

26 May 2021

The Gym Group plc

Trading Update

Outperforming expectations since re-opening

The Gym Group plc (“the Company”), the no-contract, nationwide operator of 187 low-cost gyms, announces a trading update following the re-opening of its gyms after the recent nationwide lockdown.

The Company re-opened its gyms in England on 12 April, followed by gyms in Scotland on 26 April and Wales on 3 May. The entire estate is now open and trading. The UK Government’s Covid guidelines with respect to social distancing and limits on the number of people training at any one time remain in place; on 17 May group exercise was permitted to restart.

Key highlights

- Trading since re-opening has outperformed the Company’s expectations, reflecting strong demand for the return to gyms; total membership has increased from 547,000 at the end of February 2021 to 729,000 by 24 May 2021 versus 794,000 in December 2019. All members are now paying, with the free freeze option having been removed upon re-opening.
- Member satisfaction scores significantly higher than pre-Covid levels reflecting positive feedback from members on safety and cleanliness protocols and the enthusiasm and friendliness of our gym colleagues. Gym visits have been strong with the average number of visits per member per week at 1.5 since re-opening compared with 1.1 for the comparative period in 2019*.
- Our expectation is that over the next three months we will trade more in line with seasonal norms. The summer months are historically quieter times for gyms and as a result we tend to see limited net gains in overall membership levels during this period.
- Net debt at the end of April was £63.1 million, with outstanding deferred rent and VAT of a further £9.4 million, versus a total bank facility of £100.0 million. At current levels of membership, in May the Company expects to be cash-flow positive pre-expansionary capex and therefore expects to generate cash flow towards its new site rollout.

Future Expansion

- The Company has opened four new gyms since 12 April 2021, in Chichester, York, Cambridge and London Sydenham, taking the total estate to 187. All four gyms are performing extremely well and have grown strong levels of membership despite a limited pre-sale marketing period.
- Now that all gyms are open and trading, we have commenced discussions with our lending banks to increase our financial flexibility as we look to accelerate our new site opening programme.
- We continue to enter into new leases as we build the pipeline for 2021 and 2022, with the current structural changes in the commercial property market presenting opportunities to acquire excellent sites at affordable rents.

* Visits per member per week data based on gyms in England only, comparing first 6 weeks of trading from re-opening gyms in England on 12 April 2021 versus equivalent 6-week period in April/May 2019

Richard Darwin, CEO of The Gym Group, commented:

“Our members are delighted to be working out in the gym once more with visits per member and new joiner sign-up rates at record levels. With membership levels growing strongly, we are building our pipeline of new gyms to take advantage of what we see as a unique opportunity to extend affordable fitness to even more locations across the UK.”

This announcement is released by The Gym Group plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Katy Tucker, Company Secretary.

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