Estate Investment

The Group manages capital expenditure across four distinct categories — New Club Pipeline, Investment and Premiumisation, Maintenance, and Digital Innovation — each aligned to a specific strategic purpose. Total capital expenditure for the year ended 31 December 2025 was £221.9 million, excluding proceeds from sale and leaseback transactions.

New Club Pipeline Capital Expenditure

Pipeline Capital Expenditure represents discretionary spend relating to the expansion of the Group's estate through the development or acquisition of new sites. Opening new clubs requires significant upfront investment, whether transforming existing facilities or building from the ground up, including pre-opening costs such as legal fees and costs associated with lease negotiation and permitted use requirements. These costs are particularly significant given the premium segment of the health and fitness industry in which the Group operates.

A newly opened club typically takes up to five full years of operations to reach Adjusted EBITDA maturity.

Pipeline Capital Expenditure for the year ended 31 December 2025 was £89.5 million, reflecting continued investment in new club openings and sites under construction. Completed in the period were new clubs at Harlow, Herne Bay, Colliers Wood and Boadilla, alongside a transformational refurbishment at Shrewsbury. Further capital was deployed on clubs under construction at St Neots, Kettering, Arese, Bishops Cleeve and Seville.

Sale and Leaseback Transactions

The Group's sale and leaseback strategy is a core component of how new club investments are funded. By combining one-off proceeds from the sale of freehold interests with ongoing Adjusted EBITDA generation during the leasehold period, these transactions enable the Group to maximise returns on Pipeline Capital Expenditure deployed on greenfield expansions.

During the year, the Group completed three sale and leaseback transactions:

On 15 May 2025, the Group completed the sale and leaseback of three European clubs: Boadilla and Aravaca in Spain and Geneva Country Club in Switzerland, generating aggregate proceeds of £56.6 million.

On 8 September 2025, the Group entered into a sale and leaseback agreement in respect of the freehold land and buildings of its newly constructed club in Harlow, generating proceeds of £19.8 million.

On 26 November 2025, the Group entered into a sale and leaseback agreement in respect of the freehold land and buildings of its newly constructed club in Herne Bay, Kent, generating proceeds of £18.6 million.

In aggregate, the three transactions generated total proceeds of £95.0 million during the year.

Investment and Premiumisation Capital Expenditure

Investment and Premiumisation Capital Expenditure represents Adjusted EBITDA-enhancing discretionary spend, comprising the installation of new products and features that improve an existing club's offering, aesthetics, functionality and members' perceived value. This includes new spa retreats, padel and pickleball courts and workstations, with the aim of increasing member satisfaction, membership count and membership yields.

During 2025, the Group completed 14 premiumisation projects, including nine Spa Retreat developments and a full club transformation at Wickwoods. As at 31 December 2025, 52 clubs offered Spa Retreats, further enhancing the Group's differentiated wellness proposition.

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Investment and Premiumisation Capital Expenditure (continued)

Padel continues to represent a significant growth opportunity for the Group. In the period, we committed £12.2 million of capital expenditure to accelerating our padel offering to 253 courts as at 31 December 2025, compared with 66 courts at the end of the prior year. The Group is now the largest padel operator in the United Kingdom. Looking ahead, we expect 20 further clubs to introduce padel during 2026, delivering 87 additional courts.

The Group also broadened its wellness and recovery offering during the year, including the launch of the Female Health Initiative and the expansion of specialist formats such as SPIRIT Pre and Post Natal, Battlebox and Buggies, SPIRIT Dance Meditation and SPIRIT Live Sound Meditation. In parallel, recovery-led innovations — including red-light and halo therapy, enhanced thermal experiences and dedicated gym-floor recovery zones — are being trialled across the estate. Hydro-massage and cryotherapy equipment is now operational in 11 UK clubs and five European clubs, with a further eight installations planned by the end of 2026.

Total Investment and Premiumisation Capital Expenditure for the year ended 31 December 2025 was £85.6 million.

Maintenance Capital Expenditure

Maintenance Capital Expenditure covers the investment required to keep the Group's clubs operating to a premium standard, encompassing equipment replacement, cyclical refurbishment — on average every seven to ten years — dilapidations and emergency capex, as well as IT and networking infrastructure.

Through the cycle, we estimate this requirement at 5–6% of revenue per annum for mature clubs, with flexibility to reduce spend for a period without material operational impact. Maintenance Capital Expenditure for the year ended 31 December 2025 was £40.3 million.

Digital Innovation Capital Expenditure

Digital Innovation Capital Expenditure funds discretionary development of our digital platforms and IT infrastructure. In 2025, investment of £6.4 million was directed primarily towards enhancing the Group's app. Work continues on data-led services integrating connected gym equipment and wearable technology, supporting a more personalised approach to fitness, recovery and longevity. Further enhancements are planned for 2026, including trials of community-based functionality and expanded digital wellbeing content.

Capital Structure

During the period, TDR Capital successfully closed a newly-formed continuation vehicle, which acquired majority control of the Group. The transaction reinforces TDR's long-term commitment and provides ongoing strategic support and investment capacity to fund the Group's next phase of growth. Separately, the Group repaid its existing Senior Secured Notes and the PIK Notes issued by its parent company, Deuce Holdco Limited, and implemented a new refinancing structure comprising £1,295 million of New Senior Secured Notes. The successful execution and scale of the refinancing reflect the strength of the Group's operating performance and its future growth prospects.

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New clubs

The Group has developed a strong pipeline of sites to support its disciplined club roll-out programme over the coming years. Through detailed demographic, competitive and catchment analysis, management has identified significant white space across key target towns and cities, equating to approximately 100 potential opportunities in the United Kingdom and approximately 500 across mainland Europe.

In 2025, the Group expanded its portfolio with the opening of four new clubs in Boadilla, Colliers Wood, Herne Bay and Harlow. These additions further strengthened the Group's presence within attractive catchments aligned to its premium positioning.

In January 2025, the Group took the strategic decision to close its underperforming club in Utrecht following a review of trading performance and long-term return prospects. As a result, the Group ended the year with a total of 137 clubs.

The contracted development pipeline provides good visibility over future openings and supports the Group's medium-term growth ambitions. A summary of contracted pipeline opportunities is set out below.

Date of exchange / completion	Location	Expected Opening Date	Details
December 2022	Furst, Berlin	Q3 2027	Agreement to lease club in Berlin as part of the FÜRST project to build a new club.
April 2023	Meersbuch, Dusseldorf	TBC	Agreement to lease a new site in Meerbusch, Dusseldorf. Lease commenced in March 2024 whereby the Group became a lessee on the headlease, and lessor on the sub lease of an existing club.
May 2023	Nantwich, Cheshire	Q2 2027	Exchanged contracts to purchase land in Nantwich, Cheshire, subject to planning permission.
	Chalfont St Peter, Buckinghamshire	2028	Agreement to lease land in Chalfont St Peter, Buckinghamshire, subject to planning permission.
July 2023	Moraleja, Madrid	Q4 2027	Agreement to lease land, subject to planning permission.
September 2023	Wandsworth	TBC	Entered 35-year headlease agreement for a club in Wandsworth, becoming intermediate lessor for an existing lease.
December 2023	Kettering	Q4 2026	Exchanged contracts to purchase land in Kettering, Northamptonshire, subject to planning permission. The purchase completed in November 2025.
March 2024	Ashford	Q2 2027	Exchanged contracts to purchase land in Ashford, Kent. Planning granted in August 2024.
June 2024	Yeovil	Q1 2027	Exchanged contracts to purchase land in Yeovil, subject to planning permission.
August 2024	St Neots	Q4 2026	Exchanged contracts to acquire land in St Neots, Cambridgeshire, subject to planning. The purchase completed in September 2025.
December 2024	Wirral Waters	Q2 2027	Exchanged contracts to acquire land in Wirral Waters, subject to planning permissions. The purchase completed in March 2026.
January 2025	Tunbridge Wells Bishops Cleeve	2028	Exchanged contracts to purchase land in Tunbridge Wells and Bishops Cleeve, subject to planning permissions.
		Q4 2026	

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New clubs (continued)

Date of exchange / completion	Location	Expected Opening Date	Details
March 2025	Seville, Spain	Q1 2027	Agreement to lease land, subject to planning permission.
May 2025	Milandia, Zurich	2028	Agreement to lease land, subject to planning permission.
June 2025	Hammersmith	Q3 2027	Agreement to lease an existing club, subject to planning permission.
October 2025	Chippenham	2028	Exchanged contracts to purchase land in Chippenham, Wiltshire subject to planning permission.
	Luxembourg	2028	Agreement to lease land, subject to planning permission.
December 2025	Evesham	Q4 2027	Exchanged contracts to purchase land in Evesham, Worcestershire subject to planning permission.
	Northampton	2028	Exchanged contracts to purchase land in Northampton subject to planning permission.
	Arese, Milan	Q4 2026	Completed the purchase of land in Arese, Milan and work to construct a new club on the site commenced.
	Las Rozas, Madrid	2028	Exchanged contracts to purchase land in Las Rozas, Madrid.
January 2026	Hampton Court	2028	Completed the purchase of the freehold of an existing club in Hampton Court, Surrey, awaiting planning permission to redevelop the site.
	Avenue Tennis	Q1 2026	Purchased an existing club in Gillingham, Kent via the acquisition of shares in the company and purchase of freehold land.
	Melich, Barcelona	Q1 2026	Purchased an existing club in Melich, Barcelona via the acquisition of shares in the company.

The Group remains on track to deliver against its strategic expansion objectives, with plans to open or acquire 15 further clubs by the end of 2027. The Board targets a total estate of 170 clubs by the end of 2029, reflecting confidence in the strength of the development pipeline and the long-term growth opportunity across the Group's core markets.

Acquisition

On 1 April 2026, the Group completed the acquisition of Aspria, a luxury health club operator with ten premium members' clubs across Germany, Belgium, Italy and Spain. The transaction represents a significant milestone in the Group's European expansion strategy and, increased the Group's mainland European footprint to 40 clubs, complementing its existing 109 clubs across the United Kingdom as at the date of this report.

The cash consideration paid for the shares was €1 and, on completion, DLL Greenwich Ltd settled external loans of £95.2m (€109.2m) previously held by the acquired entities. This was funded through a combination of the Group's Revolving Credit Facility and an equity drawdown from the Group's ultimate parent, Titan Topco S.a.r.l. and management.

The Aspria clubs expand David Lloyd Clubs' market share across key European markets. The majority of the clubs offer a product mix very similar to the core David Lloyd product offering. The catchment areas of the Aspria portfolio align closely with David Lloyd's existing city footprint. Application of the Group's operational best practices will realise synergies and economies of scale across the enlarged estate.

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Environmental, Social and Governance (ESG)

As Europe's leading premium health and wellness group, the Group recognises that long-term success depends on responsible stewardship of the environment, meaningful engagement with communities and a culture that supports and develops our people. The Group's ESG framework is structured around three core focus areas: Environment, Social and Governance. Each area is underpinned by clear objectives, measurable targets and Board-level accountability.

As outlined on page 14 the Board has established an ESG Committee to provide focused oversight of climate-related and broader sustainability matters.

1. Environment

The Board has reviewed the Group's Net Zero pathway and, recognising the structural constraints that have emerged since the 2022 SBTi commitment, resolved to commission an independent reassessment to ensure future targets remain credible and aligned with operational realities.

Since 2022, the Group has reduced Scope 1 & 2 carbon emissions by approximately 19,000 tonnes of CO₂e, driven by our transition to renewable electricity procurement, more than £20 million of investment in energy reduction technologies and rollout of 40 solar and 3 heat pump projects. While emissions have increased by approximately 8,000 tonnes as a result of business growth and premiumisation, we have delivered a net reduction of 11,000 tonnes over the period.

Specifically for 2025 we have reduced Scope 1 & 2 emissions by 6,000 tonnes, but this is offset by 2,000 tonnes of growth related emissions, giving a net/absolute reduction of 4,000 tonnes. Key initiatives delivered during the year include:

Solar PV

41 rooftop installations are now fully operational, with a further 40 clubs scheduled for Phase 2 installation during 2026. Once complete, the programme is expected to reduce electricity drawn from the grid, and thereby overall energy consumption at participating clubs by 20–40% and deliver an estimated annual saving of approximately 5,500 tonnes of CO₂e. Solar PV is now incorporated as standard in new build developments.

Heat pumps

Three pilot air-source heat pump installations were completed at Cricklewood, Harrogate and Swindon, supporting the transition away from gas-based heating. A further 12 installations are planned for 2026.

CHP removal

A further 10 Combined Heat and Power units were removed during the year. Six more units are planned for removal by the end of 2026.

Corporate Power Purchase Agreement

The Group secured its first CPPA during 2025, covering approximately 60% of total UK electricity consumption from 1 October 2025. The agreement enables electricity to be traced directly to its generation source, enhancing the transparency and integrity of the Group's renewable energy strategy.

Energy efficiency

£2 million of capital expenditure was deployed on the installation and upgrade of Building Management Systems to optimise energy performance across the estate.

EV charging

EV charging infrastructure is being trialled in 14 UK and European locations in support of the Group's Sustainable Travel Policy.

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Environmental, Social and Governance (ESG) (continued)

Net Zero pathway reassessment

The Science Based Targets initiative's (SBTi) ongoing revision to its Corporate Net-Zero Standard proposes material changes to how Scope 3 emissions targets must be set and validated. The Board has commissioned an independent reassessment of the Group's Net Zero pathway as a consequence. This will ensure future targets remain aligned with the emerging framework and reflect the Group's operational realities, including estate growth, legacy infrastructure and site-specific constraints. The Group's underlying commitment to carbon reduction remains firm.

2. Social

Our social responsibilities extend to our members, our people and the communities in which we operate.

Supporting Members' Health and Wellbeing

Enhancing members' physical and mental wellbeing is central to our mission. Through continued investment in facilities, programming and digital integration, we aim to support sustainable, long-term lifestyle change. During 2025, members made 62.3 million club visits, representing growth of 8.5% year-on-year. This level of engagement supports improved member outcomes and contributes to strong long-term retention across the estate.

Making a Difference in the Community

Community is central to what David Lloyd Clubs stands for. Our vision "My Club for My Life" is built on the belief that belonging extends beyond our club walls. We aim to be genuinely integrated into the communities in which we operate, contributing meaningfully to local health, wellbeing and social cohesion.

Our community strategy is focused on three areas where we believe we can have the greatest impact: supporting health and wellbeing access for those who might not otherwise benefit from it; addressing social disadvantage through employment and opportunity; and mobilising our people and members to support causes that matter locally.

Health and Wellbeing Access

As the BBC's official Health and Wellness Partner for Children in Need, we use our expertise and facilities to support the health of children and families across the UK. During 2025 we raised £221,000 through the October campaign, bringing total contributions since the partnership began in October 2023 to £556,274. This partnership reflects our belief that the benefits of an active, healthy lifestyle should reach beyond our membership base.

Addressing Social Disadvantage

Our longest-standing community partnership is with Change Please, the social enterprise coffee brand that trains and employs people experiencing homelessness. In 2025, coffee sales across our UK clubs generated £1.2 million for Change Please, supporting employment, housing and training opportunities. Since the partnership began in 2020, more than £4.5 million has been contributed, 65 graduates have been trained and 230 individuals supported into employment and housing. Importantly, 15 Change Please graduates secured roles within David Lloyd Clubs during 2025, creating a direct pathway from the programme into our own business. This is the kind of partnership we seek — one where commercial activity and social purpose reinforce each other.

During 2025 we also launched the "Driving for Change" mobile support bus, extending healthcare, financial advice and wellbeing services to vulnerable communities that may have limited access to these services. This initiative reflects our ambition to use our scale and resources in ways that go beyond the immediate club environment.

Local Fundraising and Volunteering

Our clubs and colleagues are active participants in their local communities. During 2025, colleagues contributed over 4,000 volunteer hours to local initiatives. The breadth of this activity reflects genuine grassroots engagement rather than centrally directed programmes — from the Newbury Club raising £43,000 through a 24-hour Sportathon for New Life Special Care Babies, to eight West Midlands clubs collectively raising more than £120,000 for Birmingham Women's and Children's Hospital.

In total, the Group contributed £3.8 million during 2025 to support approximately 1,250 charities and community causes, including £2.4 million raised directly through club fundraising activities and member donations.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Making a Difference to our Team Members

Our people are fundamental to delivering the premium member experience that defines David Lloyd Clubs. We aim to create an inclusive environment where team members feel valued, supported and able to develop their careers.

Employee Communication and Consultation

Maintaining open communication with employees remains a priority. Colleagues are kept informed about business performance and key developments through regular updates from senior leadership, internal communications platforms including DL Connect, and structured team meetings.

Employee development is supported through the Group's People Non-Negotiables, ensuring all team members receive a structured induction, clear objectives, regular performance discussions and an annual performance review.

Learning and development

The Group offers over 35 apprenticeship pathways, ranging from entry-level to postgraduate qualifications. During 2025, 117 team members successfully completed apprenticeships, and the Group was recognised as a Top 100 Apprenticeship Employer. Our Step Up programmes covering progression to Head of Department and General Manager roles continue to develop internal talent, with approximately 80% of Step Up to GM participants progressing into General Manager roles within the business.

Wellbeing

All team members receive complimentary club membership. Managers hold Accredited Mental Health First Aid qualifications, and all employees have access to a confidential Employee Advice Line. In March 2025, the Group launched the Medicash scheme, providing employees with access to healthcare benefits. Financial wellbeing support includes competitive pension contributions, life assurance and flexible benefits.

Health and Safety

The Group remains committed to providing a safe and healthy working environment. Health and safety responsibilities are shared across all levels of the organisation, with Directors, managers and team members working together to maintain high standards of safety and compliance.

Diversity, equity and inclusion

The Group's DE&I Strategy, launched in September 2023, encompasses mandatory training for all employees, inclusive recruitment practices and employee-led Inclusion Resource Groups covering disability, ethnicity, mental health, pride and women. The Group was awarded Gold Standard and Leading Edge accreditation by WiHTL during the year. As at 31 December 2025, females represented 31% of senior leadership roles and 57% of total headcount.

Gender diversity

The table below provides a breakdown of the gender of directors, senior managers and employees:

	As at 31 December 2025				As at 31 December 2024			
	Male		Female		Male		Female	
	No.	%	No.	%	No.	%	No.	%
Directors	6	100	-	-	6	100	-	-
Senior managers	153	65	81	35	157	69	71	31
Employees (Headcount)	5,114	43	6,904	57	4,890	43	6,543	57
Total	5,273		6,985		5,053		6,614	

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Making a Difference to our Team Members (Continued)

Gender diversity (continued)

The Board of Directors comprises statutory directors who actively participate in Board meetings. Senior managers are defined as individuals holding key leadership roles, including General Managers, Regional Managers, Regional Sales Managers, senior positions within Club Support, direct reports to the Executive Board and members of the Executive Board. This collective group of senior managers is referred to as the Transformation Group.

Appointments to the Board are made on merit, with the aim of ensuring an appropriate balance of skills, experience and industry knowledge to support effective decision-making and strong governance.

The Group continues to focus on improving female representation in senior leadership positions. The Group's Mean Gender Pay Gap, defined as the percentage by which the average pay of male team members exceeds that of female team members, widened to 14.7% in 2025 (2024: 11.7%), representing a 3 percentage point increase on the prior year. This movement was principally attributable to the gender balance within senior leadership roles, and was further impacted by the payment of 100% bonuses to team members in eligible positions. An increase in the Bonus Gender Pay Gap was also recorded compared to 2024.

Employment of disabled persons

The Group is committed to providing equal employment opportunities and fostering an inclusive workplace. Applications from disabled candidates are considered on the basis of skills and abilities, in line with our equal opportunities principles. Where an employee becomes disabled during their employment, the Group seeks to provide appropriate support, including reasonable workplace adjustments and training, to enable continued employment wherever practicable. Training, career development and promotion opportunities for disabled employees are, as far as possible, aligned with those available to all employees.

3. Governance

The Group maintains a robust governance framework to support responsible decision-making, effective oversight and long-term value creation.

The ESG Committee, chaired by the Executive Chairman and meeting quarterly, is responsible for setting the Group's ESG strategy, overseeing delivery of its sustainability programme and ensuring that ESG considerations are integrated into strategic planning and capital allocation. A Climate Risk Working Group supports the Committee by formally identifying, assessing and monitoring climate-related risks and opportunities, maintaining the Group's Climate-related Risk and Opportunity Register and refreshing scenario analysis periodically to reflect evolving scientific, regulatory and macroeconomic developments.

The Group holds ISO 42001 accreditation for the responsible development and deployment of AI systems, ISO 27001 certification for information security management and ISO 22301-certified business continuity arrangements. It also holds the FITcert Gold Standard Certificate for Operational and Health & Safety Excellence — the first operator to achieve full certification across all clubs under European standard EN17229.

All UK clubs hold a Food Standards Agency rating of "good" or "very good". Internal health and safety audits were conducted across 108 locations during the year, with 103 scoring above 80%.

Our approach to governance extends to anti-bribery and anti-corruption compliance, modern slavery and human rights due diligence, whistleblowing procedures with strict non-retaliation protections, and compliance with the Failure to Prevent Fraud offence introduced under the Economic Crime and Corporate Transparency Act 2023. Mandatory training underpins each of these areas across the organisation.

The Group's tax strategy is published in accordance with Schedule 19 to the Finance Act 2016 and is available at davidlloyd.co.uk. The Group is committed to full compliance with applicable tax laws and maintains a low appetite for tax risk, seeking open and constructive relationships with HMRC and other relevant tax authorities.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Risk management

The Board has overall responsibility for the identification, assessment and management of principal and emerging risks facing the Group. In fulfilling this responsibility, the Board seeks to balance the pursuit of strategic opportunities with effective risk oversight and mitigation.

Day-to-day responsibility for embedding risk management within business operations is delegated to the Executive Committee. The Executive Committee is responsible for implementing appropriate policies, procedures and internal controls designed to manage risk while maintaining operational effectiveness and commercial agility.

As part of its 2025 review, the Board, supported by the Executive Committee, has identified six principal risks that could impact the Group's strategic objectives. These are set out below. The Board and Executive Committee continue to monitor the risk landscape and assess emerging risks on an ongoing basis.

Principal risks and uncertainties

The Board has undertaken an assessment of the principal risks facing the Group, including those that could impact on its business model, future performance, solvency or liquidity. The risks set out below are those which the Board considers to be the most significant in the context of the Group's strategy and operating environment for the year ended 31 December 2025.

Principal risks are reviewed periodically by the Board and monitored through regular reporting from management. The mitigating actions described reflect the policies, procedures and controls in place at the date of approval of these financial statements.

1. Macroeconomic and Geopolitical Environment

Changes in general economic conditions, consumer confidence and geopolitical stability could adversely affect demand for the Group's services and increase operating costs.

The Group operates in markets that may be affected by economic contraction, inflationary pressures, higher energy and commodity prices, interest rate volatility and reduced discretionary consumer spending. While health and fitness is increasingly viewed as an essential lifestyle expenditure, sustained pressure on household income may reduce member acquisition, increase attrition or limit pricing flexibility.

Geopolitical instability, including the ongoing conflict between Russia and Ukraine and heightened tensions in the Middle East including the US/Israel–Iran conflict continues to exert upward pressure on global oil and gas prices, contributing to energy price volatility, supply chain disruption, cyber risk escalation and broader economic uncertainty across the UK and Europe. Elevated energy costs represent a direct operational risk for the Group, given the energy-intensive nature of its club estate, and may adversely impact margins where price increases cannot be fully mitigated through hedging arrangements, efficiency measures or passed on to members. Although the Group has no direct operations in affected regions, the indirect macroeconomic impacts of geopolitical instability may influence consumer sentiment and the Group's cost base.

The recent escalation in global oil and gas prices could contribute to inflationary pressure across the Group's supply chain, affecting the cost of goods, services and capital expenditure programmes. In addition, trade tensions, tariffs or regulatory changes in key markets may further affect supply chains and increase construction and refurbishment costs.

Change in risk assessment from prior year: Elevated risk

Mitigation

The Group takes a proactive approach to managing macroeconomic uncertainty, with trading conditions, consumer sentiment and geopolitical developments kept under continuous review at Executive and Board level. Geographic diversification across the UK and Europe, combined with disciplined cost management and procurement oversight, provides resilience against localised disruption. Energy exposure is actively hedged: 85% of electricity and 83% of gas requirements for 2026 are secured at fixed prices, with 2027 cover currently standing at 60% and 51% respectively.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Principal risks and uncertainties (Continued)

1. Macroeconomic and Geopolitical Environment (Continued)

Continued investment in the premium member proposition supports retention in softer economic conditions, while robust liquidity headroom and regular downside scenario testing ensure the Group remains well-placed to respond to changing circumstances.

2. Member Experience

Delivering a premium member experience is fundamental to the Group's strategy and sustainable profitability. With over 80% of revenue derived from subscriptions, member acquisition and retention are critical to financial performance. A sustained decline in membership levels or engagement could adversely impact revenue, margins and cash flow.

Change in risk assessment from prior year: No material change.

Mitigation

The Group continues to invest in club facilities, product innovation and service standards to maintain a high-quality member proposition. Member engagement and satisfaction are monitored through structured feedback mechanisms and usage data analysis, enabling continuous improvement. Ongoing investment in team training supports consistent service delivery across the estate.

3. Climate Change

Climate change presents both physical and transition risks that could affect the Group's operations, cost base and long-term asset profile.

Physical risks include acute weather events, such as flooding or extreme temperatures, which may disrupt operations, increase maintenance and insurance costs, or impact business continuity. Chronic changes in climate patterns may increase energy demand and operating expenditure across the estate.

Transition risks arise from regulatory developments, carbon pricing, evolving building standards, and changing stakeholder expectations. These may require increased capital investment, accelerate the replacement of legacy heating infrastructure, or result in higher compliance and energy costs. Grid capacity constraints and planning requirements may also influence the pace and cost of decarbonisation.

Change in risk assessment from prior year: No material change.

Mitigation

Climate-related risks are overseen through the Group's ESG governance framework and are incorporated into strategic planning and capital allocation decisions. The Group continues to invest in renewable energy procurement, solar deployment, electrification pilots and energy efficiency initiatives.

The Group's approach to its Net Zero pathway reassessment is described in the ESG section on page 12.

4. Cyber and Data Security

The Group processes significant volumes of personal and commercially sensitive data. A cyber-attack or data breach could result in regulatory penalties, operational disruption, financial loss and reputational damage. The frequency and sophistication of cyber threats continue to increase.

Change in risk assessment from prior year: No material change.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Principal risks and uncertainties (Continued)

4. Cyber and Data Security (continued)

Mitigation

The Group maintains a comprehensive cyber security framework, including:

- A monthly Cyber Security Steering Committee;
- Independently audited (quarterly) cyber maturity assessment using CIS framework;
- Continuous investment in security technologies;
- GDPR-compliant data governance;
- Structured incident response/business continuity processes;
- Supplier security reviews;
- Mandatory employee awareness training;
- PCI compliance for card transactions;
- ISO 27001 certification;
- ISO 22301-certified business continuity arrangements; and
- Cyber insurance coverage.

