

9 November 2020

## The Gym Group plc Operations and Trading Update

The Gym Group plc ("the Company"), the no-contract, nationwide operator of 183 low cost gyms, confirms that it closed its 167 gyms in England on 4 November 2020, following the introduction of the 4-week lockdown announced by the UK Government on 31 October. The Company's three gyms in Wales closed on 26 October as part of a 2-week lockdown announced by the Welsh Assembly; its 13 gyms in Scotland remain open. During this closure period the Company will manage its cash outflow by minimising operating costs and using the government furlough scheme. It expects its monthly cash burn during closure to be around £6.0 million.

### Operating in a Covid-secure way

- Since re-opening on 25 July 2020, the Company has had over 10 million visits with very positive feedback from colleagues and members about the many measures taken to ensure gyms are Covid-secure.
- Across the UK Health and Fitness sector, adherence to Covid-secure procedures has been strong and in the week ending 11 October industry data shows cases of Covid-19 were only 2.88 per 100,000 visits. This sector-wide data convinced government to keep gyms open in all areas of the UK, including Tier 3 regions, until the most recent announcement of a national lockdown.
- In recent weeks the Company successfully re-started 24-hour operations in a number of sites and expects to roll this out more widely upon re-opening.

### Membership

- The estate re-opened on 25 July 2020 with 658,000 members. 574,000 of these were ongoing paying members; this excludes members who had opted to freeze their membership without charge ("Free Freeze") and students whose fixed term contracts had been extended to October/November 2020 due to the initial lockdown ("Prior Year Students").
- Membership grew from reopening until the second half of September, when the emergence of a second wave of Covid-19 meant member levels started to decline with total membership on 31 October 2020 of 639,000. Despite this, over the three-month period ongoing paying members were up 2.4% at 588,000 compared to re-opening (25 July 2020: 574,000).

	25 Jul 2020	31 Aug 2020	30 Sep 2020	31 Oct 2020
<b>Ongoing paying members</b>	574,000	602,000	600,000	588,000
<b>Free Freeze</b>	47,000	37,000	29,000	31,000
<b>Prior Year Students</b>	37,000	37,000	36,000	20,000
<b>Total membership</b>	658,000	676,000	665,000	639,000

### Financial Update

- Since re-opening, the Company has traded profitably and cash generatively. It has invested £4.0 million of capital between 31 July and 31 October in the completion of four new sites (opened in August), the redevelopment of its London Oxford Street gym and ongoing technology and maintenance investments. In addition £4.5 million of the £9.4 million of rent deferred from H1 2020 has now been repaid.
- At 31 October 2020 net debt reduced to £32.0 million ( 31 July 2020: £35.7 million) versus £100.0 million of total borrowing capacity.
- The Company remains in compliance with its bank covenants having met its Q3 EBITDA covenant test. The Company's current bank facility covenant tests are based on EBITDA performance following re-opening after an initial lockdown and were established on the basis that gyms would be open and trading throughout Q4. The Company has had constructive initial discussions with its lending banks about resetting future covenant tests to give the business additional flexibility to accommodate this latest lockdown and further potential Covid-related regional or national restrictions.

### Future Expansion

- Contractors are on site in Chichester and are about to start two further builds in York and Sydenham; all three sites, which have leases signed since reopening, are expected to open in Q1 2021.

- The Company continues to see an opportunity to access attractive potential new sites and is building a pipeline for new openings in 2021; four additional sites have leases exchanged with several more under negotiation.

**Richard Darwin, CEO of The Gym Group, commented:**

"In the three months since reopening The Gym Group has seen good levels of membership demand reinforcing the beneficial role that affordable fitness makes to physical and mental well-being. Covid-secure measures are working very well across the sector enabling gyms to remain open even with regional Tier 3 restrictions, encouraging us that we should be able to reopen quickly once the national lockdown is over. The business has traded profitably during the period and we are confident that our strong financial position, with very low levels of net debt and close to £70 million of unused facilities, will provide the platform to resume our growth path once we reopen."

**For further information, please contact:**

**The Gym Group:**  
Richard Darwin, CEO  
Mark George, CFO

**via Instinctif**

**Instinctif Partners:**  
Matthew Smallwood, Justine Warren

**0207 457  
2005/10**

**Numis:**  
Luke Bordewich, George Price

**0207 260 1366**

**Peel Hunt:**  
Dan Webster, George Sellar

**0207 418 8900**

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