Cyber security is subject to ongoing review at Executive and Board level.

5. Health and Safety

An injury or fatality involving a member or employee could have serious reputational, legal and financial consequences. Key operational risks include swimming pool incidents (including risk of drowning), child safeguarding matters, fire hazards and allergen-related incidents.

Change in risk assessment from prior year: No material change.

Mitigation

The Group operates comprehensive health and safety policies and governance frameworks, including:

- Clear pool safety procedures and monitoring protocols;
- Documented safeguarding procedures within DL Kids programmes;
- Regular club-level audits and compliance reviews;
- Ongoing policy review and training;
- Appropriate insurance coverage; and
- The introduction of Lynxight AI-enabled Assisted Lifeguard Technology to enhance real-time pool monitoring and provide immediate alerts to staff where potential swimmer distress is detected.

Health and safety performance is reported regularly to management and the Board.

6. Information Technology Dependency

The Group's operations depend on the reliability and availability of core IT systems. System failure or prolonged disruption could impact member services, revenue collection and operational efficiency.

Change in risk assessment from prior year: No material change.

Mitigation

Key systems are hosted with certified third-party providers in secure resilient data centres. Data is regularly backed up and supported by disaster recovery and business continuity plans designed to minimise downtime and ensure service continuity.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Principal risks and uncertainties (Continued)

Emerging Risks

1. Artificial Intelligence

The rapid advancement and adoption of Artificial Intelligence (“AI”), including Generative AI, presents both opportunities and evolving risks for the Group.

AI technologies present opportunities to enhance operational efficiency, decision-making and service delivery. During the prior year, the Group deployed its first AI-powered internal tool, Lloydly, to support the management of HR-related queries. This was followed by the introduction of a member-facing AI capability within the DL App to assist in responding to member enquiries. The Group continues to evaluate and selectively implement further AI use cases across the business, including productivity tools within Microsoft Office 365, enterprise AI platforms and AI-enabled pool monitoring technology (Lynxight), which supports lifeguards by identifying potential swimmer distress and generating real-time alerts.

As adoption expands, the use of AI introduces risks relating to data privacy, cyber security, regulatory compliance, ethical considerations, model accuracy and the potential for unintended outcomes. The regulatory landscape governing AI continues to evolve in the UK and EU and may give rise to additional compliance requirements.

The Group has achieved ISO 42001 accreditation, providing a structured framework for the responsible, ethical and secure development and deployment of AI systems. The Group is developing a formal AI governance framework to manage associated risks, incorporating appropriate controls, human oversight, data protection safeguards and periodic review of AI deployments. Emerging developments in AI are monitored by management and reported to the Board as appropriate.

2. Weight Loss Drugs

The availability and use of weight-loss medications have increased significantly in recent years. A study by researchers at University College London (UCL) estimated that approximately 1.6 million adults in Great Britain used GLP-1 weight-loss medications, such as Wegovy or Mounjaro, between early 2024 and early 2025. Clinical guidance typically recommends increased physical activity alongside these medications to support sustainable health outcomes. The Group believes this presents an opportunity to support both existing and prospective members seeking to improve their health and wellbeing through structured exercise and long-term lifestyle changes.

While there is a potential risk that some individuals may view such treatments as a substitute for exercise, the Group believes the overall impact is likely to be positive for the health and fitness sector. The Group continues to monitor developments in this area and evolving consumer behaviours to ensure its offering remains aligned with members’ long-term health and wellness needs.

Financial Review of the Business

Economic and Market Overview

Economic conditions during 2025 remained mixed. While inflation moderated compared with prior peaks, household disposable income and consumer confidence continued to be influenced by elevated living costs, wage pressures, energy price volatility and ongoing geopolitical uncertainty.

Notwithstanding this environment, structural growth drivers within the health and wellness sector remained resilient. According to OC&C, the UK health club market is projected to grow from approximately £5.4 billion in 2024 to £6.8 billion by 2029, representing growth of around 5% per annum, with the premium segment forecast to grow at approximately 8% per annum over the same period. Across Europe, the health club market is estimated at approximately £26 billion and is projected to grow at around 4% per annum to 2029, supported by expanding membership volumes (Source: OC&C).

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Financial Review of the Business (continued)

Economic and Market Overview (continued)

These structural trends, combined with the Group's premium positioning and subscription-based revenue model, provide a degree of resilience against shorter-term macroeconomic volatility. The Board continues to monitor economic indicators, consumer behaviours and cost developments as part of its ongoing risk management framework.

Financial KPIs

The Group's key financial performance indicators ("KPIs") are presented in the table below. These metrics have been identified by management as the most relevant measures for assessing the Group's underlying trading and financial performance. The KPIs are used to report performance to the Board and external lenders.

Financial KPI	2025 £ 000	2024 £ 000	Definition
Revenue	971,481	860,773	Revenue as defined in the accounting policies section of these financial statements.
Reported EBITDA	345,919	301,381	Outlined in the Non-statutory measures section below.
Adjusted EBITDA	280,920	230,645	Outlined in the Non-statutory measures section below.
Operating profit	205,719	193,365	Profit before net finance costs and taxation.
Profit for the financial year	43,076	52,970	Net result calculated in accordance with IFRS accounting standards.
Net debt (excl. IFRS 16 lease Liabilities and loan arrangement fees)	(1,239,295)	(891,865)	As defined on page 24.
Net debt	(2,510,536)	(2,050,960)	As defined on page 24.

Revenue

The Group delivered strong top-line growth in the year ended 31 December 2025, with revenue increasing 13% to £971.5m (2024: £860.8m), an uplift of £110.7m.

This performance was underpinned by two complementary drivers. Membership grew by 37,000 (5%) to close the year at 822,000, reflecting the continued appeal of the Group's offering across both established and newly opened clubs. Four new clubs, Boadilla, Colliers Wood, Herne Bay and Harlow contributed to this expansion alongside encouraging like-for-like growth across the existing estate.

Alongside volume growth, average yield per member¹ increased by £5.76 (7.7%) year-on-year to £80.88 (2024: £75.12), supported by sustained member demand for the Group's premium Platinum and Diamond packages and a measured average price increase of 4.5%. This combination of membership growth and yield improvement demonstrates the Group's ability to grow revenue across its customer base.

Membership subscriptions, which comprise the bulk of total revenue, grew by 13% from £701.9m to £793.9m. Retail revenue increased by 15% to £93.1m (2024: £80.7m), reflecting strong member engagement across the Group's food & beverage offering. Other revenue encompassing personal training, tennis and swimming classes, spa and franchise rent grew by 6.7% to £84.4m (2024: £78.2m), driven by increased member participation in classes and coaching sessions.

¹ Yield per member is defined as Monthly membership subscriptions (excluding Administration & Joining Fees) divided by Average Member Count.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Financial Review of the Business (Continued)

Revenue (continued)

Geographically, the United Kingdom remained the Group's primary revenue market, with UK revenue growing 13.8% to £812.6m (2024: £714.3m), supported by annual price increases and a continued shift in member mix towards premium packages. European club revenue increased by 8.5% to £158.9m (2024: £146.4m), reflecting yield growth, increased membership and the contribution of newly opened clubs.

Operating Profit

Operating profit for the year was £205.7m (2024: £193.4m), an increase of £12.3m. This improvement was driven by growth in gross profit, partially offset by higher administrative expenses, other operating expenses and the loss on disposal recorded in the period. The Group maintained a stable gross margin of 76% (2024: 76%), demonstrating effective cost management and the resilience of the Group's operating model. The increase in administrative expenses was primarily driven by remuneration payable to senior management associated with the completion of the TDR capital continuation vehicle transaction, together with related legal and professional fees (£15.6m).

Other operating expenses were £406.4m (2024: £376.6m), an increase of £29.8m (8%), mainly driven by an increase in depreciation and amortisation by £9.3m, reflecting ongoing capital investment and a higher right-of-use asset base and an impairment charge of £22.8m. This comprised of £10.6m relating to property, plant and equipment and right-of-use assets, and £12.2m relating to goodwill, primarily in respect of the Germany CGU. Utility costs decreased by £5.1m compared to the prior year, reflecting lower market prices during the period.

Net Finance Costs

Net finance costs increased by £25.4m compared to the prior year, driven primarily by a £22.4m swing in foreign exchange. The Group recorded a foreign exchange loss of £11.0m (2024: gain of £11.4m), reflecting adverse exchange rate movements on Euro-denominated borrowings. A further £4.2m of the increase relates to the accelerated amortisation of loan note fees, following the write-off of the outstanding book value associated with the Group's previous debt facility upon completion of the refinancing in November 2025.

Profit for the Year

The Group reported a profit after taxation of £43.1m (2024: £53.0m). The year-on-year reduction was principally driven by the adverse foreign exchange movement on the Group's Euro-denominated borrowings, partially offset by the improved underlying operating performance as outlined above.

Non-statutory measures

Adjusted EBITDA is the Group's key measure of profitability and a non-statutory financial metric. As it is not defined under International Financial Reporting Standards (IFRS), it may not be directly comparable to similar measures reported by other entities.

Management considers Adjusted EBITDA to be the most appropriate measure for assessing the Group's underlying trading and financial performance. This metric is used for internal reporting, performance evaluation and external communication with both the Board and the Group's lenders. By excluding the impact of IFRS 16, this measure provides a clearer view of operational profitability and is considered to better reflect the underlying cash impact of lease arrangements, allowing for more meaningful period-on-period comparison of the Group's core trading results. The Group continues to make this adjustment as IFRS 16 significantly alters the timing and presentation of lease costs. For new leases, classification as operating or finance is determined at inception based on whether substantially all the risks and rewards of ownership are transferred to the Group.

Adjusted EBITDA represents profit or loss for the financial year, before net finance costs, taxation, depreciation, amortisation, profit/loss on disposal, exceptional items (as defined in these financial statements), share-based payment charges, pre-opening costs, closed club costs, gains from construction contracts, net impairments of non-current assets, other legal and professional fees, restructuring costs, integration, acquisition and aborted expenses, monitoring fees and non-executive director fees, and foreign exchange differences, and after rent expense on a pre-IFRS 16 basis.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Financial review of the business (continued)

In the year ended 31 December 2025, the Group revised its definition of Adjusted EBITDA such that monitoring fees, non-executive director fees, pre-opening costs relating to refurbishments or spa retreats at existing clubs, and foreign exchange differences are no longer excluded. This change reflects that certain items are no longer significant in amount and is intended to provide a more representative measure of the Group's underlying trading and financial performance. In the year ended 31 December 2024, these items are excluded from Adjusted EBITDA.

Reported EBITDA is a non-IFRS measure defined as earnings before net finance costs, taxation, depreciation, amortisation, profit/loss on disposal and exceptional items (see note 6).

These non-statutory financial measures have been reconciled to the profit for the financial year in the table below:

	31 December 2025	31 December 2024
	£ 000	£ 000
Profit for the financial year	43,076	52,970
Income tax charge	10,489	13,592
Net finance costs	152,154	126,803
Operating profit	205,719	193,365
Depreciation and amortisation	110,606	101,260
Loss/(Profit) on disposal	2,583	(3,759)
Exceptional items (note 6)	27,011	10,515
Reported EBITDA	345,919	301,381
Rent expense	(98,644)	(93,273)
Pre-opening costs	2,907	2,272
Monitoring fees and non-exec director fees	-	141
Long-term incentive scheme	6,190	2,256
Other legal and professional fees	-	1,101
Restructuring	-	1,738
Closed club costs	732	2,034
Insurance proceeds	(437)	-
Gains from construction contracts	-	(461)
Net impairments of non-current assets	22,799	7,709
Integration, acquisition and aborted expenses	1,454	4,658
Foreign exchange difference	-	1,089
Adjusted EBITDA	280,920	230,645

Definitions

Rent expense — rental costs that would have been recognised in the income statement on a pre-IFRS 16 basis.

Pre-opening costs — the total of all club operating costs incurred prior to the opening of a new club, the re-opening of a club closed for refurbishment, or the opening of a spa retreat. This primarily comprises staff costs and marketing costs.

Monitoring fees and non-executive director fees — recurring fees relating to non-executive directors and shareholders.

Long-term incentive scheme — share-based payment charges and fees in relation to management incentive schemes.

Other legal and professional fees — costs associated with corporate activities outside of normal business operations.

Restructuring — costs arising from the planned restructuring of a department.

Closed club costs — ongoing costs in relation to clubs that are permanently closed.

Insurance proceeds — proceeds received in relation to insurance claims for the reinstatement of non-current assets.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Financial review of the business (continued)

Definitions (continued)

Gains from construction contracts — net income arising from the construction of clubs for sale and leaseback.

Net impairments of non-current assets — the net impairment charge, being the gross impairment charge offset by any impairment reversals, recognised in respect of goodwill, property, plant and equipment and right-of-use assets.

Integration, acquisition and aborted expenses — costs incurred in relation to new and aborted acquisitions and the integration of newly acquired clubs into the Group's systems and processes.

Foreign exchange differences — the difference between the exchange rate used for Adjusted EBITDA purposes and the actual exchange rate.

Performance

The Group recorded an Adjusted EBITDA profit of £280.9m (2024: £230.6m), representing a record performance and an increase of £50.3m (21.8%) compared to the prior year. This growth was primarily driven by higher revenue, reflecting increased member count and yield improvement across the estate.

Financial position including capital structure

The Group has net liabilities of £586.7m (2024: £312.0m) and net current liabilities of £98.8m (2024: £130.0m) at the balance sheet date.

	31 December 2025	31 December 2024
	£ 000	£ 000
Non-current assets excluding right-of-use assets	1,033,469	942,717
Right-of-use assets	1,231,685	1,142,902
Current assets (excluding cash)	35,125	22,345
Cash and cash equivalents	61,780	8,668
Current liabilities excluding loans and lease liabilities	(175,399)	(153,179)
Non-current liabilities excluding loans and lease liabilities	(201,012)	(218,256)
Lease liabilities	(1,289,644)	(1,166,321)
Loans and borrowings	(1,282,672)	(890,899)
Net liabilities	(586,668)	(312,023)

Total shareholders' deficit increased by £274.6m, principally driven by the payment of a £330.0m dividend to Deuce Parentco Limited, funded through a capital reorganisation completed in November 2025. This was partially offset by the profit for the year of £43.1m and favourable foreign exchange movements on the translation of foreign operations of £8.4m.

Significant movements in the statement of financial position compared to the prior year are outlined below.

Property, plant and equipment increased by £68.2m, driven by additions of £212.4m and foreign exchange movements of £6.8m, partially offset by disposals of £85.2m, the annual depreciation charge of £62.7m and an impairment charge of £3.1m.

Intangible assets decreased by £10.0m, principally reflecting a goodwill impairment charge of £12.2m and an annual amortisation charge of £7.5m. This was partially offset by additions of £6.8m and a favourable exchange movement of £2.9m.

Non-current other receivables increased by £59.3m, principally due to an increase in amounts due from parent companies of £53.9m.

Right-of-use assets increased by £88.8m, driven by additions of £125.8m in respect of new leases, rent reviews and sale and leasebacks during the year, and foreign exchange movements of £11.0m, partially offset by the annual depreciation charge of £40.4m and an impairment charge of £7.5m.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Financial position including capital structure (continued)

Trade and other receivables increased by £12.7m, principally reflecting an increase in prepayments of £6.8m driven by costs incurred in respect of pipeline sites prior to their acquisition.

Trade and other payables increased by £23.4m, principally driven by an increase in accrued expenses of £8.5m, an increase in trade payables of £6.6m and an increase in social security and other taxes of £3.4m.

The movement in cash, loans and borrowings and lease liabilities is explained in the net debt reconciliation section below.

Capital Structure

The Group's capital structure is designed to support its long-term strategic objectives, maintain financial flexibility and deliver sustainable value to stakeholders. It comprises a combination of equity and borrowings, and is actively managed to ensure an optimal balance between risk, cost of capital and operational requirements.

Capital Reorganisation

On 18 November 2025, the Company reduced its share capital and share premium reserves by £383.2m and £271.3m respectively, thereby creating distributable reserves. On the same date, the Company issued a bonus share of £250.0m, funded from the share-based payment reserve and distributable reserves, followed by a further share capital reduction of £292.6m on 19 November 2025. These transactions resulted in the Company's share capital being reduced to £293, with the share premium and share-based payment reserves reduced to nil.

A dividend of £330.0m was subsequently paid out of the distributable reserves to Deuce Parentco Limited, the Company's immediate parent, which in turn paid a dividend to Deuce Holdco Limited ("DHL") to enable DHL to repay in full and cancel the PIK Facility, including all accrued and unpaid interest thereon.

Gearing

The Group monitors its capital structure using the gearing ratio, defined as total borrowings divided by the sum of total equity and borrowings. As at the reporting date, the gearing ratio was 130% (2024: 118%), reflecting the Group's capital-intensive structure and leveraged financing model.

Debt and Credit Rating

Senior Secured Notes

On 20 November 2025, Deuce FinCo plc (a subsidiary of the Company) issued £825.0m and €530.0m of Senior Secured Notes (the "Notes"), with maturity dates of 20 November 2031 and 20 November 2032 respectively. The Notes are listed on The International Stock Exchange, with Deuce FinCo plc acting as issuer and certain subsidiaries of the Group acting as guarantors.

Interest on the GBP Senior Secured Notes accrues at a fixed rate of 7.0% per annum, payable semi-annually. Interest on the EUR Senior Secured Notes accrues at 3.5% per annum plus three-month EURIBOR (with a 0% floor), payable quarterly in arrears.

Super Senior Revolving Credit Facility

The Group maintains access to a £175.0m Super Senior Revolving Credit Facility ("SSRCF"), maturing on 20 May 2031. When drawn, interest accrues at 3.0% subject to a margin ratchet. The SSRCF is subject to a financial covenant relating to the Group's Consolidated Leverage Ratio, which is tested only if the facility is drawn by 40% or more. As part of its short-term funding arrangements, the Group has reallocated £24.0m of the SSRCF into an overdraft facility and a further £31.0m as a guarantee facility as at 31 March 2026. The SSRCF was undrawn as at the reporting date; however, £55.0m was subsequently drawn in March 2026 to part-fund the acquisition of Aspria, and remains outstanding at the date of approval of these financial statements.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Debt and Credit Rating (continued)

Spanish Bank Loans

In connection with the acquisition of the Accura group in 2021, the Group assumed loans from Spanish banks totalling €2.6m and €2.5m, assigned from Kratus Inversiones and Unicaja Banco respectively. Interest accrues at 4.69% and 4.88% per annum respectively, payable monthly and adjusted annually in line with CPI. The loans are repaid in monthly instalments and will be fully repaid by 31 March 2043 and 31 March 2029 respectively.

Credit Rating

In October 2025, Moody's Ratings assigned a B2 rating to the £1.295bn equivalent senior secured notes issued by Deuce FinCo plc, a subsidiary of the Company. Fitch Ratings affirmed the Group's Long-Term Issuer Default Rating at 'B'.

Net debt reconciliation

Net debt is defined as total borrowings (loans and borrowings excluding loan arrangement fees) plus lease liabilities and cash interest accrual less cash and cash equivalents. Net debt (excl. IFRS 16 lease liabilities and loan arrangement fees) is the measure reported to the Group's lenders to assess the Group's net debt position.

	31 December 2024 £ 000	Cash flows £ 000	Non-cash movement £ 000	31 December 2025 £ 000
Cash and cash equivalents	8,668	51,578	1,534	61,780
Loans and borrowings (excl. loan arrangement fees)	(898,125)	(382,954)	(10,696)	(1,291,775)
Cash interest accrual	(2,408)	2,408	(9,300)	(9,300)
Net debt (excl. IFRS 16 lease liabilities and loan arrangement fees)	(891,865)	(328,968)	(18,462)	(1,239,295)
Loan arrangement fees	7,226	22,181	(11,004)	18,403
Net debt (excl. IFRS 16 lease liabilities)	(884,639)	(306,787)	(29,466)	(1,220,892)
Lease liabilities	(1,166,321)	106,687	(230,010)	(1,289,644)
Net debt	(2,050,960)	(200,100)	(259,476)	(2,510,536)

Overall, net debt (excluding IFRS 16 lease liabilities and loan arrangement fees) increased by £347.4m over the period reflecting the refinancing transaction. Proceeds were used to repay existing loan notes held by the Group and PIK debt held by the Group's parent company. Cash and cash equivalents increased by £53.1m to £61.8m (2024: £8.7m), driven by strong operating cash generation and proceeds received from the sale and leaseback of the freehold land and buildings of five clubs during the year, partially offset by capital expenditure and financing outflows including interest payments on the Group's Senior Secured Notes. A full analysis of cash movements during the year is set out in the statement of cash flows. The non-cash movement of £1.5m represents foreign exchange movements on cash held in foreign currencies.

Loans and borrowings (excluding loan arrangement fees) increased significantly by £393.7m, principally as a result of the proceeds from the issuance of the new Senior Secured Notes exceeding the repayment of the existing Senior Secured Notes. Other cash flow movements relate to monthly repayments in respect of the loans from Kratus Inversiones and Unicaja Banco. The non-cash movement of £10.7m represents the foreign exchange loss on the Group's Euro-denominated borrowings.

The increase in lease liabilities was primarily driven by new leases arising from sale and leaseback transactions in respect of the freehold land and buildings at the Aravaca, Boadilla, Geneva Country Club, Harlow and Herne Bay clubs. Additional increases arose from lease extensions, together with numerous lease re-measurements resulting from rent reviews and options to extend. Other non-cash movements relate to interest on lease liabilities and foreign exchange movements, whilst cash movements represent lease principal and interest payments made during the period. Overall, net debt increased by £459.6m.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Cash flow

The Group generated a net cash inflow from operating activities of £347.8m, driven by reported EBITDA of £345.9m, partially offset by cash outflows from investing activities of £168.9m and financing activities of £127.3m.

Significant cash outflows within investing activities related to the Group's 2025 capital expenditure programme, including the continued construction of the Boadilla, Harlow and Herne Bay clubs and land purchases in Arese, St Neots, Kettering and Bishops Cleeve. These outflows were partially offset by proceeds of £95.0m from the sale and leaseback transactions referenced above.

Significant cash outflows within financing activities comprised repayment of bank borrowings of £910.8m, dividend payments of £330.0m, repayment of lease liabilities (£106.7m principal and interest) and interest payments of £51.4m, principally in respect of the sterling and euro Senior Secured Notes, partly offset by proceeds from bank borrowings of £1,293.7m.

Financial risk management objectives and policies

The main financial risks faced by the Group relate to the risk of default by counterparties following financial transactions, to the availability of funds for the Group to meet its obligations as they fall due, and to fluctuations in interest and foreign exchange rates.

Note 25 presents information about the Group's exposure to each of the above risks and describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Outlook and trading update

The positive momentum experienced throughout 2025 continued into the start of the new financial year, with trading remaining strong. Membership at the end of March 2026 was 829,000, compared with 822,000 at 31 December 2025.

The Group continues to pursue a clear strategy focused on delivering sustainable growth while maintaining its historically strong return on investment (ROI) profile. This strategy is driven by the development and acquisition of new clubs across the UK and Europe, and the continued premiumisation of the existing estate.

The Group maintains a strong pipeline of future club opportunities across both regions. In January 2026, the Group expanded its portfolio through the acquisition of Avenue Tennis Club in Gillingham and Can Melich Sport Club in Barcelona. In April 2026, the Group also completed the acquisition of Aspria, adding ten premium clubs across mainland Europe.

Alongside estate expansion, the Group continues to invest in enhancing its existing clubs, with plans to invest over £400m over the next five years to deliver these enhancements, including 84 premiumisation projects across the estate. Sixteen premiumisation projects are planned for FY26, including twelve Spa Retreat developments and four non-spa projects, with a further full club transformation at Shrewsbury expected to be completed in Spring 2026.

The Board remains confident in the Group's strategy and its outlook for FY26 and beyond.

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, directors must have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

This statement describes how the directors of Deuce Midco Limited (the "Company") have had regard to these matters in carrying out their duties during the financial year ended 31 December 2025.

The Role of the Board

The Board of Deuce Midco Limited is committed to promoting the long-term success of the Group by creating sustainable shareholder value while contributing positively to society and the environment. Acting in the best interests of members, employees and the communities in which the Group operates is fundamental to the Group's continued success.

The Board comprises six directors. While day-to-day management of the Group and its subsidiaries is delegated to the Executive Committee, the Board retains responsibility for setting, approving and overseeing the execution of the Group's strategy, capital allocation framework and governance structure.

The Board meets monthly to review performance and strategic progress. It receives comprehensive reporting including the Chief Executive's Board Report covering operational and strategic matters, finance, health and safety and strategy reports, updates on KPIs and principal risks, employee engagement survey results, business plan submissions and corporate governance and regulatory updates. All formal meetings are minuted and approved at subsequent meetings.

The Board recognises the importance of meaningful stakeholder engagement and has adopted a structured approach to ensure stakeholder views are appropriately considered in its decision-making. The following sections describe how the Board has had regard to each of the matters set out in section 172 during the year.

a. The likely consequences of any decisions in the long-term.	<p>The Board's decision-making centres on sustainable long-term value creation, and each material decision taken during the year was evaluated against its long-term strategic alignment, expected return on investment, impact on leverage and liquidity, and implications for members, employees and other stakeholders. During the year, the Board oversaw continued investment in club premiumisation, including nine Spa Retreat developments and a full club transformation at Wickwoods. In approving this capital programme, the Board considered both the near-term cost and the long-term effect on member retention, pricing flexibility and competitive positioning. The Board approved the expansion of padel infrastructure — growing the estate from 66 to 253 courts — following analysis of sustained member demand and the strategic opportunity to consolidate the Group's position as the largest padel operator in the United Kingdom.</p> <p>The Board monitored and ultimately approved the TDR Capital continuation vehicle transaction and the associated refinancing, which comprised £1,295 million of new Senior Secured Notes. In doing so, the Board assessed the long-term capital structure implications, the impact on financial flexibility and the effect on the Group's ability to pursue its development pipeline. The Board also reviewed the Group's Net Zero pathway and, recognising the structural constraints that have emerged since the 2022 SBTi commitment, resolved to commission an independent reassessment to ensure future targets remain credible and aligned with operational realities. The Board considers this a responsible long-term governance decision rather than a retreat from the Group's environmental commitments.</p>
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Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

<p>b. The interests of the company's employees.</p>	<p>The Board recognises that the Group's approximately 11,500 employees are fundamental to delivering the premium member proposition, and that employee wellbeing, development and engagement are therefore directly linked to financial performance and long-term value creation. During the year, the Board reviewed the results of the biannual employee engagement survey, in which the Group achieved a score of 86%, in line with its stated target. Having noted a one percentage point decline from the prior year, the Board reviewed the action plans developed by management to sustain engagement levels across the organisation. The Board oversaw the launch of the Medicash healthcare benefits scheme in March 2025 and monitored progress against the Group's physical, mental and financial wellbeing framework.</p> <p>The Board monitored progress against Diversity, Equity and Inclusion targets, noting that female representation in senior leadership remained at 31% at year end, below the Group's 40% target for 2025. The Board asked management to review the initiatives required to accelerate progress. Learning and development programmes, including the Step Up leadership pathway and the Group's apprenticeship scheme — through which 117 employees completed qualifications during the year — were also reviewed at Board level as part of the Group's ongoing investment in talent retention and capability.</p>
<p>c. The need to foster the company's business relationships with suppliers, customers and others.</p>	<p>Members</p> <p>With more than 80% of revenue generated from recurring subscriptions, member satisfaction and retention are critical to long-term success. The Board received monthly reporting on member experience scores, which averaged 84.7% for the year — the highest recorded since the introduction of app-based feedback in 2019 — alongside data on membership growth, attrition trends, app penetration and digital engagement. The Board noted that MAT improved to 34.1%, against a target of 33%, and reviewed management's analysis of the initiatives contributing to that improvement, including estate investment and the expansion of the wellness and recovery offering. When considering investment decisions, including the approval of 14 premiumisation projects during the year, the Board assessed the anticipated effect on member experience scores and retention metrics as a primary criterion alongside financial return.</p> <p>Suppliers and business partners</p> <p>The Group maintains long-term relationships with strategic suppliers and contractors who support club operations, capital delivery and member services. The Board receives periodic updates on procurement practices, supply chain developments and payment performance. Standard payment terms are typically 30 to 45 days, and average payment times improved during the year to 17 days in the second half, reflecting enhanced payment processes.</p> <p>Lenders and investors</p> <p>Given the significance of the Group's capital structure, the Board places particular importance on maintaining transparent and proactive relationships with bondholders and lenders. During the year, the Board oversaw a comprehensive refinancing process, engaging extensively with existing and prospective bondholders. Regular communication was maintained through quarterly financial reporting and investor engagement, and the Group's dedicated Investor Relations function supports ongoing dialogue. The Board considers the successful execution of the £1,295 million refinancing, achieved at competitive terms, as evidence of the strength of these relationships.</p>

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

<p>d. The impact of the company's operations on the community and environment.</p>	<p>Environmental impact</p> <p>The Board oversees the Group's environmental strategy through the ESG Committee, which meets quarterly and reports to the Board after each meeting. Climate-related risks are reviewed as part of the principal risk framework and are integrated into capital planning and investment decisions. During the year, the Board approved £2 million of energy efficiency capital expenditure, the first Corporate Power Purchase Agreement covering approximately 60% of UK electricity consumption, and the commissioning of three heat pump pilot installations. These decisions were taken with explicit regard to both their financial return and their contribution to the Group's decarbonisation objectives. The Board's decision to commission an independent reassessment of the Net Zero pathway is described in the ESG section on page 12 and reflects the Board's commitment to credible, achievable environmental targets.</p> <p>Community engagement</p> <p>The Group contributed £3.8 million to support approximately 1,250 charities and community causes during the year. The Board reviewed the Group's community partnerships, including its role as Health and Wellness Partner of BBC Children in Need and the ongoing partnership with Change Please, and considered the reputational and social value of these activities alongside their financial cost. Colleague volunteering, which totalled over 4,000 hours during the year, is monitored as an indicator of community integration and employee engagement.</p>
<p>e. The desirability of the company maintaining a reputation for high standards of business conduct.</p>	<p>The Board is committed to responsible governance, transparency and ethical conduct, and recognises that the Group's reputation is a long-term commercial asset that must be actively maintained. In response to the Failure to Prevent Fraud offence coming into force in September 2025 under the Economic Crime and Corporate Transparency Act 2023, the Board approved a new Failure to Prevent Fraud Policy and a programme of reasonable and proportionate fraud prevention procedures, including risk assessments, enhanced due diligence and targeted training. The Board reviewed the Group's modern slavery and human rights compliance, sexual harassment prevention policies and whistleblowing arrangements, including the non-retaliation protections available to employees who raise concerns. Health and safety performance was reviewed at each Board meeting. Internal health and safety audits were conducted across 108 locations during the year, with 103 scoring above 80%. The Group maintained FITcert Gold Standard certification across all clubs and retained its ISO 27001, ISO 22301 and ISO 42001 accreditations during the year. The Board considers this breadth of accreditation and compliance activity to be integral to the Group's long-term reputation and its relationships with members, employees and regulators.</p>
<p>f. The need to act fairly between members of the company.</p>	<p>The Board is mindful of its duty to act fairly between all members of the Company, including majority and minority shareholders, and management shareholders participating in the Group's equity incentive arrangements. The most significant transaction requiring consideration of this duty during the year was the TDR Capital continuation vehicle transaction, completed in November 2025, through which TDR Capital III transferred its interest in the Group to TDR Capital Titan, a newly established continuation fund backed by a consortium of secondaries investors.</p>

Deuce Midco Limited

Strategic Report for the Year ended 31 December 2025

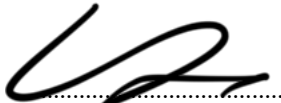
f. The need to act fairly between members of the company (continued)	The Board considered the interests of all shareholders in reviewing this transaction, including the management shareholders who participate in the Group's equity incentive plan. The Board and management received independent advice in connection with the transaction and satisfied itself that the process was conducted on a fair and transparent basis. Following completion, TDR Capital Titan holds 90.27% of the Group's ultimate parent, with TDR Capital Special Opportunities Fund I and TDR Capital Mercury holding the remaining 9.73%. The Board is satisfied that its governance arrangements, including appropriate representation on the Board and access to independent advice where required, support fair treatment of all members of the Company.
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Conclusion

Throughout the year ended 31 December 2025, the directors have had regard to their duties under Section 172 of the Companies Act 2006 in their decision-making processes. In doing so, they have considered the long-term implications of strategic and financial decisions, the interests and wellbeing of employees, relationships with members, suppliers, investors and partners, environmental and community impact, and the importance of high standards of governance and fairness between members.

The Board remains committed to promoting the sustainable, long-term success of Deuce Midco Limited for the benefit of its members.

Approved by the Board on 24 April 2026 and signed on its behalf by:



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PJ Burrows
Director

Deuce Midco Limited

Non-Financial and Sustainability Information Statement for the Year ended 31 December 2025

The UK Government's Climate-related Financial Disclosure ("CFD") regulations (SI 2022/31) require certain large companies to provide climate-related disclosures within their Strategic Report, structured across four thematic pillars: Governance, Strategy, Risk Management, and Metrics and Targets. The Group meets the applicable thresholds for the year ended 31 December 2025 and the disclosures below represent the mandatory climate-related financial disclosures for Deuce Midco Limited and its subsidiary undertakings.

Governance

The Board has overall responsibility for the Group's ESG strategy, including oversight of climate-related risks and opportunities. The Board recognises that climate-related matters are integral to the Group's long-term strategy and value creation, and they are reviewed as part of the Board's regular principal and emerging risk oversight framework. Day-to-day implementation of ESG-related strategy and policies is delegated to the Executive Team.

ESG Committee

The Board has established an ESG Committee to provide focused oversight of climate-related, social and environmental matters and to support the integration of sustainability considerations into business decision-making. The Committee is chaired by the Executive Chairman and includes the Chief Executive Officer and the Chief Financial Officer. It meets quarterly and reports to the Board following each meeting. All members of the Committee undertake periodic training on climate-related and sustainability matters to ensure appropriate expertise and oversight.

The ESG Committee is responsible for reviewing and advising the Board on the effectiveness of the Group's ESG policies and strategy, overseeing management's implementation of ESG initiatives and monitoring progress against objectives, reviewing ESG-related disclosures to ensure transparency and consistency, and identifying and assessing ESG risks, emerging trends and regulatory developments.

ESG-linked objectives are incorporated into executive remuneration at Board level, reinforcing accountability for delivery of the Group's sustainability strategy.

Climate Risk Working Group

The Climate Risk Working Group ("CRWG") comprises members of senior management and supports the ESG Committee in the identification, assessment and monitoring of climate-related risks and opportunities. Its responsibilities include identifying and assessing climate-related risks and opportunities across the Group's operations and supply chain, monitoring the potential financial and operational impacts of climate-related matters, recommending appropriate ESG metrics and targets aligned with the Group's strategy, and maintaining and updating the Group's Climate-related Risk and Opportunity Register. The Register is reviewed at least annually by the CRWG and ESG Committee, with scenario analysis refreshed periodically to reflect evolving scientific, regulatory and macroeconomic developments.

Risk Management

The Group's approach to climate-related risk management is informed by the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). Climate-related risks are categorised into two groups: transition risks and physical risks.

Transition risks arise from the structural, regulatory and market changes associated with the shift to a low-carbon economy. These include regulatory and policy developments such as carbon pricing mechanisms and evolving environmental standards; market and technology shifts including energy market volatility and the potential for asset obsolescence; and reputational considerations reflecting heightened stakeholder expectations regarding environmental performance. Transition risks may result in increased operating costs, additional capital expenditure requirements and potential impacts on asset values. The Group manages these risks through forward planning, energy efficiency investment, monitoring of regulatory developments and integration of sustainability considerations into capital allocation decisions.

Deuce Midco Limited

Non-Financial and Sustainability Information Statement for the Year ended 31 December 2025

Risk Management (Continued)

Physical risks arise from the direct impacts of climate change and are categorised as either acute or chronic. Acute physical risks include extreme weather events such as flooding or severe storms, which may disrupt operations, damage property or impact supply chains. Chronic physical risks include rising temperatures, prolonged heatwaves and water stress, which may increase operating costs, affect energy demand and impact infrastructure resilience. The Group monitors these risks as part of its broader enterprise risk management framework and incorporates site-level considerations into operational and investment planning.

The CRWG maintains the Climate-related Risk and Opportunity Register, which identifies frameworks that could be significant for the Group. The Register includes an assessment of likelihood and potential financial impact, identification of mitigation and resilience measures, allocation of responsible risk owners and consideration of potential financial exposure where reasonably estimable. The ESG Committee reviews the Register at least annually and monitors progress against mitigation actions. Climate change continues to be identified as a principal risk within the Group's broader risk management framework, as described on page 16 of this report.

Strategy

Climate-related considerations are integrated into the Group's strategic planning and capital allocation processes. The Group holds a Science Based Targets initiative ("SBTi") approved Net Zero ambition and continues to embed decarbonisation and resilience planning into its long-term business strategy. Climate scenario analysis has been undertaken to assess the resilience of the Group's strategy under different transition and physical risk pathways, informed by methodologies developed by the Network for Greening the Financial System ("NGFS") and other recognised frameworks.

Time Horizons

Climate-related risks and opportunities have been assessed over three time horizons: short term (to 2030), aligned with the Group's decarbonisation ambitions and current investment cycle; medium term (to 2040), reflecting potential transition policy acceleration and infrastructure adaptation requirements; and long term (to 2050), aligned with broader national and international Net Zero commitments and structural climate impacts.

Climate Scenarios Considered

The Group assessed resilience under two principal climate scenarios.

The *Orderly Transition (Below 2°C)* scenario assumes accelerated policy action and rapid decarbonisation. Key risks under this scenario include increased carbon pricing and energy transition costs, stricter building and energy efficiency standards, accelerated capital expenditure requirements, and potential financing or reputational impacts if sustainability targets are not met. Failure to transition effectively could increase operating costs, raise compliance expenditure and affect stakeholder confidence.

The *Hot House World (c.3°C)* scenario assumes limited global policy action and more severe physical climate impacts. Key risks under this scenario include increased insurance and maintenance costs, temporary operational disruption from extreme weather events, capital investment required to enhance infrastructure resilience, and macroeconomic impacts affecting consumer demand.

The Group has undertaken a postcode-level physical climate risk assessment across its estate in nine countries. Sites were assessed and risk-scored for exposure to acute and chronic hazards under long-term warming scenarios, with each site assigned a risk category of High Risk (40–60%), Severe Risk (60–80%) or Extreme Risk (80–100%). Physical risk stress-tests for climate-related hazards showed that 50 of the Group's clubs across the UK and EU will face at least one severe acute risk with 60-80% risk score, 1 location in Spain (Malaga) faces an extreme drought risk (80-100%) while 6 locations across the UK and EU will experience severe chronic risks under the Hot House World Scenario (2041-2050). These findings are incorporated into capital planning, insurance strategy and site-level resilience measures.

Deuce Midco Limited

Non-Financial and Sustainability Information Statement for the Year ended 31 December 2025

Strategy (Continued)

The Group has also undertaken both qualitative and quantitative analysis of potential climate impacts, including Climate Value-at-Risk ("CVaR") modelling aligned with recognised market methodologies. The outputs are directional and inform long-term capital allocation and risk mitigation planning rather than representing forecasts.

The transition and physical risks identified through this analysis, together with associated financial impacts, time horizons and mitigating actions, are set out in the tables below.

Transition Risks

TCFD Risk Category	Description of Identified Climate Risk	Potential Financial Impact	Time Horizon	Mitigation / Adaptation Measures
Policy and Legal	Increased pricing of greenhouse gas emissions, including carbon taxes and expanded emissions trading schemes impacting gas consumption and fossil fuel use.	<p>Rising operating costs associated with gas-based heating and energy use.</p> <p>Increased exposure to evolving UK and EU carbon pricing mechanisms.</p> <p>Higher long-term energy procurement costs.</p> <p>Potential balance sheet impacts from stranded or inefficient high-carbon assets.</p>	Medium Term	<p>Design all new clubs as all-electric where feasible.</p> <p>Retrofit existing clubs with low-carbon heating solutions including air and ground source heat pumps.</p> <p>Remove CHP systems and phase out fossil fuel reliance.</p> <p>Expand on-site solar PV generation.</p> <p>Secure renewable electricity through CPPAs.</p>
Policy and Legal	Regulatory mandates relating to buildings, plant, and equipment, including tightening energy efficiency standards, Minimum Energy Efficiency Standards (MEES), and potential future net zero building regulations.	<p>Early retirement, impairment, or accelerated depreciation of non-compliant assets.</p> <p>Increased capital expenditure to upgrade HVAC systems, insulation, lighting, and building fabric.</p> <p>Risk of penalties, fines, or operational restrictions for non-compliance.</p>	Medium to Long Term	<p>Conduct regular regulatory gap assessments across the estate.</p> <p>Integrate forward-looking energy performance standards into refurbishment programmes.</p> <p>Align long-term CAPEX planning cycles with anticipated regulatory changes.</p> <p>Deploy smart building management systems to optimise energy performance.</p> <p>Engage proactively with regulators and industry bodies.</p>

Deuce Midco Limited

Non-Financial and Sustainability Information Statement for the Year ended 31 December 2025

Strategy (continued)

Transition Risks (continued)

TCFD Risk Category	Description of Identified Climate Risk	Potential Financial Impact	Time Horizon	Mitigation / Adaptation Measures
Market	Increased water costs driven by water scarcity, rising tariffs, environmental regulation, and regional supply pressures.	<p>Higher utility costs across water-intensive operations including pools, spas and showers.</p> <p>Increased compliance costs associated with water abstraction or discharge standards.</p> <p>Potential reputational risk if water stewardship practices are perceived as inadequate. Business continuity risks in high water-stress regions.</p>	Long Term	<p>Install low-flow fixtures and water-efficient fittings across all sites.</p> <p>Implement advanced pool filtration and water recirculation systems.</p> <p>Introduce rainwater harvesting and greywater recycling systems where feasible.</p> <p>Deploy sub-metering and real-time monitoring to track water usage.</p> <p>Conduct regional water risk assessments to inform site-level water stewardship strategies.</p> <p>Develop water reduction targets aligned with broader ESG strategy.</p>
Technology	Electricity grid capacity constraints may limit the pace of low-carbon technology deployment, increasing costs and delaying transition readiness. This risk is relevant across the UK and Europe, with the scale of impact varying by location.	<p>Increased operating costs associated with gas-based heating and energy consumption.</p> <p>Increased exposure to evolving UK and EU carbon pricing mechanisms.</p>	Short to Medium Term	<p>Retrofit clubs with further energy efficiency technology to reduce consumption, therefore lowering additional grid demand requirements.</p> <p>Reduce peak demand requirements by moving consumption away from peak periods of the day (i.e. through the use of batteries or other storage)</p>

Deuce Midco Limited

Non-Financial and Sustainability Information Statement for the Year ended 31 December 2025

Strategy (continued)

Physical Risks

TCFD Risk Category	Description of Identified Climate Risk	Potential Financial Impact	Time Horizon	Mitigation / Adaptation Measures
Acute	Increased frequency and severity of extreme weather events, including floods, heatwaves, droughts, wildfires, and storms.	<p>Temporary club closures resulting in revenue loss.</p> <p>Physical damage to buildings, plant, and equipment.</p> <p>Increased insurance premiums and higher deductibles.</p> <p>Asset impairment or accelerated depreciation in high-risk areas.</p> <p>Workforce disruption due to unsafe travel conditions or heat-related health risks.</p> <p>Increased operating costs from cooling, water supply and emergency maintenance.</p>	Long Term (with increasing near- and medium-term exposure as climate volatility intensifies)	<p>Install enhanced cooling systems and improve ventilation in heat-prone facilities.</p> <p>Upgrade building fabric and glazing to improve thermal performance. Implement water conservation strategies in drought-affected regions.</p> <p>Install flood protection infrastructure including raised thresholds, barriers and improved drainage.</p> <p>Install backup power systems to maintain critical operations during grid disruptions.</p> <p>Review insurance coverage regularly to ensure adequacy under evolving risk conditions.</p>
Chronic	Long-term changes in climate patterns, including shifts in precipitation, increasing average temperatures, and greater climate variability.	<p>Increased maintenance and retrofit costs where facilities were not designed for higher temperatures or altered rainfall patterns.</p> <p>Higher long-term energy demand for cooling.</p> <p>Increased landscaping and water management costs.</p> <p>Potential decline in asset values in geographies facing sustained climate stress.</p>	Long Term	<p>Integrate climate resilience principles into new club design including passive cooling, enhanced insulation and sustainable drainage.</p> <p>Retrofit existing assets with improved thermal efficiency measures.</p> <p>Implement climate-resilient landscaping and sustainable urban drainage systems.</p> <p>Undertake periodic climate scenario analysis under 1.5°C, 2°C, 4°C pathways to assess regional exposure.</p>

Deuce Midco Limited

Non-Financial and Sustainability Information Statement for the Year ended 31 December 2025

Strategy (continued)

TCFD – Climate-Related Opportunities and Strategic Responses

The transition to a lower-carbon economy presents strategic and financial opportunities for the Group.

TCFD Opportunity Category	Identified Climate Opportunity	Potential Financial Impact	Time Horizon	Strategic Actions / Realised Benefits
Resource Efficiency	Improvements in energy, water and waste efficiency across operations.	Reduced operating costs through improved resource efficiency. Lower exposure to rising utility tariffs and improved margin resilience.	Short to Medium Term	Rollout of LED lighting, building energy management systems (BEMS) and low-flow fixtures. Optimised HVAC scheduling. Reduced water consumption through advanced filtration, rainwater harvesting and smart metering.
Energy Source	Increased use of low-emission and renewable energy sources including solar PV and renewable PPAs.	Reduced long-term energy costs. Lower exposure to carbon pricing and fossil fuel volatility. Improved energy security.	Short to Medium Term	Installation of solar PV across 41 sites, with a further 40 planned for 2026. Corporate Power Purchase Agreements for renewable electricity supply. Phased removal of gas-reliant CHP systems and installation of heat pumps.
Products & Services	Growing customer demand for sustainable and climate-conscious wellness offerings.	Enhanced brand value, member retention and competitive differentiation. Potential access to sustainability-linked financing.	Medium to Long Term	Development of lower-carbon facilities and sustainable product offerings. Consideration of green building standards in new developments. Integration of sustainability messaging into member communications.
Resilience	Strengthening physical and operational resilience to climate impacts.	Reduced risk of business interruption. Protection of long-term asset value. Enhanced stakeholder confidence.	Long Term	Integration of climate risk assessments into site selection and development. Flood protection and emergency preparedness protocols. Investment in resilient infrastructure and business continuity planning.

Business model resilience

The Group has assessed the resilience of its business model under both transition and physical climate scenarios. While certain locations may face elevated long-term exposure to physical climate risks, the Group's diversified geographic footprint and predominantly leased estate provide operational flexibility. Ongoing capital investment in energy efficiency, renewable generation and electrification supports the gradual reduction of emissions intensity and mitigates exposure to carbon pricing and regulatory change. The Directors consider the Group's strategy and business model to remain resilient under the climate scenarios assessed, recognising that climate-related assumptions and policy developments may evolve over time.

Deuce Midco Limited

Non-Financial and Sustainability Information Statement for the Year ended 31 December 2025

Metrics and Targets

The Group monitors greenhouse gas ("GHG") emissions across Scope 1, Scope 2 and relevant Scope 3 categories and tracks both absolute emissions and intensity-based metrics. Climate-related metrics are embedded within the Group's strategic planning, capital allocation and risk management frameworks and are used to monitor exposure to climate-related risks, track decarbonisation progress and inform investment decisions. Performance oversight is provided by the Head of Sustainability, with governance exercised through the ESG Committee and the Board. Climate-related performance forms part of the executive remuneration framework.

Climate Target Description	KPIs to track progress	Progress	Link to CFD Risk/ Opportunity
Absolute reduction in Scope 1, 2 and relevant Scope 3 emissions in line with the Group's SBTi-approved Net Zero ambition (90% reduction; maximum 10% residual emissions offset).	Scope 1 emissions (tCO ₂ e) Scope 2 emissions (tCO ₂ e) Scope 3 emissions (tCO ₂ e)	Since 2022, the Group has reduced gross carbon emissions by approximately 19,000 tonnes of CO ₂ e, supported by the transition to renewable-backed electricity procurement, investment of over £20 million in energy reduction technologies, and the rollout of 41 solar PV installations and three heat pump projects. Emissions have increased by approximately 8,000 tonnes over the same period as a result of business growth and premiumisation, resulting in a net reduction of approximately 11,000 tonnes since 2022.	Transition risk – carbon pricing and regulatory exposure. Opportunity – energy efficiency and renewable energy deployment.
Reduction in Scope 1 and 2 emissions intensity per member visit.	Emissions intensity (kg CO ₂ e per check-in).	The Group's carbon intensity ratio is calculated by dividing total greenhouse gas emissions by total member visits (check-ins), providing a measure of emissions efficiency relative to operational activity levels. For the year ended 31 December 2025, the carbon intensity ratio improved to 1.30, compared with 1.63 in the prior year, reflecting enhanced operational efficiency and the impact of energy reduction initiatives across the estate.	Transition risk – carbon cost exposure. Opportunity – operational efficiency.

Deuce Midco Limited

Non-Financial and Sustainability Information Statement for the Year ended 31 December 2025

Metrics and Targets (continued)

Climate Target Description	KPIs to track progress	Progress	Link to CFD Risk/ Opportunity
Capital deployment supporting decarbonisation and risk mitigation.	<p>Climate-related capital expenditure.</p> <p>Number of clubs with solar PV.</p> <p>Estimated CO₂ savings per project.</p>	Key capital actions undertaken in support of decarbonisation during 2025 are described in the ESG section on pages 11 to 12 of this report and include the solar PV rollout, BMS investment, heat pump installations and the Group's first Corporate Power Purchase Agreement, which covered approximately 60% of total UK electricity consumption from 1 October 2025.	<p>Transition risk – carbon pricing.</p> <p>Opportunity – long-term cost reduction and energy security.</p>
Alignment of executive incentives with ESG objectives.	Proportion of Board members with ESG-linked remuneration objectives.	ESG-linked objectives form part of the executive remuneration framework.	Governance alignment and stakeholder expectation.

Ongoing Target Review

Details of the Net Zero pathway reassessment are set out in the ESG section on page 12.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

The directors present their report and the audited financial statements for the year ended 31 December 2025.

Principal activity

The principal activity of the Company is to act as a holding company for David Lloyd Leisure Limited ("DLL") and its subsidiaries (together, "the Group").

The Group, trading primarily as David Lloyd Clubs (DLC), is Europe's leading premium health and wellness operator. The Group's mission is to help members live life better through a focus on physical wellbeing, mental health and community.

As at 31 December 2025, the Group operates 137 clubs, comprising 108 clubs in the United Kingdom and 29 clubs across mainland Europe. The Group operates under the David Lloyd Clubs, Harbour Clubs and David Lloyd Meridian Spa & Fitness brands.

With over 40 years of experience, the Group is committed to supporting families and individuals in leading healthier, more active lifestyles.

During the year, four additional clubs opened: Boadilla, Colliers Wood, Harlow and Herne Bay. During the period, the Group made the strategic decision to close its club in Utrecht.

Branches outside the United Kingdom

The Group operates one branch in Milan, Italy.

Ownership

On 6 November 2025, TDR Capital III sold its interest in David Lloyd Leisure ("DLL") to a newly established continuation fund, TDR Capital Titan ("Titan"), backed by a consortium of leading secondaries investors.

The ultimate parent company of the Group is Titan Topco S.à r.l. ("Luxco"). The ultimate controlling party is a group of investment funds managed by TDR Capital LLP, a UK-registered private equity firm.

TDR Capital Nominees 2023 Limited holds its interests in Luxco on behalf of the following fund partnerships:

- TDR Capital Titan A L.P. and TDR Capital Titan 'B' L.P., which together hold 90.27%; and
- TDR Capital Special Opportunities Fund I L.P. and TDR Capital Mercury L.P., which together hold 9.73%.

TDR Capital is a leading private investment firm with over €15 billion in assets under management, focused on partnering with strong, market-leading European businesses that have the potential for robust growth and resilience through economic cycles.

Since TDR's initial investment in November 2013, the firm has worked closely with the Group's management team to deliver a significant operational transformation and capital investment programme, refurbishing, expanding and premiumising the club estate.

Under TDR's ownership, the Group re-launched its UK new site development programme and expanded its Continental European footprint through acquisitions and new openings. As at 31 December 2025, the Group operates 137 clubs, compared to 90 at the time of acquisition in 2013.

Strong and Experienced Management Team

The Group is led by a highly experienced and long-tenured management team with deep sector expertise. This leadership stability supports consistent execution of strategy and long-term value creation.

The management team is supported by a broad and capable bench of talent across the organisation. Increasing use of data analytics and digital technologies enhances decision-making, supports member-focused innovation and enables scalable, sustainable growth.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Directors of the Group

The directors who held office during the year and up to the date of signing the consolidated financial statements were:

MA Stephens
BJ Magnus
DG Earlam
PJ Burrows
SA Lloyd (resigned 5 November 2025)
R Barnes
Martin-Rudiger Frass-Ehrfeld (appointed 6 November 2025)

Mark Stephens (TDR Representative)

Mark joined TDR Capital in September 2012. Prior to joining TDR Capital, Mark worked at Morgan Stanley in London as an Associate in its Private Equity fund and previously as an Analyst in its U.K. Investment Banking team. Mark received a degree in Business and Legal Studies, with first class honors, from University College Dublin.

Brian Magnus (TDR Representative)

Brian Magnus joined TDR Capital in September 2012. Prior to joining TDR, he was a Managing Director at Morgan Stanley, where he served as European Head of Private Equity and previously as Head of UK Investment Banking. Before joining Morgan Stanley in 2000, he worked in the Corporate Finance Division of Schroders, which was subsequently acquired by Citigroup. Brian graduated from the University of Manchester with a degree in Management Sciences and qualified as a Chartered Accountant with PricewaterhouseCoopers. His external appointments include being Chairman of Stonegate Pub Company Limited.

Glenn Earlam (Executive Chairman)

Glenn Earlam is the Executive Chairman of the Group and has over 20 years' experience in the leisure sector. He joined David Lloyd in June 2015 from Merlin Entertainments Plc, where he was Managing Director of Midway Attractions, the largest operating division within Merlin. Under Glenn's leadership, the Group has focused on operational initiatives to enhance customer service delivery, reduce attrition and strengthen brand awareness. Since his appointment, the Group has significantly expanded its footprint, growing from 91 clubs in 2015 to 137 clubs as at 31 December 2025. Glenn graduated from Staffordshire Polytechnic with a degree in Business Studies in 1988. His external appointments include directorships at Luigi Topco Limited, G E & P A Developments Limited, Blackwell Avenue Developments Limited, Blackwell Avenue Properties Limited, Earlam Investment Company Limited and HBL (Holdings) Limited.

Russell Barnes (Chief Executive Officer)

Russell Barnes has served as Chief Executive Officer of the Group since April 2021, having originally joined David Lloyd in September 2015. He has more than 25 years of operational experience, including a period residing in the United States. Prior to joining the Group, Russell held senior roles at Merlin Entertainments Plc, where he was responsible for 48 attractions across Europe and led international expansion into Asia and North America, including launches in China, Japan, Korea and the United States. He also led Alton Towers Resort through a successful period of brand repositioning.

Patrick Burrows (Chief Financial Officer)

Patrick Burrows is the Chief Financial Officer of the Group and has more than 30 years' experience in consumer-facing businesses. He joined David Lloyd as Chief Financial Officer in September 2017 from London City Airport, where he was involved in the £2.4 billion sale of the business. Prior to London City Airport, Patrick held senior roles at New Look and Tesco. During his time at David Lloyd, he oversaw the refinancing of the Group's debt structure in 2018 and 2021. Patrick holds a degree in Economics and Politics from the University of Bristol and qualified as a Chartered Accountant with PricewaterhouseCoopers.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Directors of the Group (continued)

Martin Fräss-Ehrfeld (TCI representative)

Martin Fräss-Ehrfeld was appointed to the Board on 6 November 2025. He is the Founder and Chairman of TCI Real Estate Partners Limited and serves as an Investment Committee member of various real estate funds managed by TCI Fund Management Limited. He previously worked at The Blackstone Group from 2001 to 2009 in the Private Equity and Real Estate Groups in London and New York. Prior to this, he was an analyst in Mergers and Acquisitions at Merrill Lynch in London. Martin studied Economics at the Vienna University School of Economics and subsequently gained a Master of Economics and Management from Ecole Européenne des Affaires in Berlin. He is fluent in German, French and English.

Executive Committee (excluding Directors)

The Board delegates authority for the day-to-day management of the Group to the Executive Committee, which meets on a monthly basis.

The Executive Committee integrates risk considerations into the daily management of the business, with the primary objective of establishing policies and internal controls that minimise risk while maintaining the Group's competitiveness and agility.

Simon Raggett (Chief Operating Officer)

Simon Raggett joined the Group as Chief Operating Officer in September 2023, bringing nearly 10 years of operational leadership experience at Sky UK, where he held senior roles across retail, home services, contact centres and customer service. His tenure included a period in Sky Germany, where he led B2B TV in the UK through the Covid-19 pandemic. Prior to Sky, Simon held operational roles across the retail, hospitality and telecommunications sectors, including positions at Exxon Mobil, Yum! Restaurants, O2 and Starbucks, contributing to his broad cross-industry expertise.

Stuart Caswell (New Clubs Acquisition Director)

Stuart Caswell joined the Group in April 2021 from Aldi, where he led property expansion and format development in London, including the launch of the successful Aldi Local concept. He previously held senior Property and Strategy roles at both Sainsbury's and Tesco, with experience across the UK and Ireland, bringing strong expertise in retail development and strategic site growth.

Mia Manson-Bishop (Club Experience and Membership Director)

Mia Manson-Bishop joined the Group in March 2013 as part of the operational team and joined the senior leadership team in September 2015 as Club Experience and Membership Director. She brings over 15 years of operational and senior leadership experience in customer service, marketing and operations, gained with national and global brands including Wyndham Worldwide, Esporta and Sitel.

Bruce Gardner (New Clubs Director)

Bruce Gardner joined the Group as Group IT Director in 2011 and has served as New Clubs Director since 2017, overseeing the development and rollout of new club locations. His previous roles include IT Director at NSL Services and IT Director of Whitbread's pub division.

Juliett Cattermole (Group People Director)

Juliett Cattermole joined the Group in November 2022, bringing extensive experience from senior roles at Papa John's International, Mitchells & Butlers and British Airways. She has deep expertise in ESG, Diversity, Equity & Inclusion and employee wellbeing, having led transformational people strategies across major consumer brands. She was awarded "Most Inclusive Chief People Officer in Hospitality, Travel and Leisure" at the 2024 Inclusion in awards held by WiHTL & Diversity in Retail.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Executive Committee (excluding Directors) (Continued)

Andrea Dearden (Marketing Director)

Andrea Dearden joined the Group in 2017, bringing over 25 years of experience in the leisure industry. Prior to this, she held senior marketing roles at Merlin Entertainments Plc, where she was responsible for the London and European attractions portfolio. She brings deep expertise in brand strategy, customer engagement and multi-channel marketing across high-profile consumer destinations.

Nick Marsh (Operational Finance Director)

Nick Marsh joined the Group as Operational Finance Director in September 2016. He previously held a senior finance role at Merlin Entertainments Plc, overseeing the financial performance of over 100 attractions globally, including a significant period based in the United States. He also played a key role in Merlin's IPO. Prior to Merlin, he worked in private practice, bringing a strong foundation in finance and strategic planning.

Yossef La-Cherie (Strategy Director)

Yossef La-Cherie joined the Group in 1999 and has held various senior roles across the organisation. With approximately 20 years of leadership experience, primarily within the Finance function, he now oversees Strategy and Investor Relations. He brings deep institutional knowledge and financial expertise to the Group's long-term planning and stakeholder engagement.

James Willis (Group Operations Director)

James Willis joined the Group more than ten years ago and has held a range of senior roles in sales and operations. He was appointed Group Operations Director in 2025. Prior to joining the Group, he held roles in operations at Lidl and in finance at Citi and Danone, bringing a strong commercial and operational background to his leadership of club operations.

Claire Cronin (Chief Marketing Officer)

Claire Cronin joined the Group in July 2025. She brings extensive experience from senior marketing roles at McLaren F1, NetJets, Barclays Bank and, most recently, Chelsea Football Club, where she served as Chief Marketing Officer. She brings a strong track record of brand leadership and strategic marketing across high-profile international organisations.

Directors' liabilities

The Company maintains Directors' and Officers' (D&O) liability insurance to provide financial protection for its directors and officers in connection with their duties and responsibilities, to the extent permitted by law.

Future developments

Following the balance sheet date, the Group has continued to execute its growth strategy. In January 2026, the Group acquired Avenue Tennis Club in Gillingham and Can Melich Sport Club in Barcelona. In April 2026, the Group completed the acquisition of Aspria, a luxury health club operator with ten premium clubs across Germany, Belgium, Italy and Spain, funded through a combination of the Group's Revolving Credit Facility and shareholder equity.

The Group continues to advance its contracted pipeline of new club developments and has identified 16 premiumisation projects for delivery during 2026, including twelve Spa Retreat developments and a full club transformation at Shrewsbury. The Board remains confident in the Group's strategy and its outlook for FY26 and beyond.

Financial instruments

Information regarding the Group's financial risk management objectives and policies, including those relating to credit risk, liquidity risk and foreign currency risk, together with details of the Group's exposure to financial risks, is provided in Note 25 to the financial statements.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Going concern

The Group's and Company's assessment of the going concern basis is set out in detail in Note 2 on pages 66 to 67 of the financial statements.

In preparing the financial statements, the directors have considered the Group's forecast cash flows and available liquidity for the period from the date of signing these financial statements to October 2027. These forecasts indicate that the Group will maintain an appropriate level of liquidity headroom and have sufficient cash resources to meet its obligations as they fall due.

Based on this assessment, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, and for the foreseeable future thereafter. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Post balance sheet events

Details of post balance sheet events are provided in Note 31 to these financial statements.

Supplier payment policy

The Group complies with the payment practices reporting requirements set out in the Small Business, Enterprise and Employment Act 2015 and associated Regulations.

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers and, provided that suppliers comply with those terms and conditions, to settle liabilities in accordance with those agreed terms. Standard payment terms are typically between 30 and 45 days.

Payments are processed through weekly payment runs, with all undisputed invoices due for payment settled in accordance with the payment terms recorded in the supplier master file.

The average number of days taken to make payments during the reporting periods, measured from the date of receipt of invoice to the date the cash is received by the supplier, were as follows:

- For the period from 1 January 2025 to 30 June 2025: 28 days (2024: 30 days).
- For the period from 1 July 2025 to 31 December 2025: 17 days (2024: 28 days).

Guidelines for Disclosure and Transparency in Private Equity

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Statement on engagement with employees

As a UK company incorporated under the Companies Act 2006 and with a monthly average of more than 250 UK-based employees during the year, the Company is required to disclose:

- i) how the directors have engaged with employees; and
- ii) how the directors have had regard to employee interests, and the effect of that regard on the principal decisions taken during the financial year.

The Board recognises that meaningful engagement with employees is fundamental to the long-term success of the Group. The ways in which the directors have engaged with employees, and how employee interests have been considered in principal decision-making during the year, are described in the Group's Section 172(1) Statement, specifically Section (b), on page 27 of the Strategic Report.

Further detail on Board engagement mechanisms — including employee engagement surveys, communication channels, wellbeing initiatives and diversity and inclusion programmes — is set out on page 27 of the Strategic Report.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Statement on engagement with employees (Continued)

Matters relating to employee consultation and the Group's approach to disabled employees are addressed in the Strategic Report on page 14 of these financial statements.

In accordance with section 414C(11) of the Companies Act 2006, the Strategic Report is incorporated into this Directors' Report by cross-reference.

Statement on engagement with suppliers, customers and others in a business relationship with the Group

As a qualifying large company under the Companies Act 2006, the Group is required to summarise how the directors have had regard to the need to foster the Group's business relationships with suppliers, customers and other stakeholders, and the effect of that regard on the principal decisions taken during the financial year.

The Board recognises that maintaining strong and constructive relationships with members, suppliers, lenders, landlords and other stakeholders is essential to delivering sustainable long-term value.

Details of how the directors have engaged with these stakeholders, and how their interests have been taken into account in Board decision-making, are set out in the Group's Section 172(1) Statement, specifically Section (c), on page 27 of the Strategic Report.

Statement of Corporate Governance Arrangements

For the year ended 31 December 2025, the Group has voluntarily applied the Wates Corporate Governance Principles for Large Private Companies, as published by the Financial Reporting Council in December 2018.

The Wates Principles provide a structured framework through which the Board monitors and evaluates the Group's corporate governance arrangements. Their application supports effective oversight, promotes high standards of governance and accountability, and facilitates continuous improvement across the business.

The following statement explains how the Group has applied each of the six Wates Principles during the year.

Wates Principle 1 Purpose and Leadership

The Board is responsible for setting the long-term strategy, direction and performance of the Group and its subsidiaries. The Group's purpose — To inspire people to live happier, healthier lives — underpins the member proposition and is reflected in the Group's premium facilities, including state-of-the-art gyms, indoor and outdoor pools, racquet courts, group exercise studios and spa retreats.

The Group's vision, My Club for My Life, guides strategy and culture by positioning clubs as welcoming, inclusive environments that serve members across all life stages for personal time, family time, work, rest and play.

The Board actively monitors and nurtures the Group's culture through monthly reporting of member experience scores, twice-yearly employee engagement surveys reviewed at Board level, analysis of club usage data and operational KPIs, and ongoing investment in team development to support service excellence and alignment with the Group's values. The Group's six core values Passion To Serve, Will To Win, Freedom To Succeed, Edge, We Play and Thank You are detailed in the Strategic Report on page 4 and are communicated across the organisation through business briefings, the DL Connect employee app and regular communications from the Chief Executive.

Wates Principle 2 Board Composition

The Board of Deuce Midco Limited comprises six executive directors. Biographies of Board members are provided on pages 39 to 40 of this report. Board appointments are made on merit, taking into account the skills, experience, background and sector knowledge required to support effective decision-making and constructive challenge. The size and composition of the Board are considered appropriate for the scale and complexity of the business.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Statement of corporate governance arrangements (Continued)

Wates Principle 2 Board Composition (continued)

Day-to-day management of the Company and its subsidiaries is delegated to the Executive Committee. Biographies of Executive Committee members are provided on pages 40 to 41.

The Board has established two formal sub-committees. The Audit Committee oversees the appointment and independence of the external auditor and reviews audit scope, findings and financial reporting integrity. The committee consists of five statutory directors; Mark Stephens, Brian Magnus, Glenn Earlam, Russell Barnes and Patrick Burrows. The ESG Committee provides oversight of climate-related, social and environmental risks and opportunities and supports delivery of the Group's sustainability objectives, as detailed on page 30.

The Board and Executive Committee meet monthly with formal agendas, minutes and action tracking. Directors regularly visit clubs and engage directly with management teams to remain closely connected to operations.

Diversity and inclusion

The Board is committed to improving diversity and inclusion across the organisation. As at 31 December 2025, the Board and Executive Committee comprised 80% men and 20% women, unchanged from the prior year. The Board recognises that its composition does not yet fully reflect the broader organisation and continues to support the Group's Diversity, Equity and Inclusion ("DE&I") Strategy, launched in September 2023, which is designed to build a more inclusive and equitable culture across all levels of the business. The Group was awarded Gold Standard and Leading Edge accreditation by WiHTL during the year, providing external recognition of progress against its inclusion objectives.

Wates Principle 3 — Directors' Responsibilities

The Board met eleven times during the year and receives regular and timely information on all key aspects of the business, including financial performance and liquidity, health and safety matters, strategic initiatives and KPIs, capital investment appraisals and potential acquisitions and disposals.

Financial information is generated from the Group's accounting systems and overseen by a highly qualified finance function. The team receives ongoing professional development to ensure compliance with evolving accounting and regulatory standards. The Group's financial statements are audited annually by Deloitte LLP.

Clear delegated authorities and governance policies are in place across the business. While day-to-day operational management is delegated to the Executive Committee, the Board retains oversight of strategic, financing and significant capital decisions. The Board is responsible for approving the Group's risk appetite and ensuring that the internal control framework remains appropriate for the scale and complexity of the business.

Wates Principle 4 — Opportunity and Risk

The Board seeks to balance strategic growth opportunities with effective risk management. Principal risks and mitigating actions are described in detail in the Strategic Report on pages 15 to 18. Operational risk management is delegated to the Executive Committee, with significant decisions escalated to the Board.

During the year, the Board approved the following significant transactions: sale and leaseback transactions in respect of the freehold land and buildings at the Aravaca, Boadilla, Geneva Country Club, Harlow and Herne Bay clubs; the purchase of land in Arese, Milan for future club development; and a series of conditional land transactions subject to planning consent. Each transaction was evaluated against the Group's strategic objectives, expected return on investment and implications for leverage and liquidity.

The Group operates an internal control framework, supported by a Finance Policy and Procedures Manual, club-level compliance requirements, regular health and safety audits and profit protection reviews. The Board recognises ESG considerations as integral to long-term value creation. Climate-related risks and sustainability objectives are overseen by the Board, supported by the ESG Committee, which reports to the Board following each of its quarterly meetings.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Statement of corporate governance arrangements (Continued)

Wates Principle 5 — Remuneration

The Group's remuneration framework is designed to attract, retain and motivate high-performing individuals aligned to long-term strategic objectives. Director remuneration is set by the shareholder directors. Senior management remuneration is determined by the Board with reference to market benchmarking.

Executive remuneration comprises fixed and variable components. Variable elements are linked to financial performance, operational KPIs, strategic delivery and ESG-related objectives. An equity-based incentive plan aligns directors, senior leadership and operational management with shareholder value creation. Further details are provided in Note 26: Share-based Payments on pages 107 to 108.

The Group publishes its Gender Pay Report annually, as referenced on page 14 of the Strategic Report. The gender pay gap for the year was 14.7% (2024: 11.7%). The Executive Committee and Board remain focused on improving gender balance in senior leadership roles, with a target of 40% female representation by 2025 and 50% by 2028. As at 31 December 2025, females represented 31% of senior leadership roles, and the Board has directed management to review the programme of initiatives required to accelerate progress.

Wates Principle 6 Stakeholder Relationships and Engagement

The Board recognises that long-term sustainable success depends on maintaining strong and constructive relationships with a broad range of stakeholders. In fulfilling its duties under section 172 of the Companies Act 2006, the Board has regard to the interests of employees, members, suppliers, landlords, bondholders, regulators, local communities and the environment when making principal decisions. Further detail on how stakeholder engagement influenced principal decisions during the year is provided in the Section 172(1) Statement on pages 26 to 29 of the Strategic Report.

Members

Members are at the heart of the Group's strategy. The Board monitors member engagement and satisfaction through monthly reporting of member experience scores and Net Promoter Scores, analysis of membership retention and usage data, and digital engagement metrics from the Group's app and online platforms. These insights inform decisions relating to capital investment, pricing strategy, product development and service enhancements. During the year, the Board approved 14 premiumisation projects, including nine Spa Retreat developments, with member experience and retention metrics assessed as a primary criterion alongside financial returns.

Employees

The Group's team members are critical to delivering a differentiated member experience. The Board oversees employee engagement through biannual company-wide engagement surveys, regular updates from the Chief Executive and Executive Committee, leadership forums and internal communications via DL Connect, and direct engagement during Board and Executive visits to clubs. Survey results are reviewed at Board level, with action plans developed and monitored to address key themes. The Executive Committee also receives updates on talent development, succession planning, diversity and inclusion metrics and health and wellbeing initiatives. The Group continues to invest in training and career progression pathways to support retention and leadership development across the organisation.

Suppliers and business partners

The Group maintains long-term relationships with strategic suppliers, contractors and brand partners who support club operations, capital projects and member services. Engagement includes regular commercial reviews and performance monitoring, structured procurement processes to ensure fairness and value, and collaboration on sustainability initiatives and responsible sourcing. The Board recognises that strong supplier relationships enhance operational resilience, service quality and efficiency.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Statement of corporate governance arrangements (Continued)

Wates Principle 6 Stakeholder relationships and engagement (Continued)

Landlords and property partners

Given the Group's mixed freehold and leasehold property model, maintaining constructive relationships with landlords and property partners is essential. The Board reviews property strategy, lease commitments and capital investment plans, ensuring alignment between long-term site development and financial sustainability.

Bondholders and lenders

Bondholders represent a key stakeholder group given the Group's capital structure. The Board maintains transparent and proactive communication through quarterly financial updates, investor presentations and reporting, and ongoing engagement via the dedicated Investor Relations function. During the year, the Board oversaw the successful completion of a £1,295 million refinancing, engaging extensively with existing and prospective bondholders throughout the process.

Communities and environment

The Group operates clubs within local communities across the United Kingdom and mainland Europe and recognises its responsibility to contribute positively to those communities. The Board oversees local community engagement initiatives, environmental performance and carbon reduction programmes, energy efficiency investments and progress against ESG objectives. In 2025, the Group contributed £3.8 million to support approximately 1,250 charities and community causes and delivered a net reduction of 3,814 tonnes of CO₂e, exceeding its annual target. The ESG Committee provides focused oversight of climate-related and sustainability matters, with regular reporting to the Board.

Integration into decision-making

Stakeholder considerations are embedded into Board discussions and principal decision-making processes. Board papers for significant investments, acquisitions, financing decisions and strategic initiatives include assessment of stakeholder impacts, covering effects on employees and organisational capability, member experience implications, financial resilience and creditor interests, environmental and community impact, and alignment with the Group's long-term purpose and values.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Energy and carbon reporting

The Group has reported on all sources of GHG emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended.

GHG emissions and energy usage data			
		UK and offshore	
Energy Use	Units	2025	2024
Gas consumption	MWh	365,199	382,666
Purchased electricity consumption	MWh	74,731	68,536
Greenhouse Gas (GHG) Emissions			
Total gas	t/CO ₂ e	66,817	69,990
Total fuel (gas oil)	t/CO ₂ e	458	356
Total transport	t/CO ₂ e	39	36
Total fugitive	t/CO ₂ e	580	1,142
Total biomass	t/CO ₂ e	7	3
Total purchased electricity	t/CO ₂ e	13,227	14,190
Greenhouse Gas (GHG) Emissions			
Direct emissions (Scope 1)	000t/CO ₂ e	67,901	71,545
Indirect emissions from electricity (Scope 2)	000t/CO ₂ e	13,227	14,190
Total CO ₂ emissions (location based)	t/CO ₂ e	81,128	85,717
Total CO ₂ emissions (market based)	t/CO ₂ e	67,901	71,545
Total Greenhouse Gas (GHG) Emissions			
Direct emissions (Scope 1)	000t/CO ₂ e	68	72
Indirect emissions from electricity (Scope 2)	000t/CO ₂ e	13	14
Total CO ₂ emissions (location based)	000t/CO ₂ e	81	86
Procured renewable energy	000t/CO ₂ e	13	14
Total CO ₂ emissions (market-based approach)	000t/CO ₂ e	68	72
Intensity ratio			
Total emissions per visit	kg/CO ₂ e	1.30	1.63

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Methodology

This report covers all UK operations. Methodologies are in accordance with the WBCSD/WRI GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition), with conversions into CO₂e calculated using the UK Government 2025 greenhouse gas conversion factors. Scope 1 direct emissions include gas and fuel consumption, transport and fugitive emissions. Scope 2 indirect emissions relate to purchased electricity consumption.

2025 vs 2024 Review

The number of operational UK clubs increased by three during the year to 108. Total Scope 1 and 2 emissions fell from approximately 86,000 tonnes to 81,000 tonnes on a location-based basis, and the carbon intensity ratio improved from 1.63 to 1.30 kg CO₂e per member visit.

The reduction in gas consumption and corresponding increase in electricity usage primarily reflects the installation of three air-source heat pumps during 2025, together with the continued phased removal of CHP units. These reductions were partially offset by consumption increases driven by business growth. Fugitive emissions fell materially year-on-year, from 1,142 to 580 tonnes CO₂e, as a result of the continued phase-out of high Global Warming Potential refrigerants across the estate in line with EU and UK regulatory requirements.

Energy efficiency action

The Group remains committed to achieving Net Zero carbon emissions across Scope 1, 2 and 3. Key actions taken during 2025 are summarised below.

- Solar PV - 41 rooftop solar PV installations were fully operational during 2025. Phase 2 of the rollout is underway, with a further 40 clubs scheduled for installation during 2026.
- Energy efficiency investment - £2 million of capital expenditure was deployed on the installation and upgrade of Building Management Systems to optimise energy performance across the estate.
- Electrification and plant transition - Three heat pump installations were completed during the year, with a further 12 UK installations scheduled for 2026. Six remaining CHP units are planned for phase-out by the end of 2026.
- Corporate Power Purchase Agreement - The Group's first CPPA was secured during 2025, covering approximately 60% of total UK electricity consumption from 1 October 2025, providing a more robust and transparent mechanism for renewable electricity procurement.
- Team member engagement - The Group's Do Good Champion network continues to promote sustainability initiatives across clubs, supporting responsible resource use and embedding best practice across operations.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The directors have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

Deuce Midco Limited

Directors' Report for the Year ended 31 December 2025

Statement of Directors' Responsibilities (Continued)

In preparing the parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; provide additional disclosures when compliance with the specific requirements in IFRS standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditor

The auditor, Deloitte LLP, has indicated their willingness to continue in office and appropriate arrangements have been put in place concerning their re-appointment in the absence of an Annual General Meeting.

Approved by the Board on 24 April 2026 and signed on its behalf by:



PJ Burrows
Director

Deuce Midco Limited

Independent Auditor's Report for the year ended 31 December 2025

Independent auditor's report to the members of Deuce Midco Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Deuce Midco Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 34.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Deuce Midco Limited

Independent Auditor's Report for the year ended 31 December 2025

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included General Data Protection Regulation (GDPR) and relevant Health and Safety legislation.

Deuce Midco Limited

Independent Auditor's Report for the year ended 31 December 2025

We discussed among the audit engagement team and relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

Impairment of Property, Plant & Equipment ("PPE"), Right of Use ("ROU") assets and goodwill

The procedures performed to address the risk included the following:

- Engaged our internal specialists to review and determine the appropriateness of the discount rate and long term growth rate;
- Testing the supporting evidence and understanding any contradictory evidence and its potential impact on the growth assumptions included in the short-term forecasts. Specifically, we challenge the key judgements included in these forecasts (new member sales, attrition, yield and total costs).
- Performed sensitivity analysis on the key inputs into the VIU model to determine if this would materially change any impairment charge currently recognised, including sensitivities on Adjusted EBITDA, long term growth rate and discount rate.
- Assessed the disclosures made in the financial statements meets the requirements of IAS 1 and IAS 36. This includes reviewing the key judgements, assessment of any contradictory evidence and the sensitivity analysis disclosed in respect of each of those key judgements and what change is required to result in a material movement to the impairment charge recognised, and for the key source of estimation uncertainty disclosure, ensuring that change is reasonably possible within the next 12 months.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Deuce Midco Limited

Independent Auditor's Report for the year ended 31 December 2025

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Darlison

Kate Darlison, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
24 April 2026

Deuce Midco Limited

Consolidated Income Statement for the Year ended 31 December 2025

	Note	31 December 2025 £ 000	31 December 2024 £ 000
Revenue	4	971,481	860,773
Cost of sales		(233,873)	(208,494)
Gross profit		737,608	652,279
Other income	5	1,988	3,572
Administrative expenses		(108,627)	(73,935)
Other operating expenses		(406,388)	(376,624)
Impairment losses on financial assets	21	(16,279)	(15,686)
(Loss)/profit on disposal	7	(2,583)	3,759
Operating profit	8	205,719	193,365
Finance income		3,084	13,374
Finance costs		(155,238)	(140,177)
Net finance costs	12	(152,154)	(126,803)
Profit before taxation		53,565	66,562
Income tax charge	13	(10,489)	(13,592)
Profit for the financial year		43,076	52,970

The above results were derived from continuing operations.

Deuce Midco Limited

Consolidated Statement of Comprehensive Income for the Year ended 31 December 2025

	31 December 2025 £ 000	31 December 2024 £ 000
Profit for the financial year	43,076	52,970
Items that may be reclassified subsequently to profit and loss		
Exchange differences arising on the translation of foreign operations	8,387	(8,070)
Total comprehensive income for the financial year	51,463	44,900

The notes on pages 65 to 114 form an integral part of these financial statements.

Deuce Midco Limited
(Registration number: 11385914)
Consolidated Statement of Financial Position as at 31 December 2025

	Note	31 December 2025 £ 000	31 December 2024 £ 000
Assets			
Non-current assets			
Property, plant and equipment	15	637,374	569,163
Right-of-use assets	16	1,231,685	1,142,902
Intangible assets	17	198,814	208,843
Deferred tax assets	28	132,815	157,101
Other investments	19	826	3,248
Other receivables	20	63,640	4,362
		<u>2,265,154</u>	<u>2,085,619</u>
Current assets			
Inventories		2,067	1,951
Trade and other receivables	21	33,058	20,394
Cash and cash equivalents	22	61,780	8,668
		<u>96,905</u>	<u>31,013</u>
Total assets		<u>2,362,059</u>	<u>2,116,632</u>
Current liabilities			
Trade and other payables	23	(173,301)	(149,866)
Income tax liability		(513)	(1,308)
Loans and borrowings	24	(9,778)	(420)
Provisions	27	(1,585)	(2,005)
Lease liabilities	16	(10,552)	(7,435)
		<u>(195,729)</u>	<u>(161,034)</u>
Net current liabilities		<u>(98,824)</u>	<u>(130,021)</u>
Non-current liabilities			
Loans and borrowings	24	(1,272,894)	(890,479)
Provisions	27	(2,098)	(1,443)
Contract liabilities	4	(3,455)	(4,640)
Deferred tax liabilities	28	(195,459)	(212,173)
Lease liabilities	16	(1,279,092)	(1,158,886)
		<u>(2,752,998)</u>	<u>(2,267,621)</u>
Total liabilities		<u>(2,948,727)</u>	<u>(2,428,655)</u>
Net liabilities		<u>(586,668)</u>	<u>(312,023)</u>

The notes on pages 65 to 114 form an integral part of these financial statements.

Deuce Midco Limited

(Registration number: 11385914)

Consolidated Statement of Financial Position as at 31 December 2025

		31 December 2025	31 December 2024
	Note	£ 000	£ 000
Equity			
Share capital	29	-	425,798
Share premium	29	-	271,336
Capital contribution reserve	29	3,550	3,550
Merger reserve	29	(528,465)	(528,465)
Foreign currency translation reserve	29	1,400	(6,987)
Share based payment reserve	29	1,828	18,451
Other reserves	29	2,569	2,569
Accumulated losses	29	(67,550)	(498,275)
Total shareholders' deficit		<u>(586,668)</u>	<u>(312,023)</u>

Approved by the Board on 24 April 2026 and signed on its behalf by:



PJ Burrows
Director

The notes on pages 65 to 114 form an integral part of these financial statements.


Deuce Midco Limited

(Registration number: 11385914)

Parent Company Statement of Financial Position as at 31 December 2025

	Note	31 December 2025 £ 000	31 December 2024 £ 000
Assets			
Non-current assets			
Investments	18	680,565	677,561
Other receivables	20	596,729	773,171
		1,277,294	1,450,732
Current assets			
Trade and other receivables	21	707	-
Cash and cash equivalents	22	6	6
		713	6
Total assets		1,278,007	1,450,738
Current liabilities			
Trade and other payables	23	(1,245,548)	(1,074,199)
Net current liabilities		(1,244,835)	(1,074,193)
Non-current liabilities			
Loans and borrowings	24	-	1,237
Total liabilities		(1,245,548)	(1,072,962)
Net assets		32,459	377,776
Equity			
Share capital	29	-	425,798
Share premium	29	-	271,336
Share based payment reserve	29	-	17,511
Retained earnings/(accumulated losses)	29	32,459	(336,869)
Total shareholders' funds		32,459	377,776

Approved by the Board on 24 April 2026 and signed on its behalf by:



PJ Burrows
Director

No income statement has been presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a loss after tax for the financial year of £18,321,000 (2024: loss of £37,130,000).

The notes on pages 65 to 114 form an integral part of these financial statements.

Deuce Midco Limited

Consolidated Statement of Changes in Equity for the Year ended 31 December 2025

	Share capital £ 000	Share premium £ 000	Capital contribution reserve £ 000	Merger reserve £ 000	Foreign currency translation reserve £ 000	Share-based payment reserve £ 000	Other reserves £'000	Accumulated losses £ 000	Total shareholders' deficit £ 000
At 1 January 2025	425,798	271,336	3,550	(528,465)	(6,987)	18,451	2,569	(498,275)	(312,023)
Profit for the financial year	-	-	-	-	-	-	-	43,076	43,076
Other comprehensive income	-	-	-	-	8,387	-	-	-	8,387
Total comprehensive income for the financial year	-	-	-	-	8,387	-	-	43,076	51,463
Share based payment transactions	-	-	-	-	-	3,892	-	-	3,892
Bonus issue of shares	250,000	-	-	-	-	(20,515)	-	(229,485)	-
Capital reduction	(675,798)	(271,336)	-	-	-	-	-	947,134	-
Dividends	-	-	-	-	-	-	-	(330,000)	(330,000)
At 31 December 2025	-	-	3,550	(528,465)	1,400	1,828	2,569	(67,550)	(586,668)

The notes on pages 65 to 114 form an integral part of these financial statements.

Deuce Midco Limited

Consolidated Statement of Changes in Equity for the Year ended 31 December 2024

	Share capital £ 000	Share premium £ 000	Capital contribution reserve £ 000	Merger reserve £ 000	Foreign currency translation reserve £ 000	Share-based payment reserve £ 000	Other reserves £'000	Accumulated losses £ 000	Total shareholders' deficit £ 000
At 1 January 2024	425,798	271,336	3,550	(528,465)	1,083	16,195	2,569	(551,245)	(359,179)
Profit for the financial year	-	-	-	-	-	-	-	52,970	52,970
Other comprehensive expense	-	-	-	-	(8,070)	-	-	-	(8,070)
Total comprehensive income for the financial year	-	-	-	-	(8,070)	-	-	52,970	44,900
Share based payment transactions	-	-	-	-	-	2,256	-	-	2,256
At 31 December 2024	425,798	271,336	3,550	(528,465)	(6,987)	18,451	2,569	(498,275)	(312,023)

The notes on pages 65 to 114 form an integral part of these financial statements.

Deuce Midco Limited

Parent Company Statement of Changes in Equity for the Year ended 31 December 2025

	Share capital £ 000	Share premium £ 000	Share-based payment reserve £ 000	Retained earnings/ (accumulated losses) £ 000	Total shareholders' funds £ 000
At 1 January 2025	425,798	271,336	17,511	(336,869)	377,776
Loss for the financial year	-	-	-	(18,321)	(18,321)
Total comprehensive loss for the financial year	-	-	-	(18,321)	(18,321)
Share based payment transactions	-	-	3,004	-	3,004
Bonus issue of shares	250,000	-	(20,515)	(229,485)	-
Capital reduction	(675,798)	(271,336)	-	947,134	-
Dividends	-	-	-	(330,000)	(330,000)
At 31 December 2025	-	-	-	32,459	32,459

The notes on pages 65 to 114 form an integral part of these financial statements.

Deuce Midco Limited

Parent Company Statement of Changes in Equity for the Year ended 31 December 2024

	Share capital £ 000	Share premium £ 000	Share-based payment reserve £ 000	Accumulated losses £ 000	Total shareholders' funds £ 000
At 1 January 2024	425,798	271,336	15,255	(299,739)	412,650
Loss for the financial year	-	-	-	(37,130)	(37,130)
Total comprehensive loss for the financial year	-	-	-	(37,130)	(37,130)
Share based payment transactions			2,256	-	2,256
At 31 December 2024	<u>425,798</u>	<u>271,336</u>	<u>17,511</u>	<u>(336,869)</u>	<u>377,776</u>

The notes on pages 65 to 114 form an integral part of these financial statements.

Deuce Midco Limited

Consolidated Statement of Cash Flows for the Year ended 31 December 2025

	Note	Year ended 31 December 2025 £ 000	Year ended 31 December 2024 £ 000
Cash flows from operating activities			
Profit for the financial year		43,076	52,970
Adjustments to reconcile to operating cash flows:			
Depreciation and amortisation	8	110,606	101,260
Net impairment charge	8	22,799	7,709
Loss/(Profit) on disposal	7	2,583	(3,759)
Finance income	12	(3,084)	(13,374)
Finance costs	12	155,238	140,177
Share-based payment transactions		3,892	2,256
Tax charge	13	10,489	13,592
Increase in provisions	27	201	1,424
		345,800	302,255
Working capital adjustments:			
(Increase)/decrease in inventories		(101)	119
Increase in trade and other receivables		(10,398)	(3,918)
Increase/(decrease) in trade and other payables		16,718	(2,484)
		352,019	295,972
Cash generated from operations		352,019	295,972
Income taxes paid		(4,235)	(2,405)
		347,784	293,567
Cash flows from investing activities			
Payments for property, plant and equipment		(142,049)	(125,862)
Payments for assets under construction		(63,385)	(9,973)
Payment for right-of-use assets under construction		-	(11,505)
Payment for acquisition of subsidiary, net of cash acquired		-	(5,313)
Proceeds from sale of property, plant and equipment		542	4
Proceeds from sale and leasebacks		95,007	-
Payment of contingent consideration		(23)	(275)
Acquisition of intangible assets		(6,819)	(3,463)
Interest received		2,490	1,807
Loans to parent company		(53,306)	-
Dividends received		15	15
Transaction costs paid in relation to right-of-use assets		(1,910)	(231)
Payment of rent deposits		(315)	-
Receipt of rent guarantees*		836	505
Lease incentives received*		-	2,500
		(168,917)	(151,791)
Net cash flows from investing activities		(168,917)	(151,791)

The notes on pages 65 to 114 form an integral part of these financial statements.

Deuce Midco Limited

Consolidated Statement of Cash Flows for the Year ended 31 December 2025

	Year ended 31 December 2025	Year ended 31 December 2024
Note	£ 000	£ 000
Cash flows from financing activities		
Proceeds from borrowings	1,293,727	-
Repayment of principal on lease liabilities	(28,362)	(17,276)
Payment of interest on lease liabilities	(78,325)	(78,381)
Proceeds from funders for sale and leasebacks	-	15,973
Payment of debt issue costs	(22,181)	-
Interest paid	(51,375)	(58,813)
Repayment of borrowings	(910,773)	(2,156)
Dividends paid	(330,000)	-
Net cash flows from financing activities	(127,289)	(140,653)
Net increase in cash and cash equivalents	51,578	1,123
Cash and cash equivalents at beginning of year	8,668	7,713
Effect of exchange rate changes on cash and cash equivalents	1,534	(168)
Cash and cash equivalents at end of year	61,780	8,668
22		

*Prior year cash flows in relation to the receipt of rent guarantees (£0.5m) and lease incentives received (£2.5m) have been reclassified from financing activities to investing activities to improve comparability and better reflect the nature of the cash flows. This reclassification has no impact on the net increase in cash and cash equivalents.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

1 General information

The Company is a private company limited by share capital incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is:

The Hangar
Mosquito Way
Hatfield Business Park
Hertfordshire
United Kingdom
AL10 9AX

The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 2.

2 Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IFRS Accounting Standards) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS101).

The consolidated and Company financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

As permitted by FRS101, the Company has taken advantage of the disclosure exemptions available in relation to presentation of a cash flow statement; standards not yet effective; business combinations; non-current assets held for sale; presentation of comparative information in respect of certain assets; impairment of assets; Pillar two tax reform disclosures; and related party transactions.

Climate change

In preparing the consolidated financial statements, management has considered the impact of climate change, particularly in the context of the disclosures in the strategic report and the Group's net zero pathway. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment. The Group is continually developing its assessment of the impact that climate change has on the assets and liabilities recognised and presented in its financial statements.

Specifically, we note that:

- The Group continues to invest in renewable energy procurement, solar deployment, electrification pilots and energy efficient alternatives in our clubs to mitigate the risk of increased oil and natural gas pricing and regulatory developments.
- We have considered the impact of climate change on the carrying value of property, plant and equipment when assessing for impairment and have not impaired any assets during the financial year as a direct result of climate related factors.
- The assumptions used in the preparation of the financial statements are consistent with the Group's climate-related commitments and disclosures, including its net zero pathway, and reflect management's current expectations of future regulatory and market developments.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiaries at 31 December 2025. All subsidiaries have a reporting date of 31 December.

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a loss after tax for the financial year of £18.3m (2024: loss of £37.1m).

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intergroup transactions and balances between Group companies are therefore eliminated in full. The results of subsidiaries acquired or disposed of during the year are included in the income statement 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 their accounting policies into line with those used by the Group.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Going concern

In preparing these financial statements, the Directors have assessed the Group's and the Company's ability to continue as a going concern over the 18-month period from the date of approval of these financial statements to 31 October 2027. This assessment has considered the Group's and Company's liquidity position, cash flow forecasts, expected trading performance, and the prevailing macroeconomic environment, including geopolitical risks and their potential impact on energy prices.

Liquidity and Financing Arrangements

The Group benefits from a strong liquidity position, underpinned by the successful refinancing completed on 20 November 2025, as described on page 8 of the strategic report.

At 31 December 2025, the Group had total liquidity of £220.8m, comprising immediately available cash of £61.8m and £159.0m of undrawn capacity under the Super Senior Revolving Credit Facility ("SSRCF"). The Directors are satisfied that the net current liabilities position at the statement of financial position date is structural in nature and is not indicative of any underlying liquidity risk.

The SSRCF is subject to a single financial covenant based on the Group's Consolidated Leverage Ratio (Net Debt to Adjusted EBITDA). The covenant is only tested when drawings under the facility equal or exceed 40% of the total commitment (equivalent to £70m) and requires the Consolidated Leverage Ratio to remain below 9.25 times.

In March 2026, the Group drew €62m (approximately £55m) under the SSRCF to part-fund the strategically compelling acquisition of Aspria, a European luxury health club operator. Following this draw, total utilisation of the SSRCF (excluding the £31m guarantee facility) stands at approximately £55m, representing approximately 31% of the facility and comfortably below the 40% threshold at which the financial covenant would be tested.

At 31 March 2026, the Group maintained an immediately available cash balance of approximately £75m and total liquidity of approximately £171m. The movement from 31 December 2025 reflects the Aspria acquisition draw and continued capital investment across the estate, both of which the Directors view as positive indicators of the Group's growth momentum.

Recent trading performance of clubs

As set out on pages 19 to 22 of the Strategic Report, the Group delivered a strong trading performance for the year ended 31 December 2025, with growth across membership, revenue and Adjusted EBITDA. Membership closed the year at 822,000 (2024: 785,000), representing growth of 37,000 members, or 5%, year on year. This positive trading momentum has continued into the current financial year, with membership increasing further to 829,000 at 31 March 2026.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Going concern (continued)

Cash flow forecasts and scenario analysis

The Directors have reviewed the Group's forecast cash flows and available liquidity over the full 18-month assessment period to 31 October 2027, incorporating the Aspria business from the date of acquisition, including expected transaction and integration costs and associated capital expenditure commitments.

The base case scenario projects growth in Adjusted EBITDA, driven by membership growth, yield growth, the benefits of the Group's premiumisation strategy, and delivery of new clubs. The Group's energy cost exposure is well-managed, with electricity and gas costs approximately 85% and 83% hedged for FY26 and 60% and 51% for FY27 respectively, providing the Board with a high degree of confidence in financial outcomes. Under the base case, the Group maintains strong liquidity throughout the forecast period and the financial covenant test is not triggered.

The Directors also considered a severe downside scenario in which membership remains in line with the base case through FY26, before a steady decline commences in January 2027 and continues throughout the assessment period, resulting in a member count approximately 50,000 (around 6%) lower by October 2027 than at December 2025, with management responding by halting all uncommitted premiumisation capital expenditure. In this scenario, the Group retains adequate liquidity throughout the assessment period, and the financial covenant test is not triggered, demonstrating the resilience of the Group's financial position.

The Directors conducted a reverse stress test to identify the level of membership decline that would be required to either exhaust the Group's available liquidity resources or cause a breach of its financial covenant. This analysis, which also assumes a range of available mitigating actions, suggests that a closing membership count approximately 27% (equivalent to approximately 225,000 members) below the December 2025 level would need to be reached by October 2027 to reduce available liquidity to nil. Even in this scenario, the Group's Consolidated Leverage Ratio would remain comfortably below 9.25 times.

The Directors consider this outcome to be highly unlikely. The Group has demonstrated significant resilience through recent economic cycles and benefits from an affluent membership base who prioritise health and wellbeing.

Conclusion

The Directors have concluded that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis of accounting has been adopted in preparing these financial statements.

Revenue recognition

Revenue is derived from the provision of sport and leisure facilities in the United Kingdom and Europe. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The Group's revenues are recognised mainly from the following goods and services:

- Membership subscriptions;
- Administration and joining fees;
- Sale of sports lessons including swimming, tennis and personal training;
- Sale of spa vouchers;
- Other retail sales, including food and beverage and crèche services;
- Franchise rent income.

Membership subscriptions

Membership subscriptions can be paid annually or monthly by direct debit. Subscriptions are recognised over the period of membership, with any subscription payments received in advance of the period in which the service is provided being recorded as a contract liability on the statement of financial position.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Revenue recognition (continued)

Administration and joining fees

Administration and joining fees are paid upfront and are non-refundable. They represent a fee for the initial set up costs of the contract and for the right to renew the membership for no additional fee when the contract expires. Revenue is recognised in line with when the performance obligations are performed which is over the average membership period, including any period of renewal. Cash received relating to future periods of membership are recognised as contract liabilities in the statement of financial position.

The average membership periods over which revenue is recognised are:

Standard membership: 24 months

Flexible membership: 1 month

Annual membership: 24 months

Retail sales

Revenue from food and beverage sales, and other merchandise is recognised at the point of sale, when control of the goods has transferred to the customer and the Group has a present right to payment therefore does not retain any of the significant risks and rewards.

Other revenue

Other revenue comprises income from personal training, tennis, swimming classes, spa income and franchise rent income. Personal training, tennis and swimming revenue is recognised over the period that classes are provided, and any upfront payment is recognised as a contract liability in the statement of financial position. Franchise rent income is recognised over the lease term. Spa income is recognised at the point the service is provided, and any upfront payment is recognised as a contract liability in the statement of financial position.

Sports lessons are predominantly paid for monthly by direct debit. In Europe, sports lessons are paid for upfront at the beginning of the term. Cash received is recognised over the period that lessons are provided, and any upfront payment is recognised as a contract liability on the statement of financial position.

Personal training is paid for monthly by direct debit, through the purchase of vouchers online or in club, as well as via the app, which allows weekly recurring payments. Sessions can be purchased in packs of one, four or eight. Revenue is recognised as and when personal training sessions are delivered (or vouchers have expired). Vouchers normally have an expiry date of between one and three months depending on quantity purchased, from the date of purchase. Cash received in relation to future periods is recognised as a contract liability on the statement of financial position.

Other income

Research and development tax credits

Research and development tax credits are not recognised until there is reasonable assurance that the Group will comply with the relevant conditions and that the income will be received from the relevant tax authority.

Research and development tax credits are recognised in profit or loss in the period in which they become receivable.

Insurance proceeds

Insurance proceeds are recognised when received, or when receipt is virtually certain, and can be measured reliably.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Construction contracts for leaseback

The Group enters into certain arrangements in which it constructs a new club, transfers title to a third party, and leases the club back from the third party for a period of time. Such arrangements are accounted for by applying the sale and leaseback principles within IFRS 16, with the lease term and portion of asset transferred being determined in accordance with IFRS 16. The portion of the expenditure that relates to the right of use of asset retained is capitalised, while the remaining expenditure (relating to the portion of asset transferred) is recognised as an expense in profit or loss.

Correspondingly, amounts received from the third party that relate to the portion of the asset transferred are recognised as income in profit or loss, and the balance is recognised as a liability, which will be settled through subsequent lease payments.

When land is transferred at the start of such an arrangement, revenue relating to the portion of land that has been transferred is recognised when control has been transferred to the customer, which is typically upon legal title being passed to them. Subsequently, the customer typically obtains control over the properties as they are constructed, and the Group has an enforceable right to payment for work performed, such that the associated revenue is recognised over time. Accordingly, in relation to the portion of the properties that are transferred over time, revenue and costs are recognised with reference to the stage of completion of the contract activity at the balance sheet date based on the proportion of construction cost incurred in relation to total forecast construction costs.

This revenue is classified within 'Other income' so as not to distort the Group's revenue which is derived from the provision of sport and leisure facilities. Construction costs are recognised within 'Other operating expenses'. Proceeds from funders for leasebacks are presented within financing activities in the statement of cash flows.

Exceptional items

Exceptional items are not defined under IFRS but are disclosed separately in the financial statements, where it is necessary to provide further understanding of the financial performance of the Group. For an item to be considered exceptional it must meet at least one of the following criteria:

- It is a significant item which may span more than one accounting period;
- It is unusual in nature e.g. outside the normal course of business.

If an item meets at least one of these criteria, the Board exercises judgement on whether it should be classified as an exceptional item.

Foreign currency transactions and balances

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in pound sterling, which is also the Group's functional currency.

Transactions in currencies other than the functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

On consolidation, the results of overseas operations are translated into pounds sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at the actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

The average conversion rate during the period was £1: €1.17 (2024: £1: €1.18), and at the statement of financial position date was £1: €1.15 (2024: £1: €1.21).

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are classified as loans within non-current or current liabilities based on their maturity date.

Borrowing costs

Costs directly attributable to refinancing have been capitalised and amortised over the related loan period. Where fees do not relate directly to a particular loan, they have been apportioned between the loans based on the total loan principal.

Tax

The tax expense for the period comprises current tax and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. For each same taxing authority, the maximum deferred tax asset that can be recognised is equal to the deferred tax liability. There is no restriction if there is a net deferred tax liability.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

Property, plant and equipment

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their net book value, being the fair value at the date of acquisition less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures, fittings and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Assets under construction represent costs incurred in respect of the development of new clubs. No depreciation is charged until the new club is brought into operation.

Costs incurred prior to the date of opening a club which are not directly associated with its acquisition, construction, refurbishment or fitting out are charged to the profit and loss account as incurred.

Work in progress represents costs incurred in refurbishment of existing clubs, building spa retreats, and development of new products. No depreciation is charged until the project is complete.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold land, Assets under construction and Work in progress are not depreciated.

Freehold Buildings - 50 years

Fixtures, Fittings and Equipment - between 3 and 25 years

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit/(loss) on disposal within the income statement.

The useful lives of property, plant and equipment are reviewed at each year end. Any change to previous estimates are accounted for prospectively as a change in estimate in accordance with IAS 8.

Business combinations

Business combinations are accounted for using the acquisition method or using merger accounting where it is a common control transaction and the relative rights remained the same before and after the combination. Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in 'other operating expenses'.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of acquired assets and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

Goodwill

Goodwill is initially recognised and measured as set out above.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill arising on the acquisition of the Group by TDR on 1 November 2013 is monitored by management at the Group level, which represents the lowest level at which this goodwill is assessed for internal reporting and impairment purposes. Goodwill has also been recognised in relation to individual club acquisitions or acquisitions of a group of clubs.

Intangible assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. They are amortised over their useful lives from the date of acquisition.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Intangible assets (continued)

Customer contracts and trademarks recognised on business combinations are amortised using the straight-line method over the following periods:

- Customer contracts - 2 to 7 years
- Trademarks - 15 years

Brand names acquired are recognised as intangible fixed assets with indefinite useful lives and are therefore tested annually for impairment.

Software is capitalised at cost and amortised using the straight-line method over its useful life of 3 years.

Costs arising from the Group's development of software and applications for providing services to members are capitalised once the project has progressed beyond a conceptual, preliminary stage of application development. Development costs are capitalised when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the development of the software and bring it into use;
- There is an ability to use or sell the software;
- It can be demonstrated that the software will generate probable future economic benefits;
- Adequate technical, financial and other resources are available to complete the development of the software;
- The expenditure can be recognised reliably.

Costs that qualify for capitalisation include both internal and external costs but are limited to those that are directly attributable to the specific project.

Internally-generated intangible assets are amortised over their useful lives of 2 to 3 years.

Impairment of tangible and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets (including goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Each individual club is considered to be a CGU for assessing tangible assets for impairment. CGUs for goodwill are determined in relation to individual club acquisitions or acquisitions of a group of clubs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. In order for an impairment reversal to be recognised the recoverable amount of the tangible and intangible asset needs to be supported for a minimum of three consecutive years. Upon this criterion being met, the impairment reversal would be recognised in the income statement if the Directors have assessed that performance has significantly improved. Impairment losses recognised for goodwill are not reversed.

Investments are reviewed for impairment based upon their recoverable amount.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Other investments

Other investments consist of rental guarantee deposits held in relation to leases entered into by the Group as a lessee. These deposits are not available for use due to the legal guarantees in place, and are therefore non-current in nature.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Statement of cash flows

The Group prepares its statement of cash flows in accordance with IAS 7. Cash flows from financing activities are presented gross, with major classes of receipts and payments disclosed separately per IAS 7.21, including proceeds from debt issuance and repayments or extinguishments of borrowings.

The refinancing transaction completed in the year was accounted for as an extinguishment under IFRS 9, with associated cash inflows and outflows presented separately to reflect the derecognition of the original liability and recognition of the new liability. As the Group acts as principal — directing the bank as agent — it bears the right to cash inflows and the obligation to settle the related liabilities, supporting gross presentation.

Net presentation is applied only where permitted under IAS 7.22–23. The Group has assessed that the current year refinancing does not meet those criteria.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The amortisation of the discount is recognised as interest expense.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Employee benefits

Pension obligations

The Group operates various defined contribution pension plans. The Group pays contributions to privately administered pension insurance plans on a mandatory, contracted or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense. The assets of the scheme are invested and managed independently of the finances of the Group.

Senior Management Incentive Plan

The Group recognises a liability and an expense for participants of the Senior Management Incentive Plan which is payable upon sale of the business if certain conditions are met by amortising the present value of the estimated payment over the expected service period. This liability is recorded within provisions.

Share-based payments

Applicable employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for the right to purchase equity instruments in the parent company (equity-settled transactions).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The fair value at start date of equity-settled transactions is recognised, together with a corresponding increase in the share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee Benefit Trust

The Employee Benefit Trust is considered to be controlled by the Group. The activities of the Trust are conducted on behalf of the Group according to its specific business needs in order to obtain benefits from its operation and on this basis, the assets held by the Trust are consolidated into the Group's financial statements.

Share capital

Ordinary shares are classified as equity.

Financial liabilities

Classification

Financial liabilities can be classified as 'fair value through profit or loss' or held at amortised cost. All are initially recognised at fair value, and in the case of loans, net of any transaction costs. Loans are measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Recognition and measurement

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Financial assets

Classification

The Group classifies its financial assets in the following measurement categories: financial assets at fair value (either through Other Comprehensive Income (OCI) or through profit or loss) and financial assets at amortised cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI.

Recognition and measurement

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset measured at amortised cost or fair value through OCI, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss (FVTPL) are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and fair value through profit or loss. Expected credit losses are measured through a loss allowance at an amount equal to the expected credit losses for the next 12 months or the expected credit losses over the lifetime of the asset. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Leases

The Group leases various clubs and equipment. Rental contracts are typically made for fixed periods of 12 months to 125 years and may have extension options. The average remaining lease term is 67 years. The Group applies the recognition exemption permitted by IFRS 16 for short-term leases, whereby leases with a term of 12 months or less are not recognised on the balance sheet, and the associated lease payments are expensed on a straight-line basis over the lease term.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Leases (continued)

The Group has entered into commercial property leases and other plant and equipment leases as a lessee. The leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the incremental borrowing rate ("IBR"). This is the rate of interest that a lessee would have to pay to borrow, over a similar term and with security funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Where the Group enters into a sale and leaseback transaction, a lease liability and corresponding right of use asset is recognised for the lease of land and buildings at the date the asset is available for use. The right of use asset recognised is calculated as a proportion of the carrying value of the asset held immediately prior to the sale. A portion of the gain or loss on sale is recognised to the extent that it relates to the rights transferred to the buyer.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 3.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

2 Material accounting policies (continued)

Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2025 that have had a material impact on the Group's financial statements. For completeness the following new standards, amendments and interpretations are newly mandatorily effective for the first time in the current period:

- Amendments to IAS 21: Lack of Exchangeability

(b) New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 7 and IFRS 9: Classification and Measurement of Financial Instruments
- Amendments to IFRS 7 and IFRS 9: Contracts referencing Nature-dependent Electricity
- IFRS 18: Presentation and Disclosure in Financial Statements
- IFRS 19: Subsidiaries without Public Accountability: Disclosures
- Amendments to IAS 21: Translation to a hyperinflationary presentation currency
- Annual improvements to IFRS Accounting Standards – Volume 11

The Group has assessed the impact of these new and amended standards and interpretations, and does not anticipate any material impact on the consolidated financial statements, with the exception of IFRS18.

IFRS18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Furthermore, the IASB has made minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings Per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and
- improve aggregation and disaggregation.

The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions. The Directors are still assessing the impact of the application of these amendments on the presentation of the Group's consolidated financial statements. Some of the possible impacts have been disclosed below.

IFRS 18 introduces five defined categories in the statement of profit and loss (Operating, Investing, Financing, Income Taxes and Discontinued Operations). Finance income relating to interest income on bank deposits and dividend income will move into the investing category, forming part of a new subtotal called "Profit or loss before financing activities and income tax".

IFRS 18 also requires the disclosure of all MPMs within a single note to the financial statements. Some of the current alternative performance measures included on page 20 of the strategic report may constitute MPMs under IFRS 18 and would therefore fall into the scope of these requirements.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The related accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Key assumptions used for value-in-use calculations

The Group tests the carrying amounts of individual club non-current assets for impairment for those clubs that meet pre-defined impairment indicators. For the 2025 and 2024 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The key assumptions are:

- The calculations use cash flow projections based on financial budgets and business plans approved by management covering a five-year period. The key assumptions in calculating EBITDAR² within the business plan are membership count growth, yield growth and inflationary increases applied to operating costs.
- The pre-tax discount rates of 12.0% for the UK, 12.75% for Germany, 12.7% for Spain, 10.0% for the Netherlands and 9.6%-12.5% for other European countries have been determined using the Capital Asset Pricing Model ("CAPM").

Cash flows beyond the five-year period, a judgement but not deemed a sensitive key assumption, are extrapolated using an estimated growth rate of 2.1% for the UK and 0.8% - 2.2% across Europe. These growth rates are consistent with forecasts specific to the industry and the country in which each CGU operates.

Sensitivity to changes in key assumptions are disclosed within note 14.

Critical judgements in applying the entity's accounting policies

Lease accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Periods covered by an option to extend the lease term are included in the lease term if the lessee is reasonably certain to exercise that option. The same rationale applies to termination options.

Significant judgement is involved in determining the period over which a lease is considered to be 'enforceable'. Where contracts have a term of greater than 10 years, the Group assesses there to be an unclear indication that it would in substance be deemed to be 'enforceable' beyond the original contractual term, despite the rights provided by The Landlord and Tenant Act 1954. The lease end date has therefore been used as the end date for the lease.

For leases due to expire within 10 years of inception, the likelihood of extension is being assessed up to the year end with reference to the facts available and looking at the Group's history of renewing leases beyond the contractual end date. See note 16 for future minimum lease payments in respect of leases with a term of less than 10 years remaining.

² EBITDAR is a non-IFRS measure defined as earnings before net finance costs, taxation, depreciation, amortisation, profit/loss on disposal, exceptional items (see note 6) and rent expense.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the entity's accounting policies (continued)

Lease accounting (continued)

For the current leases held by the Group, we currently conclude the minimum lease term to be the term of the lease contract, including any reversionary leases. We assess, based on our current plans or expectations, the situation for each lease for which options to extend, terminate or purchase exist annually, and judgement will be applied in the weighting of relevant factors in each case.

Key assumptions used for assessing goodwill for impairment

Goodwill is tested for impairment on an annual basis. Goodwill arising on the acquisition by TDR on 1 November 2013 is tested at the Group level. The Group is considered to be the smallest relevant group of cash generating units (GCGUs) for goodwill impairment testing, as this is the level at which goodwill is monitored internally. Goodwill has also been recognised in relation to individual club acquisitions or acquisition of a group of clubs. For these acquisitions the relevant club or group of clubs is considered to be the CGU or GCGU for goodwill impairment testing. The Group has determined the recoverable amount by estimating the value-in-use of the cash-generating units within the Group. The calculation of value in use requires estimation of future cashflows and a discount rate to determine the present value. Sensitivity to changes in this assumption are disclosed in note 14.

IFRS2 – share based payments

The Group measures the cost of equity-settled share-based payment transactions by reference to the fair value of the equity instruments at the grant date. The determination of fair value requires the application of an appropriate valuation model, which is dependant on the specific terms and conditions of the award. The valuation of share-based payments involves the use of estimates and assumptions, including the expected life of the awards and risk-free interest rates. The expected life of the awards is based on management's best estimate of the vesting period, taking into account expected employee behaviour.

In addition, management is required to estimate the number of awards expected to vest. This requires judgement in assessing expected forfeiture rates and the likelihood of achieving non-market performance conditions. These estimates are reassessed at each reporting date, with any revisions recognised prospectively in the income statement over the remaining vesting period.

4 Revenue

The analysis of the Group's revenue for the year from continuing operations is as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Membership subscriptions	793,941	701,872
Retail	93,106	80,680
Other revenue	84,434	78,221
	971,481	860,773

Other revenue comprises income from the provision of personal training, tennis and swimming classes, spa income, and franchise rent income.

The analysis of the Group's revenue for the year by geographic location is as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
UK	812,633	714,344
Rest of Europe	158,848	146,429
	971,481	860,773

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

4 Revenue (continued)

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Membership subscriptions	35,900	35,509
Joining and other administration fees	3,243	3,024
Other	1,559	1,777
	40,702	40,310

Contract liabilities at the year end were as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Current contract liabilities	48,561	44,065
Non-current contract liabilities	3,455	4,640
	52,016	48,705

Contract liabilities relate to membership subscriptions, joining and administration fees and sales of sports classes and spa vouchers received in advance of performance under the contract. IFRS 15 uses the term 'contract liability' to describe what might more commonly be known as 'deferred revenue'.

The current contract liability balance of £48.6m (2024: £44.1m) is expected to be released and recognised within revenue in the next twelve months assuming all performance obligations have been satisfied, with the exception of £3.5m, which relates to government grants in the Netherlands and Germany. These amounts are not recognised as revenue but are either repayable to the relevant government authorities or, in the case of the German grants, recognised as a contract liability until confirmation is received that repayment is not required, at which point they are recognised within revenue.

5 Other income

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Insurance proceeds	1,877	-
Research and development tax credit	111	322
Construction contract revenue	-	2,758
VAT reclaim	-	492
	1,988	3,572

Insurance proceeds of £1.9m received during the year related to one-off business interruption insurance proceeds following a fire at the Brussels club. The income represents compensation received from the insurer for losses incurred as a result of the interruption to operations.

Construction contract revenue of £2.8m recognised in the prior year related to revenue from construction contracts that were recognised over time by reference to the stage of completion of the contract with the customer. This revenue is classified within 'Other income' so as not to distort the Group's revenue which is derived from the provision of sport and leisure activities. Costs incurred from construction contracts are recognised within 'Other operating expenses'. The project was completed in the prior financial year therefore no construction contract revenue was recognised in the year ended 31 December 2025.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

6 Exceptional items

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
IT implementation costs	11,457	10,515
Transaction-related costs	15,554	-
Exceptional items	27,011	10,515

Exceptional items are included within other operating expenses in the income statement. IT implementation costs relate to costs of various IT projects, including implementation costs classified as software as a service (SaaS) arrangements. These items are considered by the directors to be exceptional as they are significant costs spanning more than one accounting period, which are outside the normal course of business and are therefore separately disclosed.

Transaction-related costs relate to remuneration payable to senior management which was directly related to the completion of the TDR capital continuation vehicle transaction on 6 November 2025, together with related legal and professional fees, and were outside the normal course of business.

The tax effect of the exceptional items disclosed above was £nil (2024: £nil).

Exceptional items listed above generated a net cash outflow of £26.0m (2024: £11.5m). Prior year net cash outflow was higher than IT implementation costs recognised due to the settlement of accrued costs.

7 (Loss)/profit on disposal

The analysis of the Group's (loss)/profit on disposal (excluding gym equipment) for the year is as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Loss on disposal of other PP&E	(1,397)	(87)
Loss on sale and leaseback of land and buildings	(1,186)	(229)
Profit on exiting lease	-	4,075
	(2,583)	3,759

Loss on disposal of other PP&E (excluding gym equipment) of £1.4m (2024: £0.1m) relates to disposals of assets in the normal course of business.

The Group recorded a profit on disposal of gym equipment of £390k (2024: £10k) for the year ended 31 December 2025, which is recognised within other operating expenses.

On 15 May 2025, the Group completed a sale and leaseback of three European clubs, Boadilla, Aravaca and Geneva. A loss on disposal of £0.9m was recognised.

On 26th November 2025, the Group completed a sale and leaseback of a club in Herne Bay and on 8 December 2025, the Group completed a sale and leaseback of a club in Harlow. A loss on disposal of £0.3m was recognised.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

8 Operating profit

Arrived at after charging/(crediting):

	Note	Year ended 31 December 2025 £ 000	Year ended 31 December 2024 £ 000
Depreciation and amortisation expense	15, 16, 17	110,606	101,260
Impairment of goodwill	17	12,227	20,970
Impairment of PP&E	15	3,061	2,457
Impairment reversals of PP&E	15	-	(9,986)
Impairment of right-of-use assets	16	7,511	8,687
Impairment reversals of right-of-use assets	16	-	(14,419)
Staff costs	10	287,187	239,132
IFRS 16 operating lease expense		5,221	5,094
Exceptional items	6	27,011	10,515

The cost of inventories recognised as an expense and included in cost of sales amounted to £31.9m (2024: £28.7m). This includes inventory write downs of £1.0m (2024: £1.1m).

Impairment losses of £22.8m (2024: net losses of £7.7m) have been included within other operating expenses.

In accordance with IFRS 16, operating lease expense represents turnover rent, service charge and service charge insurance.

9 Auditor's remuneration

	Year ended 31 December 2025 £ 000	Year ended 31 December 2024 £ 000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13	12
The audit of the Company's subsidiaries pursuant to legislation	1,280	1,168
	1,293	1,180
Other fees to auditor		
Audit related assurance services	445	99
	445	99
	1,738	1,279

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

10 Staff costs

The aggregate payroll costs were as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Wages and salaries	249,361	212,287
Social security costs	29,734	20,612
Other pension costs	4,514	3,977
Long-term incentive plan charges	3,578	2,256
	287,187	239,132

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

	2025	Restated 2024
	No.	No.
Club Support	456	416
Clubs	11,443	11,137
	11,899	11,553

There were no employees within the Company.

The prior year comparative has been restated to present the average number of employees employed under a contract of service during the financial year, in line with the Companies Act 2006 definition.

This re-presentation has increased the reported number of employees in the comparative period by 4,564, from 6,989 to 11,553 and has no impact on profit, net assets or cash flows.

11 Directors' remuneration

The remuneration for the Directors for the year was as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Aggregate remuneration	2,751	3,313
Pension costs	51	36
Transaction related remuneration	1,469	-
Compensation for loss of office	-	303
	4,271	3,652

In respect of the highest paid Director:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Aggregate remuneration	1,107	1,070
Transaction related remuneration	751	-
	1,858	1,070

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

11 Directors' remuneration (continued)

During the year, a Director has repaid to the Group a loan of £751,000.

During the year, the Group provided a loan of £352,000 (2024: £nil) to a director. The loan is expected to accrue interest at a rate equal to the higher of: (a) 8% per annum; (b) the HMRC official rate of interest applicable from time to time; and (c) such other higher rate as may be agreed from time to time. The loan is repayable as a bullet payment upon exit, at which point the outstanding principal together with all accrued interest will be deducted from the director's equity proceeds. No amounts have been repaid, written off or waived during the year. The amount outstanding as at 31 December 2025 was £352,000 (2024: £nil).

12 Finance income and costs

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Finance income		
Interest income on bank deposits	2,490	1,807
Dividend income	15	15
Foreign exchange gains	-	11,448
Other interest income	579	104
Total finance income	3,084	13,374
Finance costs		
Interest on bank overdrafts and borrowings	(58,597)	(58,622)
Interest on lease liabilities	(78,325)	(78,381)
Amortisation of loan arrangement fees	(7,226)	(3,077)
Unwinding of discount on provisions	(20)	(5)
Foreign exchange losses	(10,997)	-
Other interest payable	(73)	(92)
Total finance costs	(155,238)	(140,177)
Net finance costs	(152,154)	(126,803)

Foreign exchange losses in the year (2024: gains) primarily relate to the loss on translation of the Euro senior secured notes.

Amortisation of loan arrangement fees of £7.2m relate to the release of capitalised loan note fees in respect of borrowings that were repaid in the year.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

13 Income tax

Tax charge in the income statement:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Current taxation		
UK corporation tax	19	192
Foreign corporation tax	2,448	979
Adjustment in respect of prior periods	81	(553)
	2,548	618
Deferred taxation		
Arising from origination and reversal of temporary differences	6,426	11,987
Adjustment in respect of prior periods	1,515	987
Total deferred taxation	7,941	12,974
Tax charge in the income statement	10,489	13,592

UK corporation tax is calculated at 25.0% (2024: 25.0%) of the taxable profit for the year.

Deferred taxes in relation to the UK have been measured using the enacted tax rate of 25.0%.

Taxation for other corporation jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year is lower (2024: lower) than the standard rate of corporation tax. The differences are explained below:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ 000	£ 000
Profit before tax	53,565	66,562
Corporation tax at standard rate 25.0% (2024: 25.0%)	13,391	16,640
Effect of non-deductible expenses	12,501	12,312
Deferred tax now recognised	(7,193)	(7,717)
Group relief with parent company for no consideration	(9,756)	(8,565)
Effect of different tax rates	(50)	488
Adjustments in respect of prior periods	1,596	434
Total tax charge	10,489	13,592

The adjustment in respect of prior periods of £1.6m (2024: £0.4m) primarily relates to the analysis of the tax treatment of tangible and intangible asset additions.

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has been enacted in the UK, the jurisdiction in which the entity is incorporated, and is effective since 2024. Reviewing the rules, the Group's assessment is that the transitional safe harbour rules apply for all territories, and therefore there is no material impact on the amounts recognised in these consolidated financial statements because of Pillar Two.

The Group applies the exemption to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

14 Impairment testing

Goodwill and brands with indefinite lives are subject to an annual impairment test. Goodwill and brands are allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill arising on the acquisition by TDR on 1 November 2013 is monitored internally by management at the Group level.

The Group is considered to be the smallest relevant GCGU for goodwill impairment. Goodwill has also been recognised in relation to individual club acquisitions or acquisitions of a group of clubs. For these acquisitions the relevant club or group of clubs is considered to be the CGU. Club impairments of property, plant and equipment and right-of-use assets are charged to individual clubs as these are considered to be separate cash generating units (CGUs) at which the Group monitors performance.

The carrying amount of goodwill has been allocated to GCGUs as follows:

GCGU	31 December 2025 £'000	31 December 2024 £'000
Group	84,294	82,930
Germany	2,650	13,794
UK	32,804	32,804
Other GCGUs	13,035	13,169
Total	132,783	142,697

Group GCGU relates to goodwill arising on acquisition by TDR in 2013. The carrying amount of Group goodwill has increased on prior year due to a favourable foreign exchange movement.

Germany GCGU relates to goodwill arising on the acquisition of 8 Meridian Spa and Health clubs in 2020 which has decreased on prior year due to an impairment charge recognised in the year. UK GCGU relates to goodwill arising on the acquisition of 14 Virgin Active clubs in 2017. Other GCGUs relate to goodwill arising on the acquisitions of the Geneva Country Club in 2020, Accura clubs in 2021, Reebok clubs in 2022, Wickwoods club in 2023 and Shrewsbury club in 2024.

Key assumptions used in value in use calculations

The recoverable amount of goodwill, property, plant and equipment and right-of-use assets is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management for a five year period. The key assumptions in this calculation are the future cashflow projections and the pre-tax discount rate (note 3). The pre-tax discount rates applied to cash flow projections used to extrapolate the cash flows beyond the five-year period are:

Country	2025	2024
UK	12.00%	12.00%
Germany	12.75%	12.50%
Spain	12.70%	12.70%
The Netherlands	10.00%	11.50%
Other European countries	9.60-12.50%	9.50-14.20%

The discount rate has been determined using the Capital Asset Pricing Model ("CAPM").

Cash flows beyond the five-year period are extrapolated using a range from 2.1% for the UK and between 0.8% and 2.2% across Europe (2024: 2.1% for UK and between 0.8% and 2.1% across Europe). This is a judgement made by management but not deemed to be a sensitive key assumption.

An impairment has been recognised where there is an indication that the future economic performance of the GCGU will not be sufficient to support its carrying value.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

14 Impairment testing (continued)

Significant estimate: impairment charge

The Group recorded a net impairment loss of £22.8m during the year. This comprised a £12.2m impairment of goodwill, £3.1m impairment of property plant and equipment (£1.3m of which relates to assets damaged in a fire at the club in Brussels), and £7.5m impairment of right-of-use assets. The recoverable amounts for these GCGU's and assets, which were subject to impairment/impairment reversal were:

	Recoverable amount 2025 £'000
Goodwill GCGU subject to impairment	98,632
PP&E and right-of-use assets subject to impairment	44,518

Goodwill impairment relates to the Germany GCGU and Other GCGUs, reflecting the continued challenging economic environment, specifically in Germany. The PP&E and right of use asset impairment charge relates to the UK and the Eindhoven club where the carrying value of PP&E and right-of-use assets exceed the recoverable amount, and CGUs in Germany where the economy remains challenging.

Sensitivity to changes in assumptions for goodwill, property, plant and equipment and right-of-use assets

Any change to the above key assumptions could have a material impact on the recoverable amount; which is then compared to the carrying value of the cash generating unit to determine if there is an impairment. The Group has determined the recoverable amount by estimating the value in use of the cash-generating units within the Group. The calculation of value in use requires estimation of future cashflows using short term EBITDAR assumptions, country specific long-term growth rates and a discount rate to determine the present value.

If the pre-tax discount rates applied to cash flow projections were to increase by 2% (200 basis points), a reasonably possible change in assumption considered by the directors, the Group would have to recognise a further impairment charge against goodwill of £4.9m – with £2.6m attributable to the Meridian GCGU, where headroom is £nil, and £2.3m attributable to other GCGUs, where headroom is minimal. Furthermore, there would be an additional net impairment charge against property, plant and equipment of £1.7m and right-of-use assets of £6.2m, primarily relating to the Meridian and Eindhoven clubs.

The Group GCGU for goodwill has headroom of £1,773m. For this headroom to be fully eliminated, the pre-tax discount rates applied to cash flow projections across the Group would have to increase by 13.53% (1,353 basis points).

The UK GCGU for goodwill has headroom of £216.7m. For this headroom to be fully eliminated, the pre-tax discount rates applied to cash flow projections across the UK would have to increase by 16.40% (1,640 basis points).

The Other GCGU's for goodwill have headroom of £67m. For this headroom to be fully eliminated, the pre-tax discount rates applied to cash flow projections across the UK would have to increase by 7.96% (796 basis points).

If the short-term EBITDAR applied to cash flow projections were to decrease by 2% (200 basis points), a reasonably possible change in assumption considered by the directors, the Group would have to recognise an impairment charge against goodwill of £1.2m, attributable to the Germany CGU, where headroom is £nil. Furthermore, there would be an additional net impairment charge against property, plant and equipment of £0.4m and right-of-use assts of £1.1m, primarily relating to the Meridian and Eindhoven clubs.

For the Group GCGU headroom of £1,773m, relating to the Group GCGU goodwill, to have been fully eliminated, the future annual EBITDAR applied to cash flow projections across the Group would have to decrease by 53.35% (5,335 basis points).

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

14 Impairment testing (continued)

Sensitivity to changes in assumptions for goodwill, property, plant and equipment and right-of-use assets (continued)

Given the Germany GCGU has no headroom, further sensitivity analysis has been performed based on reasonable changes in the future annual EBITDAR applied to cash flow projections.

Management has determined that a 5% reduction in EBITDAR would result in an additional impairment of £2.6m, fully impairing the goodwill attributable to Meridian.

Given the Germany GCGU has no headroom, further sensitivity analysis has been performed based on reasonable changes in the long-term growth rate. An increase in the goodwill impairment from the impact of a reasonably possible decrease in the long-term growth rate is as follows:

	Impairment for the year ended 31 December 2025 £ 000	Impact of change in Long Term Growth Rate -50 Bps £ 000	-100 Bps £000
Germany GCGU	11,658	546	986

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

15 Property, plant and equipment

Group

	Land and buildings £ 000	Fixtures & fittings and equipment £ 000	Assets under construction £ 000	Work in progress £ 000	Total £ 000
Cost					
At 1 January 2024	352,982	415,907	9,217	19,471	797,577
Acquired through business combinations	5,459	657	-	-	6,116
Additions	26,594	78,847	29,448	14,676	149,565
Transfers	5,225	16,309	(11,515)	(18,837)	(8,818)
Disposals	(1,291)	(7,084)	(3,170)	-	(11,545)
Foreign exchange movements	(6,286)	(4,058)	(477)	(259)	(11,080)
As at 31 December 2024	382,683	500,578	23,503	15,051	921,815
Additions	35,515	83,927	67,230	25,680	212,352
Transfers	11,917	26,901	(24,757)	(14,061)	-
Disposals	(40,701)	(30,110)	(41,736)	-	(112,547)
Foreign exchange movements	6,173	4,862	387	203	11,625
As at 31 December 2025	395,587	586,158	24,627	26,873	1,033,245
Depreciation					
At 1 January 2024	84,897	232,092	-	-	316,989
Charge for the year	12,461	43,383	-	-	55,844
Impairment charge	1,997	460	-	-	2,457
Impairment reversal	(7,752)	(2,234)	-	-	(9,986)
Disposals	(1,283)	(6,990)	-	-	(8,273)
Foreign exchange movements	(2,595)	(1,784)	-	-	(4,379)
As at 31 December 2024	87,725	264,927	-	-	352,652
Charge for the year	14,036	48,649	-	-	62,685
Impairment charge	947	2,114	-	-	3,061
Disposals	(9,472)	(17,896)	-	-	(27,368)
Foreign exchange movements	1,868	2,973	-	-	4,841
As at 31 December 2025	95,104	300,767	-	-	395,871
Carrying amount					
At 31 December 2025	300,483	285,391	24,627	26,873	637,374
At 31 December 2024	294,958	235,651	23,503	15,051	569,163

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

15 Property, plant and equipment (continued)

An impairment charge of £3.1m was recognised in the year, of which £1.3m relates to assets damaged in a fire at the club in Brussels, Belgium. Key assumptions applied in the impairment assessment and related sensitivity analysis are set out in note 14.

On 21 February 2025, the Group purchased land in Harlow, Essex for £4.2m and commenced construction of a new club. A sale and leaseback was subsequently completed on 8 December 2025. Land and construction costs of £21.0m were disposed from assets under construction in relation to the club.

On 26 November 2025, the Group completed a sale and leaseback of a new club in Herne Bay, with £20.8m of land and construction costs disposed, of which £16.0m related to additions in the year.

On 18 March 2025, the Group opened a new club in Boadilla, Madrid, transferring £19.9m from assets under construction, including £3.8m of additions in the year. On 15 May 2025, a sale and leaseback of three European clubs was completed, with total assets disposed of £40.3m; Boadilla £17.5m (€21.1m), Aravaca £10.9m (€13.0m) and Geneva £11.9m (CHF14.1m).

During the year, land was purchased and construction commenced on three further UK sites; St Neots, Bishops Cleeve, and Kettering and one site in Arese, Italy. Land and construction costs incurred on these sites in the year were £7.2m, £8.2m, £2.9m and £6.1m (€7.2m) respectively.

Other disposals of £3.1m relate to assets replaced as part of the Group's capital investment programme.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

16 Leases

The amounts recognised in the financial statements in relation to the leases are as follows:

(i) Amounts recognised in the Statement of Financial Position

Right-of-use assets

	Land and buildings £ 000	Assets under construction £ 000	Equipment £ 000	Total £ 000
Cost				
At 1 January 2024	1,306,769	-	2,702	1,309,471
Additions	78,018	2,687	-	80,705
Disposals	(4,817)	-	(2,581)	(7,398)
Transfers	11,505	(2,687)	-	8,818
Foreign exchange movements	(9,838)	-	(5)	(9,843)
As at 31 December 2024	<u>1,381,637</u>	<u>-</u>	<u>116</u>	<u>1,381,753</u>
Additions	120,652	-	5,111	125,763
Disposals	(351)	-	(75)	(426)
Foreign exchange movements	14,376	-	3	14,379
As at 31 December 2025	<u>1,516,314</u>	<u>-</u>	<u>5,155</u>	<u>1,521,469</u>
Depreciation				
At 1 January 2024	210,777	-	2,502	213,279
Charge for the year	37,223	-	159	37,382
Disposals	(1,550)	-	(2,581)	(4,131)
Impairment charge	8,687	-	-	8,687
Impairment reversal	(14,419)	-	-	(14,419)
Foreign exchange movements	(1,944)	-	(4)	(1,948)
As at 31 December 2024	<u>238,774</u>	<u>-</u>	<u>76</u>	<u>238,850</u>
Charge for the year	40,241	-	192	40,433
Disposals	(351)	-	(75)	(426)
Impairment charge	7,511	-	-	7,511
Foreign exchange movements	3,414	-	2	3,416
As at 31 December 2025	<u>289,589</u>	<u>-</u>	<u>195</u>	<u>289,784</u>
Carrying amount				
At 31 December 2025	<u>1,226,725</u>	<u>-</u>	<u>4,960</u>	<u>1,231,685</u>
At 31 December 2024	<u>1,142,862</u>	<u>-</u>	<u>40</u>	<u>1,142,902</u>

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

16 Leases (continued)

	31 December 2025	31 December 2024
	£ 000	£ 000
Lease liabilities		
Current	(10,552)	(7,435)
Non-current	(1,279,092)	(1,158,886)
	(1,289,644)	(1,166,321)

Right-of-use asset additions were recognised for a new lease in Colliers Wood (£8.2m), Newbury Car Park (£0.7m), Acton Park Car Park (£2.7m) and heat pumps at the Harrogate (£0.9m), Swindon (£1.1m), Ipswich (£1.9m) and Cricklewood (£1.3m) clubs.

On 15 May 2025, the Group completed a sale and leaseback of three European clubs, Boadilla and Aravaca in Spain and Geneva Country Club in Switzerland. Right-of-use assets totalling £35.7m were recognised, £13.7m (£16.3m) for Boadilla, £8.8m (€10.4m) for Aravaca and £13.2m (CHF14.6m) for Geneva Country Club.

On 26 November 2025, the Group completed a sale and leaseback of the Herne Bay club, recognising right-of-use assets of £17.0m.

On 8 December 2025, the Group completed a sale and leaseback of the Harlow club, recognising right-of-use assets of £16.6m.

Further additions to right-of-use assets of £39.5m relate to remeasurements arising from rent reviews, changes in lease terms and refinements to lease data.

Disposals primarily relate to the termination of the Utrecht club's lease in January 2025 (£0.4m).

An impairment charge of £7.5m (2024: Net impairment reversal of £5.7m) was recognised in the year in relation to Eindhoven (£2.4m), Reading (£2.2m), Harrogate (£0.5m), Norwich (£0.3m) and three clubs in Germany (£2.1m).

During the year, the Group revised its discounting methodology for lease payments from a monthly to a daily basis, providing greater precision in reflecting the time value of money by more closely aligning the discounting approach with the timing of cash flows. This has been accounted for as a change in accounting estimate and applied prospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, resulting in a £6.6m reduction in lease liabilities and a corresponding decrease in interest expense.

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	31 December 2025	31 December 2024
	£ 000	£ 000
Depreciation charge on right-of-use assets		
Land and buildings	40,241	37,223
Equipment	192	159
	40,433	37,382
Interest expense (included in finance cost)	78,325	78,381
Expenses relating to variable lease payments not included in lease liabilities	730	745
Net impairment charge/(reversal)	7,511	(5,732)

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

16 Leases (continued)

(iii) Future minimum lease payments as at 31 December 2025 are as follows:

The total cash outflow for leases for the period was £102.9m (2024: £95.7m, in addition to £2.5m of cash lease incentives received). In addition a £3.8m lease termination payment was made in the year.

	31 December 2025 £ 000	31 December 2024 £ 000
Not later than one year	111,462	100,893
Later than one year and not later than five years	440,043	391,591
Later than five years and not later than ten years	542,704	485,834
Later than ten years and not later than twenty-five years	1,402,601	1,262,007
Later than twenty-five years and not later than fifty years	653,406	643,860
Later than fifty years	1,331,834	1,304,818
Total gross payments	4,482,050	4,189,003
Impact of finance expenses	(3,192,406)	(3,022,682)
Carrying amount of liability	1,289,644	1,166,321

Significant judgement is involved in determining the period over which a lease is considered to be ‘enforceable’.

We apply different assessments to leases that expire within ten years. The cash outflow for leases expiring in less than ten years and greater than ten years is as follows:

31 December 2025

	Less than 10 years £ 000	More than 10 years £ 000	Total £ 000
Gross payments	58,827	4,423,223	4,482,050
Impact of finance expenses	(10,160)	(3,182,246)	(3,192,406)
Carrying amount of liability	48,667	1,240,977	1,289,644

31 December 2024

	Less than 10 years £ 000	More than 10 years £ 000	Total £ 000
Gross payments	66,780	4,122,223	4,189,003
Impact of finance expenses	(12,580)	(3,010,102)	(3,022,682)
Carrying amount of liability	54,200	1,112,121	1,166,321

(iv) Amounts recognised in relation to operating leases:

The Group has entered into a number of concession agreements. Lease income from these arrangements recognised in the year ended 31 December 2025 was £4.9m (2024: £5.4m)

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

17 Intangible assets

Group	Goodwill £ 000	Customer contracts £ 000	Trademarks £ 000	Brands £ 000	Software & other internally generated intangibles £ 000	Total £ 000
Cost or valuation						
At 1 January 2024	170,823	5,713	14,268	43,347	41,271	275,422
Acquired through business combinations	2,116	385	-	-	-	2,501
Additions	129	-	-	-	3,463	3,592
Disposals	-	-	-	-	(239)	(239)
Foreign exchange movements	(3,492)	(245)	(638)	-	(115)	(4,490)
As at 31 December 2024	169,576	5,853	13,630	43,347	44,380	276,786
Additions	-	-	-	-	6,819	6,819
Disposals	-	-	-	-	(19,396)	(19,396)
Foreign exchange movements	3,951	278	722	-	69	5,020
As at 31 December 2025	173,527	6,131	14,352	43,347	31,872	269,229
Amortisation						
At 1 January 2024	6,652	3,412	3,751	-	26,557	40,372
Amortisation charge	-	941	952	-	6,141	8,034
Disposals	-	-	-	-	(239)	(239)
Impairment	20,970	-	-	-	-	20,970
Foreign exchange movements	(743)	(164)	(188)	-	(99)	(1,194)
As at 31 December 2024	26,879	4,189	4,515	-	32,360	67,943
Amortisation charge	-	928	892	-	5,668	7,488
Disposals	-	-	-	-	(19,396)	(19,396)
Impairment	12,227	-	-	-	-	12,227
Foreign exchange movements	1,638	221	256	-	38	2,153
As at 31 December 2025	40,744	5,338	5,663	-	18,670	70,415
Carrying amount						
At 31 December 2025	132,783	793	8,689	43,347	13,202	198,814
At 31 December 2024	142,697	1,664	9,115	43,347	12,020	208,843

Goodwill and brands are not amortised but tested annually for impairment. The brand is considered to have an indefinite life due to the history and market position of the trade name. Trademarks, customer contracts, software and other internally generated intangibles are reviewed for impairment when there is an indication that their carrying value may not be recoverable. The Group recognised an impairment charge of £12.2m during the year (2024: £21.0m), of which £11.7m (2024: £21.0m) related to the Group's Germany GCGU and £0.5m related to other UK GCGUs. Disposals relate to assets that are fully depreciated and no longer in use.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

18 Investments

Summary of Group investments

See note 19 for other investments held by the Group as at 31 December 2025.

Summary of the Company investments

	31 December 2025 £ 000	31 December 2024 £ 000
At start of year	677,561	675,305
Additions	3,004	2,256
At end of year	680,565	677,561

A share-based payment charge of £3.0m (2024: £2.3m) was recognised in the subsidiary David Lloyd Leisure Limited in relation to the management incentive plan that was settled in the year (note 26). This has been recorded as a debit to investments and a credit in the share-based payment reserve of the Company.

Group subsidiaries and investments

Details of the Group subsidiaries and investments as at 31 December 2025 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Holding of ordinary shares	
			2025	2024
Deuce Acquisitions Ltd*	Holding Company	England and Wales	100%	100%
Deuce FinCo Plc*	Holding Company	England and Wales	100%	100%
David Lloyd Leisure Operations Holdings Ltd	Dormant	England and Wales	100%	100%
David Lloyd Leisure Properties No.1 Ltd	Dormant	England and Wales	100%	100%
David Lloyd Leisure Properties No.2 Ltd	Property company	England and Wales	100%	100%
David Lloyd Leisure Properties No.3 Ltd	Property company	England and Wales	100%	100%
David Lloyd Leisure Properties No.4 Ltd	Property company	England and Wales	100%	100%
David Lloyd Leisure Group Ltd	Holding company	England and Wales	100%	100%
David Lloyd Leisure Ltd	Leisure clubs	England and Wales	100%	100%
David Lloyd Leisure Farnham Ltd	Leisure clubs	England and Wales	100%	100%
David Lloyd Leisure GR Ltd	Property company	England and Wales	100%	100%
Next Generation Clubs Ltd	Leisure clubs	England and Wales	100%	100%
Harbour Club Ltd	Leisure clubs	England and Wales	100%	100%
David Lloyd Clubs Ltd	Leisure clubs	England and Wales	100%	100%
David Lloyd Clubs Holdings Ltd	Dormant	England and Wales	100%	100%
David Lloyd Leisure JV Holdings Ltd	Dormant	England and Wales	100%	100%

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

18 Investments

Name of subsidiary	Principal activity	Country of incorporation	Holding	
			2025	2024
David Lloyd Leisure Development Sites Ltd	Dormant	England and Wales	100%	100%
Next Generation Amida Beckenham Ltd	Dormant	England and Wales	100%	100%
Next Generation Amida Hampton Ltd	Dormant	England and Wales	100%	100%
Core Exercise Clinics Ltd	Dormant	England and Wales	100%	100%
Odyssey Glory Mill Ltd	Dormant	England and Wales	100%	100%
Next Generation Amida Services Ltd	Dormant	England and Wales	100%	100%
Next Generation Amida Fleet Ltd	Dormant	England and Wales	100%	100%
Burton Waters (HL&R) Ltd	Dormant	England and Wales	100%	100%
Markson Tennis and Leisure Centres Ltd	Dormant	England and Wales	100%	100%
Castledene Leisure Ltd	Dormant	England and Wales	100%	100%
Grasspost Ltd	Dormant	England and Wales	100%	100%
Design Collective Ltd	Dormant	England and Wales	100%	100%
Gatehouse Nursery Holdings Ltd	Dormant	England and Wales	100%	100%
Tennis Club Management International Ltd	Dormant	England and Wales	100%	100%
Farnridge Ltd	Dormant	England and Wales	100%	100%
David Lloyd Sports Centres Ltd	Dormant	England and Wales	100%	100%
Racquets and Healthtrack Group Ltd	Dormant	England and Wales	100%	100%
Brooklands Healthtrack Ltd	Dormant	England and Wales	100%	100%
Solihull Racquets & Healthtrack Ltd	Dormant	England and Wales	100%	100%
Cheshire Oaks Racquets and Healthtrack Ltd	Dormant	England and Wales	100%	100%
Ealing Racquets and Healthtrack Ltd	Dormant	England and Wales	100%	100%
Manchester Racquets and Healthtrack Ltd	Dormant	England and Wales	100%	100%
Nottingham Racquets & Healthtrack Ltd	Dormant	England and Wales	100%	100%
David Lloyd Leisure Nurseries Ltd	Dormant	England and Wales	100%	100%
David Lloyd Leisure Nominee No.1 Ltd	Dormant	England and Wales	100%	100%
David Lloyd Leisure Nominee No 2 Ltd	Dormant	England and Wales	100%	100%
Nextgen Ltd	Dormant	England and Wales	100%	100%
Newhaven Restaurant Ltd	Dormant	England and Wales	100%	100%
N.G.C. Project Management Ltd	Dormant	England and Wales	100%	100%
Smilewood Ltd	Dormant	England and Wales	100%	100%
Celsius Spa Limited	Dormant	England and Wales	100%	100%
Harbour Club Operations Ltd	Dormant	England and Wales	100%	100%
David Lloyd Leisure Nominee No 3 Ltd	Dormant	England and Wales	100%	100%
David Lloyd Leisure Nominee No 4 Ltd	Dormant	England and Wales	100%	100%

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

18 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation	Holding	
			2025	2024
DLL Greenwich Ltd	Holding Company	England and Wales	100%	100%
Country Clubs & Leisure Ltd	Leisure clubs	England and Wales	100%	100%
Country Clubs (UK) Ltd	Property company	England and Wales	100%	100%
Mosaic Spa and Health Club (Shrewsbury) Ltd	Property company	England and Wales	100%	100%
Sports Management (Scotland) Ltd	Dormant	Scotland	100%	100%
DLL Talwalkars Club Private Limited	Dormant	India	50%	50%
David Lloyd Leisure Operations SPRL	Leisure clubs	Belgium	100%	100%
David Lloyd Leisure Ter Elst BVBA	Leisure clubs	Belgium	100%	100%
David Lloyd Riverview Operations Ireland Ltd	Leisure clubs	Ireland	100%	100%
David Lloyd Riverview Holdings Ireland Ltd	Dormant	Ireland	100%	100%
David Lloyd Riverview Ltd	Dormant	Ireland	100%	100%
David Lloyd Riverview Property Ireland Ltd	Dormant	Ireland	100%	100%
David Lloyd Leisure Nederland BV	Holding company	Holland	100%	100%
David Lloyd Health & Fitness BV	Leisure clubs	Holland	100%	100%
David Lloyd Leisure Property Holdings BV	Holding company	Holland	100%	100%
David Lloyd Leisure Property BV	Property company	Holland	100%	100%
David Lloyd Clubs France SAS	Leisure clubs	France	100%	100%
LK International SARL	Restaurant	France	100%	100%
David Lloyd Clubs Deutschland GmbH	Leisure clubs	Germany	100%	100%
Meridian Spa & Fitness Deutschland GmbH	Leisure clubs	Germany	100%	100%
DLL Greenwich Holding GmbH	Holding Company	Germany	100%	100%
DLL Greenwich GmbH	Holding Company	Germany	100%	100%
Geneva Country Club SA	Leisure clubs	Switzerland	100%	100%
David Lloyd Clubs Italia SRL	Leisure clubs	Italy	100%	100%
David Lloyd Leisure Espana II	Leisure clubs	Spain	100%	100%
DLL Leisure Espana III SL	Leisure clubs	Spain	0%	100%

* indicates direct investment of the Company.

All of the above subsidiary companies are included within the consolidated Group financial statements.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

18 Investments (continued)

Investment	Principal activity	Country of incorporation	Holding	
			2025	2024
Bonasport SA	Leisure clubs	Spain	5%	5%

The Group received dividends of £15,260 (2024: £15,078) from Bonasport SA during the year.

The registered offices of Group companies are as follows:

Sports Management (Scotland) Limited & Newhaven Restaurant Limited: 302 St Vincent St, Glasgow, G2 5RZ
 All other UK Group companies: The Hangar, Hatfield Business Park, Hatfield, Herts, AL10 9AX
 All companies incorporated in Holland: Peter zuidlaan 30 5502NH, Veldhoven, Netherlands
 All companies incorporated in Ireland: Beech Hill, Clonskeagh, Dublin 4, 662822
 All companies incorporated in France: 740 Route des Plantets, 74140 Veigy-Foncenex, France
 David Lloyd Leisure Espana II SL: Av. Diagonal 673-685 08028 Barcelona, Spain
 David Lloyd Leisure Operations SPRL: 41 Drève de Lorraine, 1180 Uccle, Belgium
 David Lloyd Leisure Ter Elst BVBA: Kattenbroek 3, 2650 Edegem, Belgium
 David Lloyd Clubs Deutschland GmbH: c/o NHS GmbH WPG, Am Wehrhahn 100, 40211 Düsseldorf
 DLL Talwalkars Club Private Limited: 801-813, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai – 400026
 Meridian Spa & Fitness Deutschland GmbH: 87-89 Wandsbeker Zollstrasse, Germany
 Geneva Country Club SA: Rte de Collex 47, 1293 Bellevue, Switzerland
 David Lloyd Clubs Italia SRL: Stradello S. Marone, 50, 41100 Modena MO, Italy
 Bonasport SA: Calle Vistabella, 11, 08022 Barcelona, Spain

19 Other investments

	31 December 2025	31 December 2024
	£ 000	£ 000
Guarantees	826	3,248

Other investments held by the Group consist of bank guarantees in relation to leasehold premises in Italy, Belgium and Spain.

Bank Guarantees relating to German leasehold premises have been reclassified to current receivables as they are expected to be recovered within twelve months.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

20 Non-current other receivables

	Group		Company	
	31 December 2025 £ 000	31 December 2024 £ 000	31 December 2025 £ 000	31 December 2024 £ 000
Other receivables	6,620	1,255	2,973	-
Amounts due from parent companies	57,020	3,107	56,777	1,063
Amounts due from subsidiaries	-	-	536,979	772,108
Total non-current other receivables	63,640	4,362	596,729	773,171

On 20 November 2025, the Company made an upstream loan of £55.1m to its parent, Deuce Holdco Ltd. Amounts due from subsidiaries decreased during the year, primarily driven by movements in the intercompany balance with Deuce Finco plc and the reassignment of loans as part of the refinancing transaction.

The amounts due from parent companies and amounts due from subsidiaries are repayable on demand and accrued interest of 5.2% (2024: 3.5%) for the period to 30 November 2025 and interest of 6.45%-6.6% from 1 December 2025 onwards. These amounts are included within non-current other receivables as there is no current intention for them to be repaid despite them being due within one year.

Other receivables of £6.6m is primarily in relation to a £2.1m (2024: £1.3m) probable tax asset arising on loans provided to participators, rent deposits of £1.2m in relation to leasehold premises in Germany, Italy and Spain and loan note fees of £3.0m in relation to the undrawn SSRFC facility.

21 Trade and other receivables

	Group		Company	
	31 December 2025 £ 000	31 December 2024 £ 000	31 December 2025 £ 000	31 December 2024 £ 000
Trade receivables	21,559	20,321	-	-
Provision for impairment of trade receivables	(17,114)	(16,113)	-	-
Net trade receivables	4,445	4,208	-	-
Contract assets	2,022	1,949	-	-
Prepayments	17,318	10,536	29	-
Other receivables	9,273	3,701	678	-
Total current trade and other receivables	33,058	20,394	707	-

The carrying value of trade and other receivables classified as receivables approximate fair value.

The Group assesses the expected recoverability of trade receivables and applies a provision based on the historical recoverability rate. The Group also assesses the latest information it has available on customer collections post the balance sheet date in order to evaluate whether there has been any impact on its customers from changes in the prevailing macro-economic situation.

The impairment charge of trade and other receivables (separately identified on the income statement as impairment losses on financial assets) reflects the expected credit losses in accordance with IFRS 9. The increase against prior year is due to increased revenues from membership subscriptions. The charge of £16.3m (2024: £15.7m) represents 2.1% (2024: 2.2%) of membership subscription revenues.

Bank Guarantees of £3.2m relating to German leasehold premises have been reclassified from other investments to other receivables as they are expected to be recovered within twelve months. Other receivables also include a £2.0m VAT receivable from the Italian tax authorities.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

21 Trade and other receivables (continued)

The movement in the allowances during the year is as follows:

	31 December 2025 £ 000	31 December 2024 £ 000
Allowances at 1 January	16,113	15,247
Allowances used on fully written down receivables	(15,278)	(14,820)
Additions – charged to consolidated income statement	16,279	15,686
Allowances at 31 December	17,114	16,113

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

As of 31 December 2025, trade receivables of £3.5m (2024: £1.2m) were past due but not impaired. The ageing of these receivables is as follows:

	31 December 2025 £ 000	31 December 2024 £ 000
1 to 3 months	3,342	1,012
Over 3 months	145	185
	3,487	1,197

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	31 December 2025 £ 000	31 December 2024 £ 000
UK Pounds	23,086	14,789
Euros	9,737	5,441
Swiss Francs	235	164
	33,058	20,394

22 Cash and cash equivalents

	Group		Company	
	31 December 2025 £ 000	31 December 2024 £ 000	31 December 2025 £ 000	31 December 2024 £ 000
Cash at bank and in hand	61,780	8,668	6	6

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

23 Trade and other payables

	Group		Company	
	31 December 2025 £ 000	31 December 2024 £ 000	31 December 2025 £ 000	31 December 2024 £ 000
Trade payables	24,184	17,611	-	-
Accrued expenses	75,139	66,646	552	26
Amounts due to Group companies	-	-	1,244,996	1,074,173
Social security and other taxes	22,689	19,316	-	-
Other payables	2,728	2,228	-	-
Contract liabilities (note 4)	48,561	44,065	-	-
	173,301	149,866	1,245,548	1,074,199

The amounts due to Group companies are repayable on demand. Interest on the loan with Deuce Finco Plc (a fellow group company) is charged at 7.0% on the original sterling proceeds loan and 3.5% plus three-month EURIBOR (with a 0% floor) on the original euro proceeds loan. Other amounts due to Group companies accrued interest of 5.2% (2024: 3.5%) for the period to 30 November 2025 and interest of 6.45%-6.6% from 1 December 2025 onwards.

24 Loans and borrowings

	Group		Company	
	31 December 2025 £ 000	31 December 2024 £ 000	31 December 2025 £ 000	31 December 2024 £ 000
Current loans and borrowings				
Loans and bank borrowings (net of arrangement fees)	9,778	420	-	-
Non-current loans and borrowings				
Loans and bank borrowings (net of arrangement fees)	1,272,894	890,479	-	(1,237)
	1,282,672	890,899	-	(1,237)

On 20 November 2025, the Group completed a refinancing, under which Deuce FinCo plc (a subsidiary of the Company) repaid £645 million of Senior Secured Notes and €300 million of Senior Secured Notes. On the same date, Deuce FinCo plc issued £825 million of Senior Secured Notes (“the Sterling Notes”) and €530 million of Senior Secured Notes (“the Euro Notes”), with maturity dates of 20 November 2031 and 20 November 2032, respectively.

The Notes are listed on The International Stock Exchange, with Deuce FinCo plc acting as issuer and certain subsidiaries of the Group acting as guarantors. Interest on the Sterling Notes accrues at a fixed rate of 7% per annum, payable semi-annually. Interest on the Euro Notes accrues at 3.5% per annum plus three-month EURIBOR (with a 0% floor), payable quarterly in arrears.

Arrangement fees of £22.4m have been capitalised in the year and are amortised over the period to the repayment date of the related borrowings. £18.3m of these transaction costs have been capitalised against loans and borrowings, with the remaining £3.7m relating to the undrawn SSRCF and presented within prepayments.

Non-current loans and borrowings also include loans from Spanish banks (€2.5m and €2.4m). The loans from Kratus Inversiones and Unicaja Banco were assigned to the Group on acquisition of the Accura group. Interest accrued at 4.69% (2024: 5.93%) and 4.94% (2024: 6.03%) respectively in the financial year, payable monthly.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

24 Loans and borrowings (continued)

Interest is adjusted annually in line with CPI. The loans are paid in monthly instalments and will be fully repaid by 31 March 2043 and 31 March 2029. Capital payments for the next 12 months are included within current bank borrowings and loans.

Current loans and borrowings also include interest accrued and payable within the next 12 months, calculated in accordance with the effective interest rate method under IFRS 9. This reflects the portion of the effective interest charge expected to be settled within one year of the reporting date.

The Group also has access to a £175 million Super Senior Revolving Credit Facility ("SSRCF") which was increased from £125 million on 12 November 2025 and matures on 20 May 2031. As at 31 December 2025, £30m of the SSRCF had been converted into an overdraft facility for short-term working capital funding and £17m was designated as a guarantee facility. In March 2026, the overdraft facility was reduced to £24m and the guarantee facility was increased to £31m. As at 31 December 2025, both the SSRCF and the overdraft facility were undrawn.

In March 2026, the Group drew €62m (approximately £55m) under the Super Senior Revolving Credit Facility ("SSRCF") to part-fund the strategically compelling acquisition of Aspria, a European luxury health club operator.

The Group's borrowings are held at amortised cost using the effective interest method. Each reporting period, the Group reviews its cash flow forecasts and if these have changed since the previous reporting period the borrowings are remeasured using the original effective interest rate.

The loans and borrowings have expiry dates between 2031 and 2043 and are secured with a fixed charge against the assets of the Group. The loans and borrowings attract interest as shown in the table below:

	Loan amount	Maturity	Nominal Interest Rate	Effective Interest Rate	Amount drawn
Sterling senior secured notes	£825.0m	20/11/2031	7.00%	7.43%	£825.0m
Euro senior secured notes	€530.0m	20/11/2032	3.5% + EURIBOR	5.93%	€530.0m
Super senior revolving credit facility	£175.0m ³	20/05/2031	3.00%*	-	£Nil
Kratus Inversiones D.A.C loan	€2.5m	31/03/2043	4.69%	4.69%	€2.5m
Unicaja Banco loan	€2.4m	31/03/2029	4.88%	4.88%	€2.4m

*Interest on the SSRCF is payable at a rate of 3% subject to a margin ratchet.

The effective interest rates differ from the contractual rates primarily due to the amortisation of arrangement fees capitalised at inception.

The fair value and the book value of the loans and borrowings are:

	Book value 31 December 2025 £ 000	Fair value 31 December 2025 £ 000	Book value 31 December 2024 £ 000	Fair value 31 December 2024 £ 000
Sterling senior secured notes	825,000	833,184	645,000	629,294
Euro senior secured notes	462,479	468,301	248,612	250,365
Loans – other	4,296	4,256	4,513	4,320
	1,291,775	1,305,741	898,125	883,979

The fair value of Senior Secured Notes is taken from the quoted market price. This is a Level 1 valuation. The fair value of all other borrowings is calculated by discounting the future cash flows at prevailing market interest rates, categorised as a Level 2 valuation.

³ This £175.0m includes the £30m converted into an overdraft facility and £17.0m designated as a guarantee facility leaving £128.0m available to be drawn.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

25 Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables and payables, borrowings and lease liabilities. The main financial risks faced by the Group relate to the risk of default by counterparties following financial transactions, the availability of funds for the Group to meet its obligations as they fall due, and fluctuations in interest and foreign exchange rates.

This note presents information about the Group's exposure to each of the above risks and describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The key market risks affecting the Group are interest rate risk and foreign exchange rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because the Group's €530m Euro senior secured notes are subject to a variable interest rate element being EURIBOR. The Group's super senior revolving credit facility ("SSRCF") is at a fixed interest rate subject to ratchet, however this facility is currently undrawn. There is no exposure on the £825m Sterling senior secured notes as the interest rate is fixed.

The Group monitors interest rates and reacts accordingly. The Group would look to mitigate any material interest rate risk through entering into an interest rate swap contract.

The sensitivity analysis below reflects the interest rate risk associated with financial instruments outstanding at the reporting date, and therefore borrowings that were repaid or refinanced during the year have been excluded. Accordingly, amounts are not directly comparable to prior year. The estimated annual increase in finance costs arising from a reasonably possible increase in EURIBOR is as follows:

	Annualised interest on floating rate borrowings at 31 December 2025	Impact of change in EURIBOR %			
		+50 Bps	+100 Bps	+200 Bps	+300 Bps
	£ 000	£ 000	£000	£ 000	£ 000
EURIBOR	25,672	2,312	4,624	9,248	13,872

A reasonably possible increase of 50 basis points in EURIBOR would increase annual finance costs by approximately £2.3m (2024: £1.3m). The analysis assumes that all other variables remain constant and is based on the Group's exposure to floating interest rates at the reporting date.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

25 Financial risk management objectives and policies (continued)

Exchange rate risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Financial instruments affected by exchange rate risk include the Euro Notes. At 31 December 2025, the €530 million Euro Notes had a carrying amount of £462.5m based on an exchange rate of 1.1460.

Had the exchange rate at 31 December 2025 been 10% lower, then the Group's loss for the year on the Euro notes would have increased by £51.4m to become a loss of £61.8m for the year.

Sensitivity analysis

Sensitivity of balance sheet movements in the Euro exchange rate are shown below:

	Sterling £ 000	Euros £ 000	Swiss Francs £ 000	Total £000	+10% £ 000	-10% £ 000
Assets	1,813,786	523,790	24,483	2,362,059	(49,843)	60,919
Liabilities	(2,336,033)	(561,994)	(50,700)	(2,948,727)	55,699	(68,077)
	<u>(522,247)</u>	<u>(38,204)</u>	<u>(26,217)</u>	<u>(586,668)</u>	<u>5,856</u>	<u>(7,158)</u>
Profit/(loss) for the financial year	71,432	(42,144)	13,186	43,076	2,578	(3,151)

Price risk

The Group is exposed to increases in the price of electricity and gas. The Group manages its exposure by purchasing its utility requirements in advance through industry leading advisers. For FY26, 85% of the UK electricity and 83% of the UK gas volumes have been purchased. For FY27, 60% of the UK electricity and 51% of the UK gas volumes have been purchased.

Inflation risk is the risk that the cost of key services and products procured by the Group will rise with inflation and affect the Group's margin. A large proportion of the Group's leasehold rents are subject to RPI or CPI increases which presents an ongoing risk. The Group has comprehensive cost control processes in place to ensure these inflation-driven risks are minimised.

If membership price changes do not reflect market sensitivities and elasticities, this may result in decreased revenue and profit through increased attrition or eroded margins. The Group has a comprehensive pricing policy which is reviewed annually to ensure this risk is mitigated.

The Group's UK employees are subject to the Working Time Regulations which controls the hours they are legally allowed to work. In addition, on 1 April 2025 the National Living Wage increased to £12.21 for those aged 21 and over and increased to £12.71 effective from 1 April 2026. The Group introduced a minimum hourly rate above the national minimum wage and national living wage. From 1 April 2025, our minimum wage increased to £12.31 for all hourly paid employees regardless of age (excluding apprentices). From 1 April 2026, our minimum wage increased to £12.81 for all hourly paid employees. This minimises the Group's exposure to further increases in the national living wage.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

25 Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by performing detailed cash flow forecasts and monitoring this monthly, matching the maturity profiles of financial assets and operational liabilities and by maintaining cash balances (or agreed facilities) to meet expected requirements.

The Group also has access to a £175.0m Super Senior Revolving Credit Facility ("SSRCF"), maturing on 20 May 2031 and is undrawn at the statement of financial position date. The SSRCF is subject to a financial covenant relating to Consolidated Leverage Ratio (EBITDA to Net Debt ratio) only if the SSRCF is at least 40% drawn. In March 2026, the Group drew €62m (approximately £55m) under the Super Senior Revolving Credit Facility ("SSRCF") to part-fund the strategically compelling acquisition of Aspria, a European luxury health club operator. Following this draw, total utilisation of the SSRCF (excluding the £31m guarantee facility) stands at approximately £55m, representing approximately 31% of the facility and comfortably below the 40% threshold at which the financial covenant would be tested.

Maturity analysis

The following table sets out the contractual undiscounted maturities including cashflows of the financial assets and liabilities of the Group as at 31 December 2025:

Financial assets

	Weighted average effective interest rate	Less than 1 year £ 000	2 to 5 years £ 000	Over 5 years £ 000	Total £ 000
31 December 2025					
Other investments	0%	-	-	826	826
Other receivables	5.9%	-	5,459	58,181	63,640
Trade and other receivables	0%	33,058	-	-	33,058
Cash and cash equivalents	0%	61,780	-	-	61,780
		<u>94,838</u>	<u>5,459</u>	<u>59,007</u>	<u>159,304</u>

	Weighted average effective interest rate	Less than 1 year £ 000	2 to 5 years £ 000	Over 5 years £ 000	Total £ 000
31 December 2024					
Other investments	0%	-	-	3,248	3,248
Other receivables	0%	-	1,255	3,107	4,362
Trade and other receivables	0%	20,394	-	-	20,394
Cash and cash equivalents	0%	8,668	-	-	8,668
		<u>29,062</u>	<u>1,255</u>	<u>6,355</u>	<u>36,672</u>

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

25 Financial risk management objectives and policies (continued)

Maturity analysis (continued)

Financial liabilities:

	Weighted average effective interest rate	Less than 1 year £ 000	2 to 5 years £ 000	Over 5 years £ 000	Total £ 000
31 December 2025					
Loans and borrowings	6.5%	8,466	242,768	1,426,017	1,677,251
Trade and other payables	0%	49,601	-	-	49,601
Lease liabilities*	6.5%	111,462	440,043	3,930,545	4,482,050
		<u>169,529</u>	<u>682,811</u>	<u>5,356,562</u>	<u>6,208,902</u>

	Weighted average effective interest rate	Less than 1 year £ 000	2 to 5 years £ 000	Over 5 years £ 000	Total £ 000
31 December 2024					
Loans and borrowings	6.1%	55,134	976,156	2,597	1,033,887
Trade and other payables	0%	39,155	-	-	39,155
Lease liabilities*	6.5%	100,893	391,591	3,696,519	4,189,003
Contingent consideration in business combination	7.1%	23	-	-	23
		<u>195,205</u>	<u>1,367,747</u>	<u>3,699,116</u>	<u>5,262,068</u>

Trade and other payables includes: trade payables, social security and other taxes, and other payables as disclosed in note 23.

*Further disaggregation of lease liabilities over 5 years is shown in note 16.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, which are made where there is evidence of a reduction in the recoverability of the cash flows.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating "A" are accepted. The Group assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The credit risk of the Group is minimised due to exposure spread over a large number of customers who generally pay by direct debit in advance.

Capital risk

Capital risk arises from the management of the capital structure, which consists mainly of the loans and borrowings detailed in note 24 and shareholder equity. The capital structure should be managed to ensure the Group can remain a going concern, and to maximise shareholder funds. Detailed cash flow forecasts based on expected working capital requirements and expected capital projects are maintained throughout the year to ensure that the Group has sufficient funds to operate as a going concern using the available facilities.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

25 Financial risk management objectives and policies (continued)

Financial instruments not measured at fair value

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

Fair value measurement

Any fair value measurement is categorised within the fair value hierarchy:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of Senior Secured Notes is taken from the quoted market price. This is a Level 1 valuation. The fair value of all other borrowings are calculated by discounting the future cash flows at prevailing market interest rates, categorised as a Level 2 valuation.

Where the fair valuations are on a recurring basis the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have not been any transfers between levels in the hierarchy for any financial instruments.

26 Share-based payments

Scheme details and movements

On 6 November 2025, TDR Capital LLP ("TDR") completed the successful closing of a newly formed continuation vehicle ("TDR Capital Titan") which has been formed to acquire majority control of the Group from TDR Capital III and its co-investors ("TDR III"). The transfer of the Deuce Topco Group⁴ to another fund managed by TDR Capital LLP was deemed an "exit" pursuant to the shareholders agreement and management sold their shares in Deuce Holdco Limited (the Company's immediate parent) under the existing Management Incentive Plan ("Existing MIP"). The share transfers were carried out by Ocorian (the Employee benefit trust) on behalf of management. A new management incentive plan ("New MIP") was subsequently introduced at the Deuce Topco Limited level (the Company's parent).

Under the existing MIP, senior executives of the Group were entitled to purchase B, C, D and E ordinary shares. The B, C, D and E ordinary shareholders were entitled to participate in proceeds on a sale of the Group in accordance with the Articles of the Company. Members of the plan were required to remain employees of the Group in order to retain their full entitlement to participate in proceeds. There were no other vesting conditions. The intrinsic value (being the difference between the cash paid and the fair value) at the date of grant was recognised as an equity-settled share-based payment and spread on a straight-line basis over the vesting period. The vesting period expired upon completion of the continuation vehicle.

Under the new MIP, senior executives of the Group are entitled to purchase C ordinary shares. The C ordinary shareholders are entitled to participate in proceeds on a sale or IPO of the Group in accordance with the Articles of the Company. Members of the plan are required to remain employees of the Group in order to retain their full entitlement to participate in proceeds. There were no other vesting conditions. The intrinsic value (being the difference between the cash paid and the fair value) at the date of grant was recognised as an equity-settled share-based payment and spread on a straight-line basis over the vesting period. The vesting period expires in the event of an exit and is based on management's best estimate of the expected exit date.

⁴ Deuce Topco Group is the largest group undertaking for which group financial statements are prepared.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

26 Share-based payments (continued)

(a) Existing MIP issued by Deuce Holdco Limited

The following table shows the shares outstanding during the financial year on the existing MIP:

	31 December 2025		31 December 2024	
	Weighted average exercise price	No. of shares	Weighted average exercise price	No. of shares
	£		£	
Outstanding at start of year	6.49	2,041,266	6.47	2,087,866
Exercised during the year	6.50	(2,027,666)	-	-
Forfeited during the year	5.45	<u>(13,600)</u>	5.45	<u>(46,600)</u>
Outstanding at end of year	-	<u>-</u>	6.49	<u>2,041,266</u>
Exercisable at the end of the year		-		2,041,266

On 30 September 2025, Deuce Holdco Limited bought back and cancelled 6,800 E1 shares with a nominal value of £1 each, and 6,800 E2 shares with a nominal value of £0.01 each, for consideration equal to the outstanding management loans payable to the Group. The cancellation of shares has been recognised as a credit to the capital redemption reserve of Deuce Holdco Limited. The expense recognised in employee expenses during the year is £3.0m (2024: £2.3m). See note 33 for further detail on settlement of the existing MIP in relation to key management personnel.

(b) New MIP issued by Deuce Topco Limited

The following table shows the shares outstanding on the new MIP:

	31 December 2025		31 December 2024	
	Weighted average exercise price	No. of shares	Weighted average exercise price	No. of shares
	£		£	
Outstanding at start of year	-	-	-	-
Granted during the year	0.01	<u>709,303,488</u>	-	-
Outstanding at end of year	0.01	<u>709,303,488</u>	-	-
Exercisable at the end of the year		709,303,488		-

The fair value of the shares granted in the year and outstanding at the end of the year was £0.02 per share and the expense recognised in employee expenses during the year was £0.9m (2024: £nil). No shares have vested as at the reporting date.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

27 Provisions

Group

	Senior Management Incentive				
	Plan	Restructuring	Dilapidations	Legal claims	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2024	310	-	1,717	-	2,027
New provisions created	-	1,203	1,297	-	2,500
Utilisation of provision	-	(950)	-	-	(950)
Release of provision	(17)	-	(109)	-	(126)
Unwinding of discount	-	-	5	-	5
Exchange differences	-	-	(8)	-	(8)
At 31 December 2024	<u>293</u>	<u>253</u>	<u>2,902</u>	<u>-</u>	<u>3,448</u>
New provisions created	1,415	112	-	151	1,678
Utilisation of provision	(780)	(370)	-	(151)	(1,301)
Release of provision	-	-	(176)	-	(176)
Unwinding of discount	20	-	-	-	20
Exchange differences	-	5	9	-	14
At 31 December 2025	<u><u>948</u></u>	<u><u>-</u></u>	<u><u>2,735</u></u>	<u><u>-</u></u>	<u><u>3,683</u></u>

	31 December 2025 £ 000	31 December 2024 £ 000
Current provisions	1,585	2,005
Non-current provisions	<u>2,098</u>	<u>1,443</u>
Total provisions	<u><u>3,683</u></u>	<u><u>3,448</u></u>

a) Senior Management Incentive Plan

The Senior Management Incentive Plan (“SMIP”) is an incentive arrangement for senior managers under which participants do not receive equity shares but are entitled to participate in a bonus pool in the event of an exit. The SMIP was settled in November 2025 on completion of the continuation vehicle, following which, a new SMIP arrangement was put in place.

b) Restructuring

The restructuring provision reflects redundancy costs arising from the planned restructuring of a department as well as redundancy costs associated with the closure of the Utrecht club, which were settled in the year.

c) Dilapidations provisions

Dilapidation provisions relate to estimated dilapidation costs for the Maidstone and Kembrey Park clubs. The provision relating to Kiel was released during the year following a court settlement which determined that no dilapidation costs were payable. Dilapidation costs for Maidstone are expected to be settled during 2026 and therefore have been classified as a current provision.

d) Legal Claims

During the year, the Group resolved a historical health and safety matter, resulting in a financial penalty.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

28 Deferred tax

Deferred tax assets and liabilities are offset when (1) there is a legally enforceable right to offset current tax assets against current tax liabilities, and (2) when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities

	Land and buildings £ 000	Fixtures and fittings £ 000	IFRS 16: Leases £ 000	Brand £ 000	Leasehold intangible £ 000	Total £ 000
As at 1 January 2024	65,116	-	135,554	14,937	8,044	223,651
Acquired through acquisitions of subsidiaries	-	(1,010)	-	-	-	(1,010)
Transferred from deferred tax assets	-	1,010	-	-	-	1,010
Charge/(credit) to income statement	588	-	(10,354)	(726)	(768)	(11,260)
Foreign exchange movements	-	-	(218)	-	-	(218)
As at 31 December 2024	65,704	-	124,982	14,211	7,276	212,173
Transferred from deferred tax assets	-	1,010	-	-	-	1,010
Charge/(credit) to income statement	(5,242)	443	(12,327)	(352)	(735)	(18,213)
Foreign exchange movements	-	51	438	-	-	489
As at 31 December 2025	60,462	1,504	113,093	13,859	6,541	195,459

Deferred tax assets

	Fixtures and fittings £ 000	Losses £ 000	IFRS 16: Leases £ 000	Other £ 000	Total £ 000
At 1 January 2024	41,381	30,102	73,779	37,770	183,032
Acquired through business combinations	(1,010)	-	-	-	(1,010)
(Charge)/credit to income statement	(19,833)	(295)	(9,306)	5,200	(24,234)
Foreign exchange movements	(57)	-	(630)	-	(687)
As at 31 December 2024	20,481	29,807	63,843	42,970	157,101
Transferred to deferred liabilities	1,010	-	-	-	1,010
(Charge)/credit to income statement	(15,903)	(171)	(12,516)	2,436	(26,154)
Foreign exchange movements	-	-	858	-	858
As at 31 December 2025	5,588	29,636	52,185	45,406	132,815

In addition to the recognised deferred tax assets and liabilities above, the Group has unrecognised deferred tax assets of £2.3m (2024: £2.3m) in respect of the UK property portfolio, and unrecognised deferred tax assets of £14.8m (2024: £25.8m) in relation to carried forward losses where it is not sufficiently probable they will be utilised against future profits. The £14.8m in relation to carried forward losses consists of UK: £13.8m (2024: £15.1m), Spain: £nil (2024: £0.1m), The Netherlands: £nil (2024: £0.9m), Germany: £1.0m (2024: £7.1m), Switzerland: £nil (2024: £2.4m) and Italy: £nil (2024: £0.2m).

In addition to the recognised deferred tax assets and liabilities above, the group has an unrecognised deferred tax asset of £17.9m (2024: £22.9m) in relation to carried forward interest restriction in the UK.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

29 Share capital and equity reserves

Allotted, called up and fully paid shares

	31 December 2025		31 December 2024	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	-	-	425,798	425,798

On 18 November 2025, the Company undertook a capital reduction, reducing its share capital and share premium reserves by £383.2 million and £273.1 million respectively to create distributable reserves. On the same date, the Company made a £250.0 million bonus issue of shares, funded from the share-based payment reserve and distributable reserves. On 19 November 2025, a further capital reduction was undertaken to reduce share capital by £292.6 million. As a result of these transactions, the Company's share capital was reduced to £293, and both the share premium and share-based payment reserves were reduced to nil.

Share premium

Share premium represented the premium arising on issue of ordinary shares.

Capital contribution reserve

The capital contribution reserve represents the sale of shares from David Lloyd Group Employee Share Trust in 2018.

Merger reserve

The Merger reserve represents balances arising on group common control transactions.

Foreign currency translation reserve

Foreign exchange differences arising on translating the net assets of foreign operations.

Share based payment reserve

The share-based payment reserve represents the credit to equity for equity-settled share-based payments.

Other reserves

Other reserves represents proceeds from parent companies for the issue of shares by DLL Greenwich Limited, a subsidiary of the Company.

Accumulated losses

Accumulated losses represent cumulative losses recognised up to the balance sheet date.

30 Commitments

Group

Capital commitments

The Group had committed to providing significant refurbishment at existing sites in Serrano, Shrewsbury, Hatfield, Sudbury Hill, York, Cheshire Oaks, Exeter and Poole. At the statement of financial position date, the amount contracted for but not provided in the financial statements was £15.8m (2024: £22.0m).

The Group has committed to building new clubs in Arese, Kettering, Seville, Bishop's Cleeve and St Neots. At the statement of financial position date, the amount contracted for but not provided in the financial statements was £69.0m (2024: £31.0m).

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

31 Post balance sheet events

Acquisition of Avenue Tennis Ltd

On 15 January 2026, The Group entered into an agreement to purchase the entire issued share capital of Avenue Tennis Ltd which operates a club in Gillingham, Kent. The purchase was effected through David Lloyd Leisure Ltd, a company within the Group. The total cash consideration paid for the shares was £100 and upon completion, the Group settled existing shareholder loans of £0.8m. On the same date, the Group acquired the freehold land and buildings of the club from Jarvis Holdings (Medway) Ltd for consideration of £4.0m. The acquisition was funded from existing cash reserves within the Group.

The Gillingham club has been acquired for the purpose of expanding the David Lloyd Clubs' ("DLC" the brand) market share. By applying DLC best practice to the club, it is believed that synergies and economies of scale can be obtained.

Acquisition of Helvetios 2025 S.L.

On 21 January 2026, the Group entered into an agreement to purchase the entire issued share capital of Helvetios 2025 S.L. which operates a club in Barcelona, Spain. The purchase was effected through DLL Greenwich Ltd, a company within the Group. The total cash consideration paid for the shares was £1.74m (€2.0m).

Lease liabilities recognised on acquisition were £16.4m (€18.8m), together with a corresponding right-of-use asset. On completion, a rent deposit of £0.2m (€0.2m) was paid to the landlord and recognised as a non-current receivable.

The acquisition supports the Group's strategy to expand its market share across Europe.

Land Acquisitions

On 6 February 2026, the Group exercised a purchase option to purchase the freehold land and buildings of its existing club in Veigy, France.

On 31 March 2026, the Group completed on the purchase of land in Wirral Waters, Merseyside on which the Group will develop a club on the site.

Acquisition of Aspria

On 1 April 2026, the Group completed the acquisition of Aspria, a luxury health club operator with ten premium members' clubs across Germany, Belgium, Italy and Spain. The transaction represents a significant milestone in the Group's European expansion strategy and, increased the Group's mainland European footprint to 40 clubs, complementing its existing 109 clubs across the United Kingdom.

The purchase was effected through DLL Greenwich Ltd, a company within the Group. The cash consideration paid for the shares was €1 and, on completion, DLL Greenwich Ltd settled external loans of £95.2m (€109.2m) previously held by the acquired entities. The acquisition was funded through a combination of the Group's Revolving Credit Facility and an equity drawdown.

The Aspria clubs were acquired with the strategic objective of expanding David Lloyd Clubs' market share across key European markets. The catchment areas of the Aspria portfolio align closely with David Lloyd's existing city footprint, presenting a strong platform from which to apply the Group's operational best practices and realise synergies and economies of scale across the enlarged estate.

The Group incurred acquisition-related costs of £1.5m in respect of external legal and professional fees during the year ended 31 December 2025. These costs have been recognised within operating expenses in the income statement and classified as operating cash flows in the statement of cash flows. Additional acquisition-related costs of approximately £2m have been incurred up to the completion date.

At the date of authorisation of these financial statements, the accounting for the acquisition is ongoing due to the proximity of completion to the reporting date. The acquisition-date fair values of consideration transferred and identifiable net assets required under IFRS 3 Business Combinations are not yet determinable.

In particular, the Group is not yet able to reliably measure the fair values of the acquired assets and liabilities, including tangible and intangible assets, deferred tax balances, and the resulting goodwill.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

31 Post balance sheet events (continued)

Acquisition of Aspria (continued)

The Group is continuing to gather the necessary information and is engaging external valuation specialists where appropriate. The purchase price allocation will be finalised within the measurement period (not exceeding 12 months from the acquisition date), with full disclosures to be included in the consolidated financial statements for the year ending 31 December 2026.

32 Contingent liabilities

In 2022, a tragic fatal accident occurred at the David Lloyd Luton Club. At present, there is insufficient information to determine whether a present obligation exists that would result in an outflow of resources embodying economic benefits.

33 Related party transactions

Key management personnel

Key management personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and comprise the Directors and senior management team listed on pages 39 to 41.

The remuneration for key management personnel for the year was as follows:

	31 December 2025 £ 000	31 December 2024 £ 000
Short-term employee benefits	5,545	7,327
Post-employment benefits	121	66
Transaction related remuneration	6,003	-
Compensation for loss of office	-	303
	<u>11,669</u>	<u>7,696</u>

As disclosed in note 11, the Group entered into loan arrangements with a director.

In addition to the benefits disclosed above and in connection with the continuation vehicle transaction completed during the year, KMP sold their existing shareholdings in the Group, receiving aggregate gross proceeds of £41.1m, of which £9.8m was rolled over into the new management incentive plan. The transaction was conducted on the same terms as those available to all other selling shareholders, and accordingly the Board considers the transaction to have been carried out on an arm's length basis.

Concurrent with the transaction, KMP were issued new shares in the Group, ensuring their continued participation in the long-term growth of the business and maintaining alignment with the interests of shareholders.

In relation to the settlement of the existing management incentive plan in November (note 26), key management personnel repaid loans and accrued interest totalling £1.7m, which had been provided to fund the initial acquisition of shares under the scheme. Additionally, in connection with the new management incentive plan introduced during the year (note 26), David Lloyd Leisure Ltd, a subsidiary of the Company, advanced non-recourse loans of £1.8m to key management personnel. These loans carry an interest rate of the higher of 3.75% and the HMRC official rate of interest and are repayable upon an exit event or when the individual leaves employment. A share-based payment expense of £3.9m was recognised in the year (note 26) of which £2.9m is in relation to key management personnel.

The Group has applied an accounting treatment consistent with IFRS 2 for non-recourse loan arrangements entered into with key management personnel in connection with management incentive plans. As the loans are non-recourse and repayable only in the event of an exit, the initial cash outflow was recognised within retained earnings, rather than being recorded as a loan receivable. Repayments received in the current year have been recognised directly in equity (credited to retained earnings), reflecting a reversal of the original amounts recognised.

Deuce Midco Limited

Notes to the Financial Statements for the Year ended 31 December 2025

33 Related party transactions (continued)

Key management personnel (continued)

During the year, the Group entered into a series of transactions with key management personnel and Group undertakings in relation to the settlement of unpaid share capital associated with existing MIP shares issued by Deuce Holdco Ltd.

The unpaid share capital was settled through the transfer by Ocorian (the Employee benefit trust), on behalf of management, of existing MIP shares to Deuce Topco Ltd in exchange for £4.8m of loan notes. Management subsequently sold these loan notes to Deuce Holdco Ltd for cash consideration of £4.8m. The consideration payable by Deuce Holdco Ltd was settled by way of offset against the outstanding unpaid share capital and the loan notes acquired by Deuce Holdco Ltd were subsequently released in accordance with a loan note release agreement dated 20 November 2025.

Summary of transactions with other related parties

Since 1 November 2013, TDR (employees of which sit on the Board) has provided managerial advice to the Group. Expenses incurred are recharged to the Group. For the year ended 31 December 2025, £52,624 (2024: £59,939) was charged, of which £15,990 (2024: £332) remains unpaid as at the statement of financial position date.

For the year ended 31 December 2025, £589,321 (2024: £505,798) was charged to TDR in respect of membership subscriptions and £26,159 (2024: nil) of costs were incurred with other entities in which the Group has common directors. These transactions were conducted on an arm's length basis.

On 20 November 2025, as part of the refinancing of the Group, the Company paid a dividend of £330m to its immediate parent, Deuce Parentco Ltd which in turn paid a dividend of the same amount to its immediate parent, Deuce Holdco Ltd. In addition, the Company made an upstream loan of £55.1m to its parent, Deuce Holdco Ltd. The loan accrues interest at 6.6% in the year and is repayable on demand. These transactions were funded using proceeds received from the issue of senior secured notes as part of the refinancing transaction. The proceeds were used by Deuce Holdco Ltd to settle its existing PIK facility.

34 Parent and ultimate parent undertaking

At the statement of financial position date, the Company's immediate parent is Deuce Parentco Limited, a Company incorporated in the United Kingdom and registered in England and Wales. The financial statements of Deuce Parentco Limited can be obtained from the Register of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3YZ.

Deuce Midco Limited is the smallest and Deuce Topco Limited is the largest group undertaking for which group financial statements are prepared and of which the Company is a member. The financial statements of Deuce Midco Limited and Deuce Topco Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

On 6 November 2025, the ultimate parent of the Group changed from Deuce Holding S.à.r.l. to Titan Topco S.à.r.l. following completion of the TDR continuation vehicle transaction. At the statement of financial position date, the ultimate parent of the Company is Titan Topco S.à.r.l, a Company incorporated in Luxembourg.

The ultimate controlling party is a group of investment funds managed by TDR Capital LLP (registered office: 20 Bentinck Street, London W1U 2EU).